



GOVERNMENT OF ARUNACHAL PRADESH  
DEPARTMENT OF FINANCE, PLANNING & INVESTMENT  
(PLANNING & INVESTMENT DIVISION)  
ARUNACHAL PRADESH CIVIL SECRETARIAT:: ITANAGAR

NO. PD/INVEST-17/2021-22 (14107)/499

Dated Itanagar the 20<sup>th</sup> June 2022

NOTIFICATION

On recommendation of the State Cabinet meeting held on 30<sup>th</sup> May 2022, the Governor of Arunachal Pradesh is pleased to notify the **Arunachal Pradesh Start-up Policy 2022-23**, copy at Annexure-'A'. The Arunachal Pradesh Start-up Policy shall come into force from the date of issue of this notification.

Sd/

Chief Secretary

Government of Arunachal Pradesh

NO. PD/INVEST-17/2021-22 (14107)/499

Dated Itanagar the 20<sup>th</sup> June 2022

Copy to:

1. Commissioner to Hon'ble Governor of Arunachal Pradesh.
2. Commissioner to Hon'ble Chief Minister, Arunachal Pradesh.
3. PS to Hon'ble Deputy Chief Minister, Arunachal Pradesh.
4. PS to Hon'ble Speaker, Arunachal Pradesh Legislative Assembly.
5. PS to Hon'ble Deputy Speaker, Arunachal Pradesh Legislative Assembly.
6. PS to all Hon'ble Ministers, Arunachal Pradesh.
7. US to Chief Secretary, Government of Arunachal Pradesh.
8. PS to all Pr. Secretaries/ Commissioners/ Secretaries, Govt. of Arunachal Pradesh.
9. All Deputy Commissioners, Govt. of Arunachal Pradesh.
10. Director (Printing), Govt. of Arunachal Pradesh, Papu-Hill, Naharlagun. He is requested to publish the same in the next issue of gazette.
11. Office copy.

(N T Glow), IRS

Secretary (Planning & Investment).

# Arunachal Pradesh

## **STARTUP POLICY 2022-23**



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## 1. Introduction

- 1.1. Arunachal Pradesh is a State in the Northeast Region of the Republic of India with a population of 1.38 million people and a literacy rate of over 65%<sup>1</sup>. It is uniquely located as it shares its domestic borders with the States of Assam and Nagaland, and its international borders with Bhutan, China, and Myanmar. Arunachal Pradesh also has the lowest population density in the country along with being on the precipice of full utilization of India's ongoing demographic dividend advantage.
- 1.2. In the last decade, the State has seen increasing activity in sectors such as Information Technology (IT), education, tourism, hospitality, and agriculture. Along with this there is growing recognition of the importance of innovation and enterprise for solving problems. Today, Arunachal Pradesh's youth is motivated to explore its entrepreneurial capability to design environmentally and socially conscious business models to address the key challenges faced by the State.
- 1.3. A holistic and robust startup policy is required to be framed by the State Government of Arunachal Pradesh will allow it to leverage the growing interest of the youth in entrepreneurship and support them in innovating on a large-scale to generate positive macro level impact and employment in the State.
- 1.4. In the backdrop of above and to facilitate easy regulation of startup initiative in the state, the Governor of Arunachal Pradesh is pleased to frame the following Arunachal Pradesh Start Up Policy, as under, -
- 1.5. These policies may be called Arunachal Pradesh Start Up Policy-2021.
- 1.6. They shall come into force on the date of issue.

## 2. Vision

- 2.1. To transform Arunachal Pradesh into a global hub for innovation and entrepreneurship by providing holistic support to local startups through proactive policy intervention and creation of a network of key ecosystem stakeholders.

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<sup>1</sup>Based on India's Population Census 2011: [https://censusindia.gov.in/2011-prov-results/data\\_files/india/table\\_1.pdf](https://censusindia.gov.in/2011-prov-results/data_files/india/table_1.pdf)

### **3. Mission**

- 3.1. The Government of Arunachal Pradesh is aligned with the Atmanirbhar Bharat Mission and would like to utilize the power of entrepreneurship to unlock innovation, employment generation, and social transformation in the State. It proposes to do so by:
  - 3.1.1. Creating awareness on entrepreneurship as a career choice for the youth
  - 3.1.2. Providing holistic fiscal and non-fiscal support to aspiring and seasoned entrepreneurs to develop their startup idea
  - 3.1.3. Facilitating creation of a network of stakeholders in the State to support local entrepreneurs
  - 3.1.4. Forming a dedicated nodal team for startups in the State Government to provide proactive support to the State's entrepreneurial community by operationalizing the State's startup policy and keeping it updated to reflect the evolving needs of the State's startup ecosystem.

### **4. Objectives of this Policy is to**

- 4.1. Develop a robust State startup ecosystem in the next five years
- 4.2. Boost innovation and research & development (R&D) capability of the State
- 4.3. Develop institutionalized mechanisms to provide funding support, regulatory easing, and preference in public procurement to startups
- 4.4. Bolster entrepreneurship and innovation to support the State in achieving its development goals, including the Sustainable Development Goals
- 4.5. Make startups a key component of the State's commercial fabric in the next five years

### **5. Scope**

- 5.1. The Arunachal Pradesh Startup Policy provides for incentives over and above the Startup India Action Plan of the Government of India. In case the same benefit is enlisted in another policy of the State Government, the said benefit may be availed under only one policy.



## 6. Policy Period

- 6.1. The Arunachal Pradesh Startup Policy will be effective for a period of five years from the date of its notification until modified.

## 7. Policy Targets

- 7.1. The Arunachal Pradesh Startup Policy will target to achieve the following goals within the policy period.
- (a) Establish at least 1 Incubation Centre in the State and setup Incubation Centers in at least 50% of the districts within the next 5 Financial years
  - (b) Facilitate at least 250 numbers of startups in the State
  - (c) Attract funding for State Startups and Incubators
  - (d) Create significant numbers of direct and indirect employment through startups

## 8. Definitions

### 8.1. **Accelerator**

An accelerator is an organization or a program that enables rapid growth of new startups by providing specific services like mentoring, training, resources, and networking to help startups increase their customer base, generate more revenue, prepare for funding, and professionalize their organization.

### 8.2. **Co-working Space**

A Co-working space is a business services provision model that involves individuals and startups working independently or collaboratively in a shared office space. It usually provides plug and play workstations, shared office equipment, high speed wireless internet connection, meeting rooms, and other services that are characteristic of a typical workplace.

### 8.3. **DPIIT**

The Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce & Industry, Government of India is responsible for the 'Startup India' initiative, and formulating promotional measures for growth the industrial sector in line with national priorities and socio-economic objectives.

### 8.4. **Incubator**

An organization designed to support startup companies during the early stages to help them develop a scalable business model through business support resources and services such as physical space, capital, mentoring, common services such as corporate & legal services, and networking opportunities. The incubator must be a registered entity falling under any one of the following categories:

- 8.4.1. Society (under The Societies Registration Act, 1860)
- 8.4.2. Section 8 Company (under The Companies Act, 2013)
- 8.4.3. Private Limited Company (under The Companies Act, 2013)
- 8.4.4. Public Company (under The Companies Act, 2013)
- 8.4.5. Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)

### 8.5. **SISFS**

SISFS will refer to Startup India Seed Fund Scheme as notified by Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry on 21 January 2021.

### 8.6. **University & Higher Education Institution (HEI)**

- 8.6.1. A university established or incorporated by or under a Central Act or State Act and includes any such institutions as may be recognized by the University Grant Commission (UGC).
- 8.6.2. An HEI is any institution recognized by the UGC or equivalent body as notified by the Central Government. A Government HEI refers to any HEI established or incorporated under a Central Act or a State Act.

### 8.7. **Startup**

An entity shall be eligible to be recognized as a 'Startup' under the Arunachal Pradesh Startup Policy if it is recognized under the Startup India initiative by the Central Government. Additionally, it should be incorporated or registered in Arunachal Pradesh or registered with the GST Commissionerate in Arunachal Pradesh.

## 9. Pillars of the Policy

9.1. This policy is based on four core pillars that are essential towards achieving the Vision of making Arunachal Pradesh an entrepreneurial engine of economic growth for India and for the world. These four pillars are:

9.1.1. **Ecosystem:** The State Government will promote a digital environment for startups for obtaining license, permit, approvals, clearance, NOC without any physical touchpoint will act as a key enabler for startups. These portals will also act as an integrated platform to enable ease of information for Government, Investor and Startup. A dedicated helpline along with this ecosystem will help startups in obtaining information and facilitate to connect with the relevant stakeholders.

9.1.2. **Incubation:** The incubation centers will facilitate and streamline the technological innovation process of the startups along with management, administrative and marketing support. In addition, startups will receive expert advice vis-à-vis be able to exchange ideas with seasoned professionals, starting from the planning phase until the consolidation of its activities, which will help to bring their business in shape. State-registered and State-partnered Incubation centers will also facilitate the startups by means of accessing seed funds from the SISFS.

9.1.3. **Academia:** To build the culture of innovation and entrepreneurship through research and development, the State will focus on laying the knowledge foundation of the young population at an early stage through the following initiatives.



- (a) Innovation kits & startup toolboxes to students and faculties in the Schools and Colleges
- (b) Boot camps to encourage entrepreneurship in schools and colleges and universities
- (c) Promote skill development and trainings by establishing tie-ups with institutes.

9.1.4. **Incentives:** The State Government will provide support to startups through fiscal and non-fiscal incentives that would help the budding entrepreneur of the State to maneuver their ideas into fully fledged ventures.

## 10. Policy Governance

10.1. The Arunachal Pradesh Startup Policy will be overseen and implemented through two levels of governance, namely the Startup Advisory Body and the Startup Council.

### 10.1.1. **Startup Advisory Body**

The Government of Arunachal Pradesh will constitute a Startup Advisory Body by engaging professionals from across the country to advise the Government in facilitating startups in the State. This Startup Advisory Body will be set up as the apex body at the State level for policy implementation and monitoring, ecosystem development, and startup advisory. The Startup Advisory Body will fulfill the following responsibilities.

- (a) Meet annually to review the startup initiatives in the State
- (b) Streamline and monitor the activities of the Startup Council
- (c) Periodic review of policy document to suggest relevant modifications
- (d) Appoint members of the Startup Advisory Body and the Startup Council

The indicative constitution of the Startup Advisory Body will be as follows.

- (a) Hon'ble Chief Minister – Chairperson
- (b) Hon'ble Minister, Planning & Investment – Vice-Chairperson
- (c) Hon'ble Ministers, Line Departments – Members
- (d) Chief Secretary – Member

- (e) Commissioner / Secretary, Planning & Investment – Member Secretary
- (f) Industry Leaders – Members
- (g) Commissioner / Secretary, Line Departments – Members
- (h) Director/Joint Director, Investment and State Nodal Officer-cum-CEO – Member
- (i) Experts / Eminent persons to be engaged by the Government of Arunachal Pradesh

#### 10.1.2. **Startup Council**

The Government of Arunachal Pradesh will constitute a Startup Council that will monitor and implement the Startup Policy on a regular basis and fulfill the following responsibilities.

- (a) Meet monthly or bi-monthly to review the startup initiatives in the State
- (b) Empanelment of mentors, incubators, industry bodies
- (c) Select startups for receiving seed fund and support for incubation and co-working spaces
- (d) Evaluation of incubators, commercial entities and private or Government institutions of repute for partnership for setting up of new or upgrading existing incubators and creating co-working spaces
- (e) Other activities that may be decided to be taken up by the Startup Council from time to time

The indicative constitution of the Startup Council will be as follows.

- (a) Chief Secretary – Chairperson
- (b) Secretary, Finance – Member
- (c) Commissioner / Secretary, Planning & Investment – Member
- (d) Commissioner / Secretary, Line Departments – Members
- (e) Representatives from IIMCIP – Members
- (f) Director /Joint Director, Investment and State Nodal Officer-cum-CEO – Member Secretary

#### 10.1.3. **Nodal Agency**

The Government of Arunachal Pradesh has notified that the Nodal Agency for design and implementation of the Startup Policy will be the Investment Division in the Department of Finance, Planning & Investment. The Investment Division will be responsible for the day-to-day activities associated with implementing the Arunachal Pradesh Startup Policy and will perform the following functions.

- (a) Overall implementation of the startup policy
- (b) Creation of State Startup Portal
- (c) Grievance redressal for startups
- (d) Operationalization of incentives and engagement activities as listed in the Startup Policy
- (e) Creation of Specific Performance Indicators (SPIs) for monitoring policy objectives and reporting progress to the Startup Advisory Body and Startup Advisory Council
- (f) Facilitating establishment of Incubation Centers in the State
- (g) Awareness generation and IEC activities

#### 10.1.4. **Nodal Officer**

The Director/Joint Director, Investment Division will act as the Nodal Officer as appointed through State Government notification

- (a) The Director/Joint Director, Investment Division-cum-Nodal Officer will be delegated such administrative and financial power at par with any other head of office in the State
- (b) State Nodal Officer will be the single point of contact for all purposes related to startup initiatives in the State

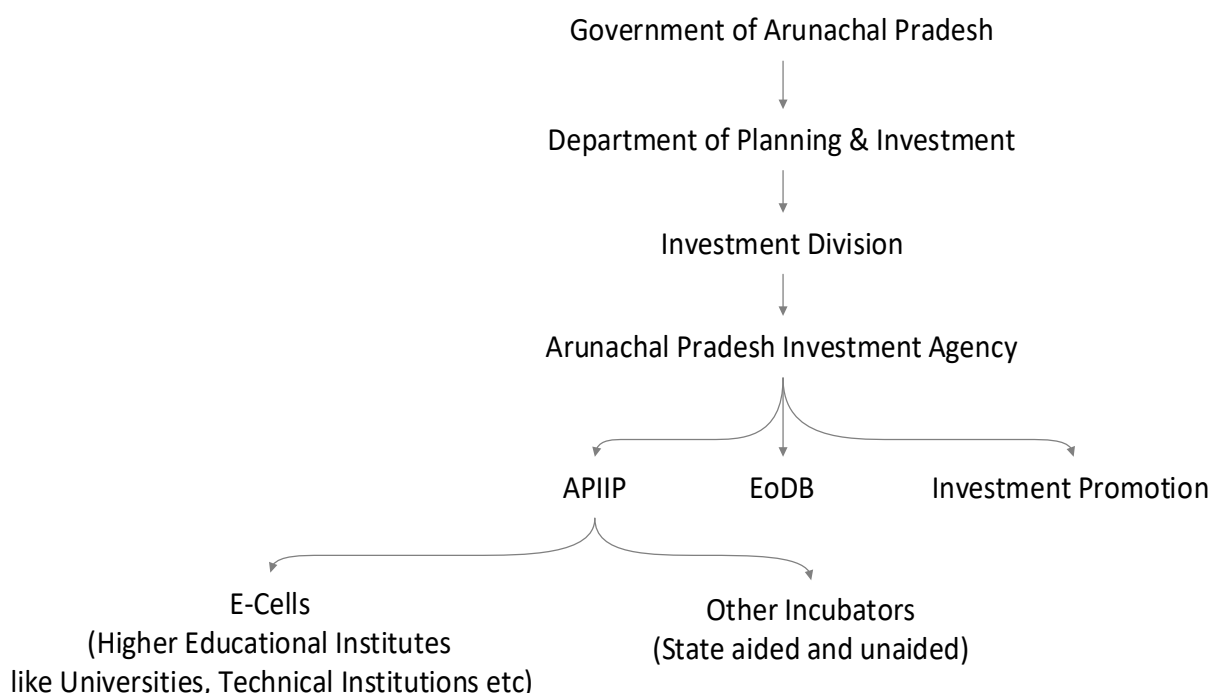
## **11. Arunachal Pradesh Innovation & Investment Park (APIIP)**

11.1 As per the directions of Ease of Doing Business (EODB) Act, there is a mandate to establish Arunachal Pradesh Investment Agency for the purpose of Investment promotion, industrial facilitation, regulatory reforms, entrepreneurial development and obtaining investor feedback.

11.2 Investment Division, under the aegis of Government of Arunachal Pradesh, Department of Planning & Investment will create the Arunachal Pradesh Investment agency; which will facilitate setting up and promoting

the Arunachal Pradesh Innovation & Investment Park (APIIP). The Director/Joint Director, Investment, Government of Arunachal Pradesh who is presently appointed as Chief Executive Officer (CEO) for APIIP and EODB shall also be act also as the Chief Executive Officer (CEO) for Arunachal Pradesh Investment Agency (APIA).

11.3 The APIIP will be empowered as the umbrella organization of all Arunachal Pradesh State sponsored incubators. APIIP shall predominantly facilitate incubation framework and activities; invest in equity for selected startups. The organogram of APIIP is provided as follows.



### 11.4 Equity Investment in Startups by APIIP

11.4.1 APIIP shall endeavour to have equity investments in the state supported startups through a combination of fiscal incentives and incubation support. The objective of having an equity share is to encourage both the startup and APIIP towards cross facilitation of each other and to recover part of the funding from the successful startups that may be redistributed to the startup ecosystem.

11.4.2 Out of all the fiscal incentives that the startups would receive under this policy, the following three incentives shall be considered for equity investments. These incentives shall be provided to only those startups that have been incubated at a state registered incubator.

Sl.	Fiscal Incentive	Value of financial assistance	Value of equity
1	Proof of Concept (POC)	Up to Rs. 10 lakhs	Up to Rs. 15 lakhs
2	Scale Up Grant	Up to Rs. 25 lakhs	Up to Rs. 30 lakhs
3	Digital Upgradation Subsidy	Up to Rs. 10 lakhs	Up to Rs. 15 lakhs

11.4.3 In addition to the fiscal incentives provided to the startups, a lumpsum value of Rs. 5 lakhs shall be taken into consideration while estimating the value of the equity shares of APIIP. This additional charge would be taken to compensate for the incubation support already received by the startups. It may be noted that no startups shall be provided the above three incentives unless they have received the full course of the incubation support from a state registered incubation centre.

### 11.5 Determination of Equity Value

For each equity investment, the shareholding pattern shall be decided as follows.

- (a) Step 1: Valuation of startup shall be prepared by certified valuer.
- (b) Step 2: Incentive to be provided shall be decided by evaluation committee.
- (c) Step 3: Percentage of APIIP Share shall be calculated as follows.

**(Incentive amount + Rs. 5 lakhs) / (incentive amount + Rs. 5 lakhs + startup valuation) % or 10% - whichever lower**

Regardless the value of investment/incentive to be provided by the State Government, the share of APIIP in any startup shall not go beyond 10%. This is to ensure that APIIP remains a minority shareholder.

APIIP shall not be involved in any management decision of the startup. The liability of APIIP shall, under no circumstances, exceed the financial support amount paid to the startup. APIIP will have limited liability as a separate legal entity and shall not stand as guarantor for any bank or other loans.

### 11.6 Exit Strategy for APIIP

- (1) There will be a minimum two years lock in period for APIIP equities. Within this two year, neither the Startup can buy out APIIP share, nor APIIP can sell off or liquidate the shares.

- (2) Startups may buy back APIIP shares at current value of shares at any point of time after two years of signing shareholding agreement. This buy back may be at one time or spread across a period of no more than two years.
- (3) In case of a takeover or an Initial Public Offering (IPO) by the startup, APIIP shall exit after encashing the equity at the current value.

## **12. Digital Infrastructure**

12.1. The Government will develop the Arunachal Pradesh Startup Portal which will be a one-stop shop for startups and ecosystem stakeholders containing all relevant information and resources. The portal will include the below functionalities among other components:

### **12.1.1. Information Dissemination**

Information on the following aspects will be accessible through the Startup Portal:

- (a) Notified Arunachal Pradesh Startup Policy and Operating Guidelines
- (b) Details of the ecosystem stakeholders
- (c) Details of all State level approvals and clearances required for registering and operating a startup in the State
- (d) List of State-supported incubators and accelerators, including incubation support available, and clearly laid out procedures to avail the same
- (e) List of mentors registered with the State and mentorship support available, with clearly laid out procedures to avail the same
- (f) Details of public procurement support available, with clearly laid out procedures to avail them
- (g) Details of funding support available, with clearly laid out procedures to avail the same
- (h) Details of rules, regulations, Acts introduced or amended to support startups
- (i) Details of State Departments providing institutional support to startups



- (j) Details of Government partnerships with other stakeholders to conduct grand challenges, incubation and mentorship programs among others
- (k) Facility Booking system to enable the booking of Government owned or empanelled infrastructure.

#### 12.1.2. **Grievance Redressal**

The Startup Portal will have an institutionalized mechanism to address requests or grievances submitted by startups. This will be done through a dedicated email address and helpline number. The Investment Division as the Nodal Agency will have a turnaround time of two working days to reply to the submitted queries. Startups may utilize these instruments to connect with the Investment Division on issues related but not limited to the below subjects:

- (a) Incubation support
- (b) Funding support
- (c) Public procurement
- (d) Regulatory challenges

#### 12.1.3. **Startup Registration**

The Startup Portal will have a dedicated pathway for registration through which eligible startups will be able to register for availing benefits under the Arunachal Pradesh Startup Policy. This will also include API Integration with Startup India for ease of data sharing between the Center and State Governments. Once registered on the portal, startups will be able to use online pathways to apply for all benefits as listed in this policy.

#### 12.1.4. **Data Sharing**

The Government will endeavor to allow access to non-sensitive Government data which may be used by startups to roll out pilots. Any data collected, or data analysis done by startups through the Portal will be subject to prior ethical and institutional clearance.

## 13. Infrastructure

### 13.1. Arunachal Pradesh Incubator Network

- 13.2. The Government will partner with Higher Education Institutes (HEIs) and private players to setup state-of-the-art incubation center or upgrade existing incubation centers in the State.
- 13.3. Apart from financial support, the Government will enable capacity building for incubators in the network and connected to a common portal to facilitate exchange of thoughts, ideas and collaboration across institutions and disciplines.
- 13.4. The Startup Council will define the criteria for qualification for Government support and rules for grants. All selected institutions would be graded based on key performance indicators.
- 13.5. All the incubators receiving Government support will be part of the Arunachal Pradesh Incubator Network which will provide incentives to State-registered startups in the form of free or subsidized incubation.

### 13.6. Partnerships with Non-State Stakeholders

The Government will also explore partnerships with other startup stakeholders such as accelerators, corporates, and industry associations to provide holistic mentoring support and greater market access to State-registered startups.

### 13.7. Arunachal Pradesh Co-working Space Network

The Government is cognizant of startups facing the high rental cost of commercial real estate as a barrier to market entry. To address this, the Government will identify and partner with commercial space providers to create a network of co-working spaces for registered startups. The goal would be to have at least one co-working space in every district of Arunachal Pradesh in the next three years.

Districts with limited infrastructure to support startups will be targeted to promote a culture of entrepreneurship. Definition of criteria for qualification and rules for grants will be defined by the Startup Council. State-registered startups will be eligible to receive access to co-working spaces in this Network free of cost or at subsidized rates.

## 14. Funding

### 14.1. Arunachal Pradesh Seed Fund Scheme

The Government is aware that currently aspiring entrepreneurs in the State do not have adequate avenues to access capital for activities such as research, development of proof of concept, testing, incubation, and marketing among others which are critical in the early stages of a startup's life cycle. This lack of early-stage capital is hindering many individuals from turning innovative ideas into viable business models.

To plug this gap, the Arunachal Pradesh Seed Fund, a grant-in-aid based seed fund with an initial corpus of INR 10 crore and a total corpus of INR 50 crore over a period of five years is proposed to be established to support over 250 entrepreneurs in the State within the policy period.

This seed fund will be further divided into three separate funds to support early, intermediate and final stages of startup support.

### 14.2. Idea Support Fund

The Idea Support Fund will support the early stage of startup development. The Investment Division, along with the state-based incubators, will hold annual entrepreneurship development challenges and select startups based on established evaluation criteria for award of grant-in-aid and to arrange incubation and acceleration support to the selected startups. The purpose of this fund is to generate enthusiasm among the budding startups, to bring them under the ambit of incubation, training and capacity building and groom them for the next stages of development.

### 14.3. Innovation Fund

The State Government will establish an innovation fund to foster the innovative ideas brought forward by the budding entrepreneur in the State. This fund will support intermediate stage of startup facilitation and cater to funding areas such as research, proof of concept, etc.

### 14.4. Infrastructure Fund

The Innovation Fund will support the final stage of startup facilitation where the startups will be provided grants to augment infrastructure to scale up their activities and launch themselves in the market in an appropriate manner. Emphasis shall be given on digital infrastructure such as cloud, internet, etc.

#### **14.5. Startup Fund of Funds**

The State Government will endeavor to set up a Startup Fund of Funds which will be allocated for investing in venture funds that invest in startups in various sectors. The fund of funds would be in addition to any sector-specific funds that would be operated by the State through its entities and could also invest in future venture funds promoted by the State. There shall be no investment from the state government to this fund.

#### **14.6. CSR Fund**

The State Government will encourage the private and public corporations to utilize their Corporate Social Responsibility (CSR) funds to support incubators, accelerators and the startups; State will also provide the administrative support to the startups to collect such funding. There shall be no investment from the state government to this fund.

#### **14.7. Angel Investment Network**

The Government will partner with relevant stakeholders to set up an Angel Investment Network in the State to mobilize domestic capital for startup investment. The Government will also undertake workshops for potential investors such as local high net-worth individuals to sensitize them on startups as an asset class for investment.

#### **14.8. Fund Management**

All funds will be placed under the Investment Division of the Finance, Planning and Investment Department and will be managed under the advisory of the Startup Council. The fund accounts, as applicable, will be operated jointly by the Secretary of Planning & Investment and the Director or Joint Director of Investment Division. The Investment Division will have the administrative and management control over such funds and will endeavor to appoint a professional fund manager through an open bidding process.

#### **14.9. Startup India Seed Fund Scheme (SISFS)**

The Investment Division will assist incubators and startups to avail funding from the Govt. of India scheme for eligible startups.

## 15 Incentives for startups

To avail all the incentive mentioned below, the startups will need to submit its business proposal through online portal of the Investment Division who will verify the proposals and place them before the Startup Council for necessary examination and approval. All startups shall have to come through an established selection process and no startup shall be automatically entitled to receive the incentives.

### 15.1 Fiscal Incentives

#### 15.1.1 Idea Support Grant

The Investment Division, along with the state-based startups, will organize annual entrepreneurship challenges and aim to select the 50 startups every year for the five years of the policy period to provide grant-in-aid support and offer pre-incubation and incubation facilities. Each year, top ten winners shall be provided Rs. 5,00,000/- & offer for incubation and next forty winners shall be provided Rs. 4,00,000/- and offer for pre-incubation, based on established selection criteria, including a minimum qualification criteria.

#### 15.1.2 Support for Proof of Concept (PoC)

Under the Govt. India's SISFS, seed fund to an eligible startup by the incubator shall be disbursed for up to Rs. 20,00,000/- as grant for validation of proof of concept (PoC), prototype development or product trials. The grant shall be disbursed in milestone-based investments as per the applicable guidelines. Investment division shall provide support to eligible incubators and startups to apply for this grant.

For startups who will not be accommodated under SISFS, one-time fiscal support will be provided by the State Government to the eligible startup as grant for validation of proof of concept (PoC), prototype development or product trials, for up to 100% of the capital expenditure towards the cost of the production for the proof of concept subject to a limit of Rs. 10,00,000/-.

The aim of the policy will be to provide this support to a total 100 no. of startups over the five years policy period. This funding support is liable to be fully or partially recovered in case the agreed upon milestones are not met.

### **15.1.3 R&D Incentive**

In order to promote research-led innovation in the State, Research and Development (R&D) Incentives will be provided to eligible startups for up to 50% of capital cost of research expenses subject to a limit of Rs. 5,00,000/-. The aim of the policy will be to provide this support to a total 50 no. of startups over the five years policy period.

### **15.1.4 Patent Cost Reimbursement**

The cost of filing and prosecution of patent application will be reimbursed to the eligible startups for up to 100% subject to a limit of Rs. 10,000/- per Indian patent awarded and up to 100% subject to a limit of Rs. 1,00,000/- per international patent awarded. The aim of the policy will be to provide this support to a total 100 no. of startups for Indian patents and 50 no. of startups for international patents over the five years policy period.

### **15.1.5 Quality Certification Reimbursement**

The fee payable for obtaining BIS /ISO /CMMI /FSSAI /AGMARK /HALLMARK /SILK MARK /ZED Certification etc. by eligible startups will be subsidized and one-time reimbursement will be provided for up to 100% of cost of certification, subject to a limit of Rs. 5,00,000/- per startup. The aim of the policy will be to provide this support to a total 100 no. of startups over the five years policy period.

### **15.1.6 Domicile Incentive**

One time grant of up to Rs. 1,00,000/- will be provided to startups that are fully domicile to the State, which will mean whose people, product, market and impact are confined within the State. This grant will be paid as partial reimbursement for lease rental for hired premises for a period of one year – subject to strict scrutiny of the evaluation committees. Preference will be given to product-based startups who are using privately owned rental premises and reimbursement may include cost for power, internet, software license and cloud service. The aim of the policy will be to provide this support to a total 50 no. of startups over the five years policy period.

### **15.1.7 Recruitment Incentive for Women & Differently Abled**

One-time recruitment incentive of up to Rs. 40,000/- will be provided to the eligible startups who will employ women and differently abled employees that are domicile to the State, for up to 40% of the cost towards the salary of



such employment over a period of one year. This incentive will be provided after one year of such recruitment is completed and upon evidence of continuous employment and strict scrutiny thereupon. The aim of the policy will be to provide this support to a total 150 no. of startups over the policy period.

#### **15.1.8 Scale-up Grant**

Under the Govt. India's SISFS, seed fund to an eligible startup by the incubator shall be disbursed for up to Rs. 50,00,000/- as grant for market entry, commercialization, or scaling up through convertible debentures or debt or debt-linked instruments, as per the applicable guidelines. Investment division shall provide support to eligible incubators and startups to apply for this grant.

For startups who will not be accommodated under SISFS, and for products or initiatives that have proven potential for large scale employment generation or other similar parameters that Investment Division may deem to be highly beneficial for State, the cost of scaling up such products or initiatives will be partially reimbursed to eligible startups for up to 75% subject to a limit of Rs. 25,00,000/-, including the support for Proof of concept and the Idea Support grant, if applicable. This incentive may be utilized towards capital expenditure only for raw material purchase, marketing and other scaling up costs required for supporting the commercialization of products or services.

The aim of the policy will be to provide this support to a total 25 no. of startups over the five years policy period. This funding support is liable to be fully or partially recovered in case the agreed upon milestones are not met.

#### **15.1.9 Digital Up-scaling Subsidy**

One-time digital upgradation subsidy will be provided as reimbursement to the eligible startups towards procurement and upgradation of high-end computer, related hardware, relevant software, etc. subject to a limit of Rs. 10,00,000/- per startup. Preference will be given to adoption of disruptive technologies such as AI, ML, blockchain, etc. – as defined by Startup India. The aim of the policy will be to provide this support to a total 25 no. of startups over the five years policy period.

## **15.2 Non-Fiscal Incentives**

### **15.2.1 Purchase Preference**

Out of all goods and services that will be procured by Arunachal Pradesh Ministries/ Departments/ PSUs, at least 20% of such goods and services, if made available by startups, will be procured from eligible State-registered startups. This procurement will be made as per the provisions of the Public Procurement Policy for Micro and Small Enterprises (MSEs), as may be amended from time to time, where startups will be entitled to the same benefits as the MSEs.

### **15.2.2 Relaxation of Public Procurement Norms**

To ease regulatory compliance for startups bidding for Government projects, all State-registered startups will be exempt from the criteria of prior experience, prior turnover, and submission of Earnest Money Deposit (EMD) and Bid Security. This will be as per the provisions of Amendment to the Rule 170(i) of General Financial Rules (GFR), 2017, as may be further amended from time to time.

### **15.2.3 Procurement through GeM Startup Runway**

The Startup India team has worked with Government-e-Marketplace (GeM) to enable the DPIIT Recognized startups to register and sell their products directly to the Government Departments. All Departments and PSUs are encouraged to procure goods and services from Startups through GeM Startup Runway wherever possible.

### **15.2.4 Trial Orders**

A Trial Order is an opportunity for a Startup to work on a trial order with the Government. These trial orders give the buyer an option to test waters and be sure while procuring never-before-seen products.

### **15.2.5 Self Certification and Compliance**

Eligible startups will be exempted from the inspection under the following acts and the rules framed thereunder, barring inspections arising out of specific complaint. Startup will be permitted to file self-certification in prescribe format

- (1) The Building and Other Constructions Worker's (Regulation of Employment and Conditions of Services) Act, 1996

- (2) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- (3) The Payment of Gratuity Act, 1972
- (4) The Contract Labor (Regulation and Abolition) Act, 1970
- (5) The Employee's Provident Fund and Miscellaneous Provisions Act, 1952
- (6) The Employee's State Insurance Act, 1948

#### **15.2.6 Facilitation by Investment Division**

The Investment Division will host workshops for State Department Officials from other Departments to sensitize them on the benefits of procurement from startups. The Investment Division will also host programs to promote procurement policy to other Government departments and PSUs. The promotional activities will include but not be limited to workshops for registration on the Government e-Marketplace (GeM), Buyer-Seller Meets, Demo or Showcase Days, Grand Challenges, Corporate Innovation Programs, and National or International Programs.

## **16 Mentorship**

- 16.1 The Investment Division will empanel startup mentors through the state-based incubators and HEIs with expertise in domains such as business model development, funding strategies, company registration, accounting & taxation, legal, and digital marketing. The mentor profiles will be hosted on the Startup Portal which will also contain a pathway for startups to reach out to these mentors free of cost. These mentors will also provide support to aspiring entrepreneurs especially students through organization of ideation workshops.

## **17 Academic Interventions**

- 17.1 The Government will actively promote entrepreneurship and innovation among students through relevant programs executed in partnership with select Higher Education Institutions (HEIs) located in the State.

### **17.1.1 Credits for MOOCs**

Higher Education Institutes (HEIs) will be encouraged to award credits to certified online courses related to entrepreneurship upon completion and let Massive Open Online Courses (MOOCs) be an option for elective subjects.

### **17.1.2 Entrepreneurship Cells (e-Cells) at HEIs**

The State Government will endeavor to set up Entrepreneurship Cells (e-Cells) in selected HEIs by providing advisory assistance and capacity building support. These Cells will work towards creating awareness on entrepreneurship as a career option among students and conduct programs to assist aspiring student entrepreneurs shape their business ideas.

Various informatory kits and materials will be created by the pedagogy and will be made available to students. These kits may be in the form of Do-It-Yourself (DIY) kits informing students about the nuances of entrepreneurship such as developing an idea or a prototype, Intellectual Property Rights, art of pitching, incentives under various Center and State Government Schemes among others.

The E-cell will determine the standard market rates for the various on demand and industry relevant programming courses, which will be widely publicized. Students, who are currently pursuing their graduation or are within two years from the time of their graduation within the original stipulated period of study, can enroll for these programs.

The Investment Division will collaborate with e-Cells of HEIs to execute activities to support student entrepreneurs, these may include but not be limited to business plan competitions, faculty awareness sessions, bootcamp, and ideation workshops.

Investment Division shall make provision for a funding support of up to Rs. 25 lakhs per HEI per year to be provided to five selected HEIs for setting up and operating the e-Cells. There should be one-time grant for setting up the e-Cells and annual reimbursements against activities undertaken.

### **17.1.3 Consideration for Final Year Project**

The State Government will endeavor that student entrepreneurs from State-based HEIs working on a startup idea in their graduation year may receive allowances such as attendance relaxation, grace marks, and permission to convert their startup project into a final year project counted towards their degree completion.

#### **17.1.4 Deferred Placement for Student Entrepreneurs**

The State Government will endeavor that student entrepreneurs availing the Gap Year option for working on their startups will be allowed to sit for University/ College placements after one year.

#### **17.1.5 Startup Internship**

Startup internships provide a great learning experience for students looking to pursue entrepreneurship or work in a dynamic environment. State Government will endeavor that HEIs in the State will tie up with startups, incubators, accelerator, etc. across the country to facilitate students in obtaining internship projects with various ecosystem players.

#### **17.1.6 Professional Training & Certification Support**

State Government will endeavor to enter into agreements with institutes of repute that impart course-based professional training and certification and empanel institutions to provide relevant trainings to eligible startup owners and operators at a pre-fixed rate, wherein Government will aim to provide subsidy to some of the capital expenditure for imparting the training, and also aim to partially reimburse the fees for training and certification in successful completion of the same by the eligible startups owner and operators. Rs. 70,000/- per startup for 250 startups will be covered under this support.

### **18 Support to Women-led Startups**

The State Government will execute various initiatives to make the startup ecosystem inclusive for women entrepreneurs. For purposes of the incentives listed below, a woman-led startup will be defined as a startup with a woman as Founder or Co-Founder or Chief Operating Officer or equivalent.

#### **18.1 Entrepreneurship Centre for Women**

The State Government will set up a dedicated Entrepreneurship Centre for Women (ECW) which is envisaged as a hub for aspiring and seasoned women entrepreneurs providing access to mentorship, capacity building exercises, and other programs beneficial for women-led startups. The ECW will run dedicated incubation and acceleration program for women on an annual or bi-annual basis.

## **18.2 Funding Support**

A minimum of 33% of the Arunachal Pradesh Seed Fund proposed in this policy will be dedicated to women-led startups meeting the eligibility criteria for availing the same.

# **19 Ecosystem Mobilization Activities**

**19.1** The Government proposes to conduct various activities to mobilize the startup ecosystem of Arunachal Pradesh through promotion of innovation and entrepreneurship.

## **19.1.1 Networking Events**

The Investment Division will organize networking events to provide a platform for startup ecosystem stakeholders to connect and discuss synergies. These may also be conducted online and for a more targeted audience such as specific sectors or women entrepreneurs, among others.

## **19.1.2 Annual Entrepreneurship Challenges**

The Investment Division will conduct Grand Challenges in its individual capacity or collaborate with other State Departments, Corporates, Incubators, and the like to identify and award exceptional startups in different sectors as per the scope of the Grand Challenge.

## **19.1.3 Annual Startup Festival**

The Investment Division will organize an annual event on a National-level to showcase the progress of its ecosystem, this may be theme-based. There will be several activities conducted as a part of this event such as investor pitching sessions, masterclasses, panel discussions, startup exhibition, among others. Social media promotion should be an integrated part of these activities.

## **19.1.4 National and International Events**

The Investment Division will provide financial support to selected startups in the form of travel and lodging expenditure to take part in key national and international events dedicated to startups to provide relevant exposure and knowledge exchange opportunities.



## **20 General Terms and Conditions**

- 20.1** Doubts relating to interpretation of any term and/ or dispute relating to the operation of any provision under this policy will have to be referred to the Planning, and Investment Department, Government of Arunachal Pradesh for clarification/ resolution, and the decision of the State Government in this regard will be final and binding on all.
- 20.2** No right or claim of any incentive under this policy will be deemed to have been conferred merely on the ground of provision in this policy. Implementation of various provisions covering the incentives, concessions, etc. is subjected to the issue of detailed guidelines/ statutory notifications, wherever necessary in respect of each item by the Startup Council.
- 20.3** The Government of Arunachal Pradesh may at any time amend any provision of this policy.
- 20.4** The detailed guidelines on standard operating procedures on registration, grievance redressal, fund disbursement, support to HEIs, access to mentors, etc., as may be amended from time to time, may be referred in conjunction with this policy.
- 20.5** The Startup India ranking framework will act as a guidance document that may be referred in conjunction with this policy.