



# Uttar Pradesh Startup Policy 2020 (First Amendment-2022)



**Department of IT & Electronics, Government of Uttar Pradesh**

As updated including first Amendment of G.O. No. 1802/78-1-2022-209/2022 dated 09.11.22

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## **1. Preamble**

The state of Uttar Pradesh with tremendous potential for entrepreneurship has been steadily moving towards building a robust startup ecosystem in the state over past few years. The state announced its first startup policy “IT & Startup Policy 2016” to promote the spirit of innovation and entrepreneurship which was later amended as “IT & Startup Policy 2017”. However, one more revision of the policy became essential due to introduction of State’s Startup Ranking Framework by Government of India and the commitment of UP Government to promote the policy at the grassroots level by integrating state government schemes such as Yuva Hub, Innovation Hub and the Largest Incubator in Lucknow. Therefore, the state Government has decided to launch new Startup Policy 2020 to make it more holistic and beneficial for the Youth of the state. This policy also aims to broaden the coverage of the policy seeking greater collaboration amongst state government departments, technical and higher education institutes etc.

With the introduction of new “Startup Policy 2020”, the State Government is aiming to inculcate the culture of entrepreneurship at school level itself in order to make students learn virtues of entrepreneurship during early years of their education. This initiative will not only elevate the student learning to a new level but also help in creating entrepreneurs of the future.

The new Policy aims to build a holistic startup and entrepreneurial ecosystem in the state by supporting the establishment of Tinkering Labs in Schools, E-Cells in colleges, Incubators in institutes of higher learning and Centers of Excellence to promote research & development in the areas of emerging technologies etc.

## **2. Vision**

To establish a world class startup ecosystem in the state by developing a robust infrastructure and providing conducive policy environment.

## **3. Mission**

Promote the culture of innovation and entrepreneurship at the grassroots level leading to employment generation and introduction of emerging technologies in niche sectors thereby contributing to state economy and empowerment of youth.

## **4. Goals**

1. To be among top 3 states in the “States’ Startup Ranking” conducted by, Govt
2. Establish/support 100 incubators, minimum one in each district of the State
3. Develop minimum one million square feet of incubation/acceleration space for startups
4. Create the ecosystem for at least 10,000 startups in the state
5. Establish 8 state of the art Center of Excellence (CoEs)
6. Establish India’s largest incubator in Lucknow

## **5. Policy Period and Applicability**

The Startup Policy 2020 is valid for five (5) years from the date of its notification. The policy supersedes all the clauses pertaining to startup section of previous policies i.e. UP IT & Startup Policy 2016 and UP IT & Startup Policy 2017-2022.

All the financial incentives provisioned under UP Startup Policy 2020 shall be applicable to incubators approved under abovementioned previous policies from the date of notification of this amendment.

Incubators approved under the previous policy shall be eligible for the incentives under UP Startup Policy 2020 after all the adjustments of the financial incentive received by the incubator in the previous policy. The Startup Policy 2020 is industry agnostic and is applicable to all startups working across sectors.

## **6. Governance**

A 4-Tier Governance structure shall be established for effective implementation and monitoring of the Startup Policy 2020. The composition of the governance structure is as follows:

- i. Startup Nodal agency to act as Single Window for all startup related matters
- ii. Policy Implementation Unit (PIU) to oversee the work of nodal agency as well as decision making for effective implementation of the startup policy
- iii. Policy Monitoring & Implementation Committee (PMIC) to take decisions on the matters of policy implementation, inter-departmental collaboration or any other issues referred by PIU for decision making. The progress of various departments pertaining to Startup Policy Implementation shall be reviewed monthly by the PMIC.
- iv. Steering Committee chaired by Hon. Chief Minister, Government of Uttar Pradesh for deliberation on the policy matters, interdepartmental collaboration and progress review on the policy implementation outcomes.

### **6.1 Nodal Agency**

A Nodal Agency under the Department of IT & Electronics, Govt. of Uttar Pradesh shall be nominated for effective implementation of the Startup Policy 2020. The agency shall be responsible for creating a conducive policy environment for sustained growth of startup ecosystem in the state. It will act as Single Window for engagement with all ecosystem stakeholders. To manage the Single Window operations, Nodal Agency will set up a dedicated Project Management Unit (PMU) adequately staffed with outsourced professionals and consultants to support the Government.

### **6.2 Policy Implementation Unit (PIU)**

A PIU under the chairmanship of Principal Secretary, Department of IT & Electronics shall be set up to oversee the work of Nodal Agency with regard to startup policy implementation including the decision making wherever required such as recognition of incubators, launch of startup funds, approval of startup events etc. The PIU shall also be responsible for providing recommendations and approvals of incentives applicable to startup stakeholders through startup nodal agency. It shall provide timely redressal of their grievances and facilitate necessary guidance and support. PIU may

refer cases to Policy Monitoring & Implementation Committee (PMIC) for further deliberation and decision making, as and when required.

Other responsibilities of PIU include but not limited to, coordination with government functionaries, engagement with industry associations, onboard startup ecosystem stakeholders, corporates, promotion of the policy etc.

### **6.3 Policy Monitoring & Implementation Committee (PMIC)**

State level PMIC under the chairmanship of the Infrastructure and Industries Development Commissioner (IIDC), Government of UP shall take necessary decisions on the matters related to effective policy implementation or any other issues referred by PIU for decision making. The charter of the committee shall be pertaining to effective implementation of the policy by various departments with respect to setting up incubators/Innovation Hub, setting up sectoral funds, promotion of startup culture through various events, and contributing to Startup Ranking Framework for achieving the status amongst Top 3 states.

PMIC will also approve Key Performance Indicators (KPIs) for periodic assessment of incubator's performance towards achieving the policy goals. The assessment of incubators shall be done by an external agency and reported directly to PMIC.

This committee shall comprise of Principal Secretaries of IT&E, Finance, Technical Education, Higher Education, Skill Development, Medical Education, Agriculture, MSME, Commercial Tax, Energy, Transport, Rural Development, Housing & Urban Development and any other department as directed by the PMIC Chairman time to time.

### **6.4 Steering Committee (SC)**

Steering Committee (SC) will be formed under the chairmanship of Hon. Chief Minister, Government of UP. The charter of the Steering Committee shall be pertaining to monitoring and review of achievement of policy outcomes on annual basis against defined Vision, Mission and Goals including but not limited to promotion of startup culture by various departments, approval and disbursal of incentives to incubators and startups, recognition and establishment of incubators in the state, performance of state in State Startup Ranking Framework etc.

The other members of the committee are as follows:

- Hon. Minister, IT & Electronics, GoUP
- Hon. Minister, MSME & Export Promotion, GoUP
- Hon. Minister, Technical Education, GoUP
- Hon. Minister, Agriculture, GoUP
- Chief Secretary, Government of Uttar Pradesh
- Infrastructure and Industries Development Commissioner (IIDC)
- Additional Chief Secretary/ Principal Secretary, Department of IT & Electronics
- Additional Chief Secretary/ Principal Secretary, Department of Finance

- Additional Chief Secretary/ Principal Secretary, Infrastructure and Industrial Development Department
- Additional Chief Secretary/ Principal Secretary, Department of MSME
- Additional Chief Secretary/ Principal Secretary, Department of Vocational Education & Skill Development
- Additional Chief Secretary/ Principal Secretary, Department of Higher Education
- Additional Chief Secretary/ Principal Secretary, Department of Technical Education
- Additional Chief Secretary/ Principal Secretary, Department of Medical Education
- Additional Chief Secretary/ Principal Secretary, Department of Agriculture
- Additional Chief Secretary/ Principal Secretary, Department of Rural Development
- Additional Chief Secretary/ Principal Secretary, Department of Housing & Urban Development

## 7. Definitions

Please refer definitions as provided in Annexure 1.

## 8. Strengthening the Startup Ecosystem

### 8.1 Infrastructure Development

#### 8.1.1 UP Startup Online Platform

**Online Start-In-UP Platform** shall be an integrated web and mobile platform which is one-of-its-kind single window system for startups, investors, incubators, mentors and other relevant startup stakeholders to engage with each other. This platform shall be the digital identity of the startup program of GoUP and will substantially enhance transparency and execution of policy implementation.

The scope and features of the platform will be as follows:

- i. It will be a compendium of all policies and incentives for startups
- ii. It shall offer access to various capacity building programs and courses
- iii. It shall provide listing of all resources, incubators, upcoming events, schemes etc.
- iv. Shall offer online submission of applications to claim and avail financial/non-financial incentives.
- v. It will be set up and maintained by the nominated startup nodal agency. Access to this portal shall be given to all the agencies working in the areas of skill development, youth empowerment, innovation, research & development. Yuva Hub, Innovation Hub, Incubators, CoEs, District Industries Center (DIC) etc. shall be integrated with Startup portal.
- vi. Shall facilitate the empanelment/onboarding of experts such as Chartered Accountants, Lawyers, Intellectual Property (IP) Cell, broadband service, funding agencies, corporate tie-ups etc.
- vii. Platform shall be used for online registration of incubators/startups under Startup Policy 2020.

- viii. Incubators/startups shall use the platform to submit their respective incentive claims to the nodal agency for evaluation and approval.
- ix. Platform shall offer a comprehensive Management Information System (MIS) functionality to the nodal agency for day to day monitoring.
- x. A dedicated toll-free helpline will be integrated with the startup portal for resolution of queries/grievances.

#### **8.1.2 Preference to Startups in Government Procurement**

As per GoI, the startups have been provided functionality to list their products and services on GeM portal. The GeM portal provides exemption to Startups from criteria of 'prior experience', 'turnover' and 'submission of EMD' to provide equal opportunity to young entrepreneurs. For products and services not listed on GeM portal, PMIC may provide recommendations to state level procurement agencies (Department of MSME/Finance etc.) to earmark a specific value or percentage of total public procurements allocated for startups. PMIC in consultation with PIU may further allocate a share of procurement target for startups owned by Women, Divyangjan or Transgenders on preferential basis.

#### **8.1.3 Annual Startup Ranking (UPrate)**

State level annual startup ranking framework (UPrate) shall be introduced for GoUP registered incubators and startups which will be evaluated based on predefined parameters. PMIC shall be the approval authority for defining the annual ranking parameters and the ranking will be conducted by an external agency.

### **8.2 Fostering innovation through academic intervention**

#### **8.2.1 University Syllabus**

Universities shall introduce courses in innovation and entrepreneurship to foster startup culture in the state in consultation with the startup nodal agency. The industrial demand will be considered for developing the curriculum and it shall be adopted by the respective affiliated colleges.

#### **8.2.2 School Syllabus**

Basic education on innovation and entrepreneurship shall be introduced in the school syllabus to develop an aptitude for entrepreneurship at an early stage of student's formal education creating future startup entrepreneurs.

#### **8.2.3 Faculty Development Program**

Universities/colleges shall organize faculty development program to promote innovation and entrepreneurship at the college level.

#### **8.2.4 Gap Year for Students**

Students who wish to pursue entrepreneurship shall be allowed to take a break of one year (Gap Year), after the first year of the graduation/post-graduation course. This one-year break would not be counted in the maximum duration required to complete the course. The "Gap Year" facility may be given to ensure syllabus continuity at the time of joining back.

#### **8.2.5 Student Projects**

Student entrepreneurs working on a Startup idea shall be permitted to convert their Startup project as their final year project towards degree completion.

#### **8.2.6 Establish E-Cells in Universities, colleges and schools**

Entrepreneurship Cell (E-Cell) would be established to encourage and support college-level students to start their own enterprise.

### **8.3 Funding the Startups**

#### **8.3.1 Fund of Funds**

The Government of Uttar Pradesh has established **INR 1000 Crore UP Startup Fund** for providing access to finance to startups in Uttar Pradesh. This fund shall be in the form of fund of funds wherein it shall not invest directly into the startups, but rather it shall make investment in "Daughter Funds," which would ultimately invest in startups promoting innovative ideas across all sectors in Uttar Pradesh.

#### **8.3.2 Funding by Banks**

The state government shall encourage Banks and other Financial Institutions to extend their lending facilities to startups on the similar lines of MSME lending. GoUP shall sign MOUs with Lead Banks to create funding avenues for startups.

#### **8.3.3 Funding by UP Angel Network**

The state government shall facilitate setting up a dedicated UP Angel Fund Network for the state of Uttar Pradesh for promotion of UP based startups. Government of UP shall only facilitate the formation of this fund and shall refrain from making any contribution. This fund shall be entirely established and run by angel investors or High Net Worth Individuals (HNIs).

### **8.4 Integration with Yuva Hub**

The State Government has taken a novel initiative to provide employment to lakhs of trained youths in the state through the Yuva Udyamita Vikas Abhiyan wherein "YUVA Hub" will be set up in every district of the state. Nodal Officers at Yuva Hub shall be nominated as Single Point of Contact (SPOC) for startup activities at the District level. This will pave the way for increased awareness at the grassroots level about Start-In-UP program by the state government. Yuva Hub shall be integrated with Start-In-UP portal to provide online information on any startup related queries.

### **8.5 Innovation Hub at AKTU**

An Innovation Hub shall be established at Abdul Kalam Technical University with the help of Department of Technical Education from its own budget. The center shall be connected to all the government recognized incubators through Hub & Spoke model where incubators spread across the state will act as Spokes and draw synergies from the Innovation hub at AKTU. The center shall also be responsible for developing the entrepreneurial curriculum to be adopted by schools and colleges in the state. This Hub will closely work with Startup Nodal Agency to launch various Challenge Programs providing startups a fair opportunity to partner with the state government and play an important role in finding solution to large scale problems related to Ease of Living such as solid and liquid waste management, transportation, pollution, recycling etc.



## **8.6 Integration with ODOP**

Department of MSME shall support incubators supporting ODOP products in each of the identified clusters under the ODOP scheme. Department shall nominate Field Officers to interact with startups in their respective regions and encourage them to become a Micro Enterprise. These startups could assist the Government in strategizing and innovating the production, marketing or distribution mechanisms of ODOP products by introducing new technologies or even through disruptive business model innovations.

## **8.7 Leveraging the NRI Connect**

Nodal Agency shall work with NRI Department and Higher Commission/Embassies in reaching out to UP Diaspora and encourage them to contribute in building the startup ecosystem in the state.

## **8.8 Center of Excellence as Knowledge Centers**

- i. Government of Uttar Pradesh envisages creation of world class infrastructure in the form of Center of Excellence (CoE). CoE shall possess maturity and experience in incubation, exemplary standards of R&D and promote best practices for nurturing entrepreneurship.
- ii. The intent is to create a world class Center of Excellence which will house 100 most promising product based Startups from India and abroad in the domain of Emerging Technologies such as Quantum Computing, Artificial Intelligence & Machine Learning, Blockchain, Additive Manufacturing, AR/ VR, Drones, Robotics, 5G, SpaceTech, DefenseTech, Agri-tech, EduTech, HealthTech and other areas of social or national importance.

The CoE will provide complete support to the 100 selected startups in terms of infrastructure (incubation center, co working space, product testing labs, advance computers etc.) and mentorship by onboarding key experts in the field of emerging technologies and management.

- iii. Host Institutes like Government and Private Technical colleges, Management institutes, R&D Institutes, Organizations / Non-Profit Organization/ Corporates / Industry Associations shall be eligible to establish CoE.
- iv. The CoE shall be approved by the Hon. Cabinet on the recommendations of PMIC.

## **8.9 Incubators as anchors of Startup Ecosystem**

Incubators are the most critical component of startup ecosystem. They are established by private/government host institutes to support startup companies during their early stages of life to develop a scalable business model. They provide startups with various resources such as physical office space, coaching, mentoring, legal & corporate services and providing network connections to grow their business. An incubator shall also mean a Technology Business Incubator recognized by Government of India. In the context of this policy, incubators will serve as first point of contact for startups to get their business plans evaluated for availing any incentives as per the Startup Policy. Startups shall be able to apply for financial incentives to Nodal Agency only after approval by the incubators.

- i. State Government shall promote establishment of incubators in each district of the state.
- ii. **Largest Incubator:** The state aims to develop country's largest Incubator in Lucknow under hub and spoke model.

- iii. Host institutes willing to get recognized under UP Startup Policy shall be required to fulfill the following parameters:
- **Floor Area:**10,000 sq. ft. for educational institutes and 5,000 sq. ft. for incubators occupying commercial space
  - **Dedicated Incubation Team:** Incubator must employ a dedicated incubation manager to manage the regular operations along with 2 other team members to support.
  - **Co-working Space:** Incubator shall create coworking space of at least 100 sq. ft. per seat.
  - **Meeting Rooms:** There should be availability of dedicated meetings rooms available to be used for client meetings by startups.
  - **Conference Room:** A conference room should also be there to hold small events or mentoring classes for startups founders.
  - **Cafeteria/Refreshment Zone:** Refreshments zone shall be established for startups and visitors working from/visiting the incubation center.
- iv. Apart from physical infrastructure, Incubators shall also be required to set up digital infrastructure to offer incubation services and engage with startups/other stakeholders digitally. They will be required to provide input in digital format (through API integration with Start-In-UP Portal, wherever possible) against Key Performance Indicators assigned by the Startup Nodal Agency/PIU to all GoUP recognised incubators.
- v. Sector specific incubators shall be established in consultation with respective departments through collaboration/partnership with academic institutions/private sector.
- vi. Host institutes like Government and Private Technical Colleges, Management Institutes, R&D Institutes, organizations /non-profit organization/corporates/industry association shall be encouraged to establish Incubators in Uttar Pradesh. The selection of host institutes shall be done after due diligence and fulfillment of the laid down guidelines. However, the financial incentives assigned for incubators can be claimed by private institutions only and Government host institutes shall not be covered under this policy as they already get grants and endowments under various schemes of State/Central Governments. State Government Departments pertaining to Technical Education, Higher Education, Agriculture Education, Medical Education and MSME shall be required to set up incubators across the state, put together at least 50 percent of the overall policy target.
- vii. Incubators having rich experience and strong capabilities in the incubation field shall be nominated as Navratna Incubators. The State Government shall enter into an MoU with these “Navratna” incubators to guide, mentor and handhold other Host Institutes willing to establish Incubation facilities in the state. These Navratna incubators will be nominated based on Annual incubator performance and shall be selected/renewed by PMIC every year.
- viii. Women led startups: 25% incubation seats at GoUP recognized incubators shall be given on priority basis to startups with women founders/co-founders on preferential basis.

- ix. **Hub & Spoke Model:** Incubators recognised under the startup policy will work under a Hub & Spoke model; where Largest Incubator being developed by Department of IT & Electronics, AKTU Innovation Hub, and 3 Center of Excellences will act as Hub for other satellite incubators in the state. The Navratna incubators will work closely with Hub to assist in capacity building of these satellite incubators set up at District level.

#### **8.10 Brand Promotion and Recognition of Talent**

- i. **Startup Express:** The state shall organize “Startup Express” program across various colleges/universities for entrepreneurship development in the state. The colleges participating in the program shall be required to establish an incubator/E-Cell within the campus before being nominated to participate in the program.
- ii. **Startup Mela:** This culmination of the Startup Express program shall be known as Startup Mela. Startups selected during the Startup Express event shall be invited to present their ideas to the jury members of Startup Mela. The winners of the program shall be given various financial/non-financial rewards such as subsidized incubation support, sustenance allowance, Marketing Assistance etc. at the sole discretion of Nodal Agency.
- iii. **Hackathons:** As required by the State Startup Ranking Framework of GoI, hackathons will be organized to identify innovative technological solutions from participants across India/ abroad. The top three shortlisted ideas shall be rewarded in the form of incubation support, funding, mentoring etc.
- iv. **Junior Ideathon:** District level competitions for innovative ideas for the student groups from 8th to 12th standards shall be rewarded with a maximum amount of INR 25,000 per idea to the Idea team upto 50 ideas per year.
- v. **Startup Exchange Program:** National/International programs shall be introduced to garner knowledge and experience from global startup destinations to enhance the startup culture in the state. Similarly, tie-ups shall be made to bring world class startups to work and exchange ideas with local startups.
- vi. **Boot Camps:** Boot camps shall be organized at Schools/ colleges/ universities to foster the culture of innovation and entrepreneurship within the campuses.
- vii. GoUP shall participate in the startups events organized domestically/globally in order to promote startup policy.

## **9. Fiscal Incentives**

### **9.1 Incentives for Incubators**

i. **Capital grant**

Capital grant on setting up/scaling up technology infrastructure for the private host institutes shall be reimbursed upto 50 percent of the eligible amount subject to maximum limit of INR One (1) Crore, first installment to be capped at 25 percent of the maximum limit. The demand for the same shall be raised

on quarterly basis by incubators. The limit of INR 1 crore shall be increased to INR 1.25 crore for incubators established in Purvanchal/Bundelkhand regions.

Capital grant to government host institutes shall be given in exceptional cases only post approval by PMIC. However, despite not getting the capital support, government incubators will continue to act as first point of contact for startups on behalf of Startup Nodal Agency.

## **ii. Operational Expenditure**

Financial support to incubators upto INR 30 Lakhs per year to cover operational expenditure for 5 years or until self-sustainable whichever is earlier. This incentive shall be granted to those incubators which have 10 or more startups incubated. The year-on-year continuation of operational expenditure support shall be solely dependent on incubator's performance assessed through Incubator Performance Evaluation Framework released by Nodal Agency and approved by PMIC.

## **iii. Acceleration Programs**

Acceleration programs are short to medium term mentoring programs to support startups with business expansion once they have scaled up from an idea to formal product launch in the market.

A matching grant of upto INR 1 Lakh per startup, maximum INR 10 Lakh per program shall be given to competent institutions, upto 5 program per institution per year to run acceleration program of minimum 12 weeks for supporting the startups. Maximum 100 such programs could be organized in a year under the policy.

The competent institutions in this case would be GoI/ GoUP supported/ recognised incubators, angel investors registered with SEBI/ Banks and reputed academic institutions. VC Firms, private accelerators and other institutions having at least 3 years of experience in running acceleration programs will also be eligible to conduct these programs subject to being empaneled with Startup Nodal Agency, GoUP.

Capping on total number of institutions benefitted could be relaxed by PMIC on recommendation of PIU.

## **iv. Annual Incubator Rankings**

State level annual incubator rankings shall be introduced as per the KPI framework approved by the PMIC. An external agency will be engaged to perform the evaluation and assign rankings. Top3 performers in the ranking will be awarded amount of INR 3 Lakhs, 2 Lakhs and 1 Lakh per year to the winner, first runner up and the second runner up respectively.

## **v. Navratna Incubators**

All Navratna incubators shall get incentive of INR 10 Lakhs per annum for the expenses incurred to support host institutes/incubators for developing/scaling up the incubation capabilities. Navratna incubators shall be identified only after achieving the count of minimum 50 incubators recognised under Start-In-UP program of GoUP.

## **9.2 Incentives for Center of Excellence (CoEs)**

The Government of Uttar Pradesh shall provide financial support in the form of Grant-in-aid (covering capital and operational expenditure) upto INR 10 crores to CoE during span of 5 years from the date of establishment. It is expected that the CoE would become self-sustainable by the end of 5 years.

The disbursement of financial support to CoE shall be contingent upon PMIC's decision. Moreover, the release of funds/ incentives by the Government shall depend upon their performance.

### **9.3 Incentives for Startups**

As per the State Startup Ranking Framework issued on 18<sup>th</sup> February 2019 by DPIIT, Government of India, state startup policies must provide seed funding support in following ways e.g. Direct Government grant, Subsidized loan, Equity seed funding, Product development/marketing financial assistance and Monthly sustenance allowance. Therefore, policy introduces seed funding support in the form of Sustenance Allowance and Seed Capital for marketing the products/ideas as per following:

#### **i. Sustenance Allowance**

Sustenance allowance at the rate of INR 17,500 per month per startup for a period of one-year upto 25 startups per incubator per year shall be given to startups at the idea stage.

#### **ii. Prototype Grant**

A one-time prototyping grant of up to INR 5 Lakh per startup shall be provided to DPIIT and StartInUP registered startups. The assistance shall be provided in single tranche to startups.

*Note: 50% additional incentive clause shall not be applicable on this grant.*

#### **iii. Seed Capital/Marketing Assistance**

The seed capital will be given in the form of Marketing Assistance upto INR 7.5 Lakhs per startup upto 25 startups per incubator per year to launch the Minimum Viable Product (MVP) in the market. The seed capital will be disbursed in milestone-based installments (e.g. 40% + 30% + 30%) in three tranches, the first being advance and remaining two on completing the milestones. On disbursement of first installment, Startups shall have to commit Key Performance Targets to the PIU on which they will be assessed before releasing the second and third installments of the grant.

An evaluation committee will be set up for approval of grant demands from startups and will be sanctioned/dispensed only on the recommendations of the evaluation committee. This committee will be led by the eminent experts from institutions such as STPI, IIT Kanpur, IIM Lucknow etc. on nomination basis or as decided by the PIU and would also consist of other eminent stakeholders from the startup ecosystem.

*Note: Additional 50% shall be given to startups founded/co-founded by women/ divyangjan/ transgender with more than 26% shareholding or startups having registered offices/ operations in Purvanchal/ Bundelkhand regions for both Sustenance Allowance and Seed Capital/ Marketing Assistance, or Startups founded/ co-founded by persons from Economically Weaker Section (EWS).*

#### **iv. Support to startups**

Free incubation shall be provided for 6 months at government owned/managed Largest Incubator, AKTU Innovation Hub and the proposed 3 Center of Excellences. Performance of the startups shall be evaluated at the end of six months and the incubation can be extended for six more months on satisfactory report. Overall free incubation period shall not be more than 12 months period.

#### **v. Patent filing cost**

The cost of filing of successful patent shall be reimbursed to the incubated startups for Indian as well as foreign awarded patents: INR 2 Lakhs for Indian patents and INR 10 Lakhs for International Patents.

**vi. Event participation**

Reimbursement to startups for participation in events – upto INR 50,000 for national events and INR 1 Lakh for international events. This is applicable to all GOI registered startups which are incorporated in Uttar Pradesh. The condition of mandatory incubation through GoUP recognised incubators shall not be applicable in this case.

## **10.Non-Fiscal Incentives for Incubators/ CoEs/Startups**

- i. As per the notification issued by Government of India, startups shall be allowed to self-certify with 9 labour and environment laws (currently approved by GoI and will be revised time to time based on GoI notification) or as per any amendments afterwards. In case of the labour laws, no inspections will be conducted for a period of 3 to 5 years from the date of incorporation. Startups may be inspected on receipt of credible and verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer.
- ii. Permission shall be available for 3-shift operations with women working in the night for startups, subject to such units taking the prescribed precautions in respect of safety and security of employees in addition to providing the required welfare and health amenities as prescribed under applicable labour laws and obtaining the necessary approvals from the competent authority.

## **11.Procedure& Guidelines**

### **11.1 Eligibility for startups**

Any startup incorporated in Uttar Pradesh having innovative idea/concept will be eligible to receive support under this policy and such Startup must be registered with GoI under Startup India program.

### **11.2 Application Process**

#### **1. Incubators:**

- i. Incubators shall submit their application for recognition under this policy to the Startup Nodal Agency through Start-In-UP online platform.
- ii. Government host institutions shall not be eligible to get Capital Grant. However, all other provisions related to incubators mentioned in this policy will be applicable to them.
- iii. Detailed guidelines for incubator recognition application and their ongoing performance evaluation shall be made available on Start-In-UP website.

#### **2. Startups:**

- i. The startup will submit its application along with detailed business plan to the GoUP recognised incubators for incubation.

- ii. The incubator will submit the proposal on behalf of the Startups to Startup Nodal Agency attaching application assessment report, incubation certificate and a recommendation letter requesting for financial assistance. The Application assessment criteria will be circulated by Nodal Agency in consultation with PMIC to all recognised incubators to be used for startup evaluation process.
- iii. Nodal Agency, in turn, shall assess and submit the proposal along with its recommendation to the Policy Implementation Unit (PIU) for approval.
- iv. Disbursement of the financial incentive shall be made directly into the Startup Bank Account.

## **12. Annexures**

### **Annexure 1: Definitions**

#### **1. Startup**

An entity shall be considered as a Startup on fulfilling the conditions defined by Government of India, vide notification No. G.S.R. 364(E) dated April 11, 2018 as modified vide Gazette Notification No. G.S.R. 34(E) dated January 16, 2019 (and as may be amended from time to time). In this notification, an entity shall be considered as a Startup:

- i. Upto a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.
- ii. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.
- iii. Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

#### **2. Incubators**

The incubator shall be responsible to support startups by providing plug and play facilities, meeting/conference rooms/office space and shared administrative services, high-speed internet access etc. The Incubators shall also provide various services to startups such as mentors, training, funding, legal services, accountancy services, technical assistance, networking activities, marketing assistance etc. in collaboration with State/Central Government, as possible.

#### **3. Host Institutes**

Host Institutes (HIs) are reputed technology, management and R&D institutes run by GoUP or established and run by GoI in the state of UP focused on entrepreneurial development and promotion to set up incubators to galvanize the startup ecosystem in the state.

#### **4. Acceleration Programs**

Acceleration programs are short to medium term mentoring programs to support startups with business expansion once they have scaled up from an idea to formal product launch in the market. Startups typically enter accelerator program for a fixed period of time as part of a cohort of companies.

#### **5. Venture Capital Funds**

Investment funds that manage money from investors seeking equity stakes in startups with strong growth potential. These investments are generally characterized as high-risk/high-return opportunities.

#### **6. Alternate Investment Funds**

An AIF refers to an investment which differs from conventional investment avenues such as stocks, debt securities, etc. These funds comprise of pooled investment funds which invest in venture capital, private equity, hedge funds, managed futures, etc.

#### **7. Angel Investors:**

Investors who provide early stage seed funding to small startups or entrepreneurs. The Angel investor should be registered with SEBI or banks or GoUP/Gol approved incubation centers.

#### **8. Women Led startup:**

A women-led startup is a startup registered with DPIIT and StartInUP program of Government of UP meeting the following criterias:

- The startup should be owned by a woman or a group of women having a minimum financial interest of 26% of capital in the startup as individual women co-founder.
- In case of women startups who have received equity funding, the minimum limit of 26% shareholding must be maintained to be eligible for any incentives under the Policy.

9. **Rural impact startups:** Startups that provide solutions aimed at solving the rural problems/ promoting rural economy/empowering rural communities leading to ease of living in rural areas of the state.
10. **Circular economy:** Startups providing solutions that close the product life cycle loop and reduce material use in the development of new products are considered as part of circular economy.
11. **Sustainability:** Startups working on fulfilling the needs of current generations without compromising the needs of future generations, while ensuring a balance between economic growth, environmental care and social well-being.
12. **Renewable energy:** Startups working on products that are generating energy derived from natural sources which are replenished at a higher rate than they are consumed, which means being Carbon footprint positive, solid waste recyclable positive & water recyclable positive.
13. **Climate change:** Start-ups that provide a wide range of solutions that either reduce global warming or carbon emissions or assist the earth in dealing with climate challenges such as food, droughts, and extreme heat.
14. **Ideation:** This is the stage of the startup where the entrepreneur or a group of people/ students have an idea and are working on converting that idea into a proof-of-concept.
15. **Prototype:** A prototype is the first visualization of an idea that is further enhanced to produce a Minimum Viable Product (MVP) and made ready for commercialization.
16. **Commercialization:** Commercialization is the stage where Minimum Viable Product (MVP) is taken to the market and formally launched to the targeted segment of consumers for revenue generation.





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