

मध्य प्रदेश शासन  
सूक्ष्म, लघु और मध्यम उद्यम विभाग  
मंत्रालय

// आदेश //

भोपाल, दिनांक ०१/१०/२०१६

क्रमांक एफ २-१२/२०१६/अ-तेहत्तर: राज्य शासन द्वारा परिशिष्ट-एक पर  
संलग्न म. प्र. इंक्यूबेशन एवं स्टार्टअप नीति, २०१६ जारी की जाती है।

संलग्न :-उपरोक्तानुसार

मध्यप्रदेश के राज्यपाल के नाम से  
तथा आदेशानुसार

( व्ही.एल. कान्ता राव )

प्रमुख सचिव,

मध्यप्रदेश शासन

सूक्ष्म, लघु और मध्यम उद्यम विभाग

पृ. क्रमांक एफ २-१२/२०१६/अ-तेहत्तर,

भोपाल, दिनांक ०१/१०/२०१६

प्रतिलिपि :-

१. प्रमुख सचिव, मुख्यमंत्री कार्यालय, मंत्रालय, भोपाल।
२. प्रमुख सचिव, समन्वय, मुख्य सचिव कार्यालय, भोपाल।
३. अपर मुख्य सचिव/प्रमुख सचिव/सचिव, मध्यप्रदेश शासन.....  
(समस्त विभाग)।

4. उद्योग आयुक्त, उद्योग संचालनालय, मध्यप्रदेश भोपाल।
5. आयुक्त, जनसंपर्क मध्यप्रदेश, भोपाल।
6. प्रबंध संचालक, मध्यप्रदेश ट्रेड एण्ड इन्वेस्टमेंट फेसिलिटेशन कार्पोरेशन लिमि. भोपाल/मध्यप्रदेश लघु उद्योग निगम, भोपाल।
7. संभागायुक्त.....(समस्त)।
8. नियंत्रक, शासन केन्द्रीय मुद्रणालय, अरेरा हिल्स, भोपाल की ओर म. प्र. इंक्यूबेशन एवं स्टार्टअप नीति, 2016 की हिन्दी एवं अंग्रेजी की हस्ताक्षरित प्रति सहित संलग्न कर निवेदन है कि कृपया आगामी राजपत्र में प्रकाशित करवाकर उसकी 25 प्रतियां इस विभाग को भिजवाने का कष्ट करें।
9. कलेक्टर.....(समस्त)।



विशेष कर्तव्यस्थ अधिकारी

मध्यप्रदेश शासन

सूक्ष्म, लघु और मध्यम उद्यम विभाग



**MSME CONVENTION 2016**  
सूक्ष्म, लघु और मध्यम उद्यम सम्मेलन



मध्यप्रदेश शासन

# MP INCUBATION & STARTUP POLICY 2016



**Department of MSME**  
**Government of Madhya Pradesh**

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## I. Introduction

Madhya Pradesh, the second largest state of India, is among the fastest growing states with a 10.2% GSDP growth rate in year 2014-15. The state has gained significantly in investment and economic growth in recent years. The state has developed a robust infrastructure, conducive policy environment & industrial growth centres which has expedited the growth of industrialization.

Realizing the high potential for manufacturing industry, Madhya Pradesh has positioned itself as a favorable destination for high tech industries including heavy engineering, IT, ESDM, telecommunications, automobiles along with existing textiles, pharmaceuticals, cement, agro & food processing based industries by establishing dedicated Industrial Clusters across the state. This industrial growth has been resulted in demand for Incubation, Plug & Play facilities for young entrepreneurs in the state.

Furthermore, the presence of numerous prominent technical, management and other professional institutes such as IIT Indore, IIITM Gwalior, IIM Indore, MANIT Bhopal, IIITDM Jabalpur, IISER Bhopal, NIFT Bhopal, 224 Engineering Colleges, 114 Polytechnics, 415 ITIs, 135 Skill Development Centres (SDC) and other Vocational Training Centres make Madhya Pradesh an ideal destination for startup hubs. The State Government has also setup a Venture Capital fund to ensure access to capital for these startups.

Therefore, aligning with Government of India's 'Startup India' vision, Government of Madhya Pradesh has envisaged creation of a conducive, innovative and technological entrepreneurial ecosystem through 'MP Incubation & Startup Policy 2016' to nurture and promote Startup culture within the state.



## II. Vision, Mission & Objective

### Vision

"To establish Madhya Pradesh as a preferred destination for Startups & Incubation Centres by providing an enabling ecosystem to support entrepreneurial culture in the State"

### Mission

- To align Madhya Pradesh with the 'Startup India' flagship initiative of the Government of India.
- To build a sustainable ecosystem of Innovation, R&D and Manufacturing in the State.

### Objective

- To strengthen the Startup culture in the State by nurturing entrepreneurial skills
- To encourage setting up of new Technological Business Incubation Centres along with strengthening existing Incubation Centres in the state
- To encourage and inspire youth to develop innovative ideas in Madhya Pradesh
- To promote entrepreneurship activities among the youth of MP to enable sustainable and inclusive socio-economic development across the state of Madhya Pradesh
- To promote and develop employment opportunities for the youth within the State of Madhya Pradesh



### III. Policy Focus Areas

MP Incubation & Startup Policy 2016 is formulated with 3 core policy focus areas which are required for a startup to grow as an enterprise. These are as follows:

- i. Availability of 'Plug & Play' Incubation Facility
- ii. Funding Support & Incentives
- iii. Startup Handholding



On the basis of these policy focus areas, MP Incubation & Startup Policy 2016 envisaged below mentioned Statewide Network to encourage Startup/Entrepreneurial culture within the state.



## A. Innovative Incubation Network

- The state government would provide thrust on establishing Incubation Centres within Engineering Colleges, Management Institutes and Professional Colleges across Madhya Pradesh to provide 'Plug & Play' model facilities to young entrepreneurs/students.
- These Incubation Centres shall be promoted to develop an Innovative Incubation Network to build a collaborative platform among Host Institutions/Incubators which can be used to learn the best practices and understand the requirements of startups/entrepreneurs.
- Selected Institutes shall be encouraged to host incubators in their area of discipline or expertise. An online portal shall be developed to bring all the state based Incubators on a single network platform.
- This network shall also provide a platform to identify National/ International mentors from academia or Industry.
- This Incubation Network shall play a vital role in providing handholding to startups in identifying funding support, assistance in legal compliance and regulatory support from Government.

## B. Angel Investors/Venture Capitalist Network

- The identification and selection of an Angel Investor/Venture Capitalist plays a critical role in the journey of any Startup. Therefore, state government shall encourage statewide Angel Investors/Venture Capitalist to form a network so that it can bridge the divide between startup and their early stage required funding support.
- This shall help in building conducive and sustainable startup ecosystem within the state.
- This Network shall also play a role of an 'Accelerator' for Startups in the state.



## IV. Incentives

The incentives provisioned in 'MP Incubation & Startup Policy 2016' shall be applicable to Startups & Incubators in Madhya Pradesh from 1st Oct 2016 to period ending on 31st Mar 2021.

Startups & Incubators can also be entitled for other applicable incentives (if eligible) under other policies/schemes of Govt. of Madhya Pradesh and Govt. of India. It may be noted that the below mentioned incentives shall be in addition to the incentives provided from Govt. of India. However, the same incentives cannot be claimed from any other policies/schemes of Govt. of Madhya Pradesh.

Department of Micro, Small, Medium Enterprise (MSME), Govt. of Madhya Pradesh shall nominate 'Directorate of Industries, Madhya Pradesh' as nodal agency to promote Incubators, Startups, Accelerators and to encourage Host Institutions to build entrepreneurial ecosystem within the state.

### A. Incentives to Incubators

Government shall facilitate setting up of incubators in Government Institutions as well as eligible private institutions along with prominent Industry associations. The Host Institutions in quest of grant from state government to setup Incubators shall have to be registered with the nodal agency. The selection of Host Institutions expressing intent to establish Incubators shall be decided by the State Level Implementation Committee.

Selected Host Institutions as incubators shall be responsible to provide basic 'plug & play' facilities to startups such as:

- Work space with computer and Internet Broadband Connectivity
- Common business, administrative & incubation facilities
- Training & Mentoring (Technical, Financial, Marketing & Legal) etc.

State support would be provided to incubators for initial 3 years, extendable to further 2 years based on performance at the end of which Incubator is expected to be self-sufficient.



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## **I Capital Assistance**

- Eligible Host Institutions shall be provided capital grant of max 50% for Fixed Cost Investment (Investment made in plant, machinery & equipment but shall exclude land & building) for setting up incubator, subject to max of INR 50 lacs.
- The same limit shall be extended to existing Incubators for capacity expansion subject to the capacity utilization of the existing incubator for 2 years.

## **ii. Operational Assistance**

- Eligible incubators shall get the support for recurring expenses as operational assistance upto 50% of actual expenses to the limit of INR 5 lacs per year.

## **iii. Stamp Duty & Registration**

- Eligible Incubators shall be provided 100% Stamp duty & registration fee reimburse ment on purchase/lease of land/Office space/IT building on commencement of their operation.

## **iv. Mentoring Assistance**

- To provide mentorship to incubatee startups from industry leaders (CXOs), academicians and professors of reputed national & international universities or institutes, Eligible incubators shall be provided mentoring assistance support on reimbursement basis upto a limit of INR 2 lacs per year for a period of 3 years.

## **v. Startup Competition Assistance**

- To promote innovation and mobilize students into entrepreneurship as a career option, Host Institutions/Incubators shall be encouraged to organize annual startup competition challenges. Eligible institutes of national importance, state universities & central universities based in MP shall be supported by state government to organize startup competition fest in which state shall provide assistance upto a limit of INR 1 lacs per event.



## B. Incentives to Startups/Entrepreneurs

Entrepreneurs/Startups running in the incubators need to be registered as company or under MSMED Act, Govt. of India before availing incentives.

### i. Interest Subsidy

- Eligible startups shall be provided interest subsidy of 8% per annum for a period of 3 years on the rate of interest paid on loans obtained from scheduled banks/financial institutions subject to the maximum limit of INR 4 lacs per year.

### ii. Lease Rental Subsidy

- Reimbursement of 25% of lease rental subsidy to startup units established in the state operating from Incubators shall be eligible for a period of 3 years subject to the ceiling of INR 3 lacs per year from the date of rent payment to Incubator.

### iii. Patent/Quality Promotion Subsidy

- Cost reimbursement for Patent/Quality certification per unit up to a limit of INR 2 lacs for Domestic & INR 5 lacs for International Patent/Quality Certification upon successfully receiving them.
- Within policy period of 5 years, 2 Patent/Quality Certification in each domestic and international category shall be considered.

### iv. Startup Marketing Assistance

- One time startup marketing assistance of Max INR 10 lacs to eligible startups for their product/service launch in the market upon securing of min funding of 25% from a registered angel/venture funds/registered incubators by startup.

### v. Credential Development Assistance

- In order to provide a platform to Startups in public procurement by State Government Departments, Corporations and State Agencies, the state government shall consider and evaluate the possibilities as to how startups would be encouraged in govt. procurements related to services & goods. The State Government shall consider this endeavor and come up with a separate policy.



## V. Policy Applicability

The MP Incubation & Startup Policy 2016 shall be applicable to following domains such as:

- Internet of Things (IoT)/ E-commerce /Mobile Technology
- Information Technology (IT)/ITeS/BPM/Software development
- Manufacturing including ESDM/Robotics/ 3-D Printing
- Healthcare, Pharmaceutical & Agri Processing
- Biochemical, Agriculture, Food technology & Textile
- Green energy/clean technology/water & recycling
- Education, Social& Rural Entrepreneurship
- Or any innovative idea/technology as approved by State Level Implementation Committee

## VI. Policy Implementation

In order to implement 'MP Incubation & Startup Policy 2016' in the state, Department of MSME, Govt. of Madhya Pradesh shall nominate 'Directorate of Industries, Madhya Pradesh' as Nodal agency to implement this policy.

### A. Startup-Incubator(SI) Cell

Within Nodal Agency, a 'Startup-Incubator (SI) Cell' shall be setup which shall facilitate and provide handholding to Startups/Incubators/Host Institutions to avail benefits under MP Incubation & Startup Policy 2016. This professionally run unit shall act as 'One stop solution' for all Startup/Incubators queries, liaison with Government functionaries, assist in policy implementation plan and engaged with marketing & branding of 'MP Incubation & Startup Policy 2016'.

Eligible Startup/Entrepreneur/Incubator/Host Institution shall submit its application along with its business plan to 'Startup-Incubator (SI) Cell' in Nodal agency. Nodal agency shall evaluate the proposals obtained from startups/Incubators/Host Institution. The Nodal agency shall submit a report along with required documents to the State Level Implementation Committee for approval.



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## B. State Level Implementation Committee

Under this policy, A State Level Implementation Committee (SLIC) committee comprising following members shall be constituted for sanction of assistance:

|                                                                                                        |                    |
|--------------------------------------------------------------------------------------------------------|--------------------|
| PS MSME                                                                                                | - Chairperson      |
| Secretary, Finance                                                                                     | - Member           |
| Nominee of Higher Education                                                                            | - Member           |
| Nominee of Technical Education & Skill Development                                                     | - Member           |
| Nominee of Science & Technology                                                                        | - Member           |
| Nominee of Managing Director, TRIFAC                                                                   | - Member           |
| Nominee of applicant's related Department of GoMP                                                      | - Member           |
| Nominee(s) from Industry/Industry association                                                          | - Member           |
| Other Nominee(s) from Innovation/Investor/Incubator Network to be nominated by Govt. of Madhya Pradesh | - Member           |
| Industries Commissioner, Madhya Pradesh                                                                | - Member Secretary |

- Member secretary shall be responsible to organize the SLIC meeting on a fixed date within stipulated time.

## C. State Level Empowered Committee

A State Level Empowered Committee comprising following members shall be constituted under this policy:

|                                                              |                    |
|--------------------------------------------------------------|--------------------|
| Chief Secretary, GoMP                                        | - Chairperson      |
| Principal Secretary, Finance                                 | - Member           |
| Principal Secretary, Commercial Tax                          | - Member           |
| Principal Secretary, Technical Education & Skill development | - Member           |
| Principal Secretary, Science & Technology                    | - Member           |
| Principal Secretary, Commerce, Industry & Employment         | - Member           |
| Industries Commissioner                                      | - Member           |
| MD MP TRIFAC                                                 | - Member           |
| PS MSME                                                      | - Member Secretary |

The State Level Empowered Committee shall be Appeals Committee for SLIC whose decision in any matter shall be final.

The charter of the Empowered Committee shall be:

- Monitor and ensure timely release of relevant orders/ notifications and amendment required
- Any issue of interpretation of this policy, Inter departmental co-ordination with respect to policy matters
- Approve the projects, framework, modalities of implementation for projects proposed by the department
- Time to time evaluation of MP Incubation & Startup Policy 2016 on key indicators and resolve implementation issues at all levels



## VII. Glossary

**1 Startup:** An entity shall be considered as 'Startup'-

- Up to 5 years from the date of its incorporation/registration
- If its turnover for any financial years has not exceeded INR 25 Cr.
- Entity works towards innovation and development of new products & services driven by technology or Intellectual property.

Further, the definition of Startup shall be considered as decided by DIPP, Govt. of India from time to time.

**2 Incubator:** Incubator is an organization which provides a platform to startups for business support through facilities like physical space, infrastructure, funding network, mentoring/training and other common facilities. Eligible Incubators shall be based in MP and registered with policy implementing agency.

**3 Host Institutions(HI):** Host Institutions are renowned Engineering/Technology, Management, Professional Institutes and R&D Institutes including renowned Industry Associations in the state of MP which focus on incubation, innovation and entrepreneurial development activities.

**4 Angel Investors:** The Angel Investors shall be registered with SEBI/Scheduled Bank/or reputed Institution like IITs/IIMs/DST or GoMP approved Incubators. Angel Investors are who provide early stage seed funding to entrepreneurs/startups.

**5 Venture Capitals:** Venture Capitals fund manage fund from investors seeking equity stake in startups and small-medium enterprises with emerging growth potential. These type of investments are considered to be high risk & high return.

**6 Institute of National Importance:** Institutes which are registered with the Ministry of Human Resource Development, Govt. of India under this category such as IIT, NIT, School of Planning and Architecture, Indian Institutes of Science Education and Research&All India Institute of Medical Sciences etc.

**7 Exit Clause:** The exit clause for any Incubatee shall be determined by respective Incubators subject to in line with the criteria defined by DIPP, Govt. for startup exit clause.





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