

Government of Chhattisgarh  
Electronics & Information Technology Department  
Mantralaya,  
Mahanadi Bhavan, Naya Raipur

::NOTIFICATION::

Raipur, Dated – 17 February, 2016

No.: F 4-48/2015/56 :: The State Government hereby notifies the Chhattisgarh Innovation and Entrepreneurship Development Policy, 2015 as per enclosed annexure. Which shall come into force from the date of its publication in the “Official Gazette” and will be valid till 31<sup>st</sup> October, 2019.

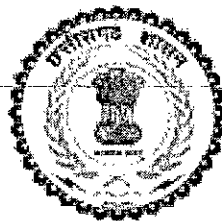
By order and in the name of Governor of Chhattisgarh

(Saurabh Kumar)  
Deputy Secretary

Govt. of Chhattisgarh

Electronics & Information Technology Department

Annexure



GOVERNMENT OF CHHATTISGARH

**Chhattisgarh Innovation &  
Entrepreneurship Development Policy  
2015**

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## 1. Preamble

1.1. India, with a strong GDP growth forecast in coming years and a population of 1.2 billion, is one of the best markets for growth and investments. Further, it is also the fastest growing and 3<sup>rd</sup> largest Start-Up Ecosystem globally (NASSCOM Start-up Report 2014) with more than 3100 start-ups (2014), and set to increase to 11,500 by 2020. According to the International Monetary Fund (IMF), as of April 2015, the Indian economy is nominally worth US\$2.306 trillion; it is the 7th largest economy by market exchange rates, and at US\$7.996 trillion, is the third-largest by purchasing power parity. India, poised to surpass USD 3 trillion mark in less than five years, is the third largest smartphone market in the world after China and the U.S.

1.2. Chhattisgarh is one of the fastest growing states in India and is amongst the richest states in terms of natural and mineral resources. The State, at the heart of central India, provides for a unique locational advantage with direct physical access to markets of 7 states. Chhattisgarh is a power surplus state and provides stable power at economical rates with redundancy. It is the first state to have provided the 'Right to Skill'. The State has an excellent educational ecosystem with Indian Institute of Management, International Institute of Information Technology, National Institute of Technology, All India Institute of Medical Sciences, National Law University successfully operational and an IIT and Centre of Excellence in IIT by Siemens are to come up soon.

1.3. In a short span of 15 years the State has become a hub of major core sector industries like power, coal, steel and cement. On its way to building next generation future cities, the State has outpaced others by establishing Naya Raipur, with a gross area of 237 Sq. Km, as the first Greenfield Smart city of the 21st century. It is the first of its kind planned and designed city in the country, recognised at national and international levels. It is getting replicated in upcoming 100 smart cities project within India.

1.4. While standing on the foundation of innovation and entrepreneurship, the State is now focusing on developing sunrise sectors as new engines of state growth. With massive increase in mobile usage and a huge shift in mind-set among Indian consumers willing to experiment with new services from start-ups, the new entrepreneurship ecosystem today is getting fuelled by a vibrant Indian market which has attained a critical mass of online users.

1.5. The Government of Chhattisgarh recognises this new wave where Start-ups will be the dominant job creator of the future and the engine for social innovation. Even the faster growing large companies look for an innovation and entrepreneurial milieu to invest, which encourages them to 'soft land' with Incubator-cum-Accelerators.

1.6. An appreciation of the importance of innovation in promoting economic growth has encouraged the Government of Chhattisgarh to introduce policy initiatives to increase the quantum of entrepreneurial activity in the State and contribute to national growth. It is felt that Chhattisgarh with its enormous growth potential will immensely benefit by promoting innovation as the State Policy. This Policy is an endeavour to create a conducive environment in the State for innovation

and entrepreneurship, leveraging its strengths which lies in its natural resources (i.e. minerals, forests, agriculture) and human resources particularly the tribal who have got high level of indigenous skill sets but are technology deprived; as well as new developments like Naya Raipur.

1.7. Department of Electronics and Information Technology, Government of Chhattisgarh would setup an institution, which would be the State Nodal Agency to govern, administer and implement this policy and the initiatives herein.

## 2. Strategy

2.1. Though the "Industrial Policy 2014-19" and "Electronics, IT and ITes Investment Policy of Chhattisgarh 2014-19" of the State would be the mother policy for new age entrepreneurs, the additional impetus required for innovation and entrepreneurship would be provided by this Policy.

2.2. **The Vision:** To become the global epicentre of "*entrepreneurship and innovation*", promoting *sustainable and inclusive growth and enhancing global competitiveness by harnessing "research and technology."*

### 2.3. Objectives for next three years:

- a) Establish Accelerators/ Technology Business Incubators (TBI) in the State
- b) At-least 100 ventures to be set up
- c) Start-ups incubated in the State to have funding raised from Venture Capitalists, Financial Institutes and Angel Investors
- d) Conduct Start-Up Boot camps in Academia covering schools and universities.
- e) Large innovative companies to link with the State and thus establish start-up infrastructure such as Accelerator, Incubators, Research and Development spaces
- f) To be recognised by leading publications and eminent individuals/ corporates as one of the top hubs of innovation and entrepreneurship in Asia and the World
- g) Promoting Gender Equality by encouraging women in entrepreneurship by ensuring that several of the participating start-ups to be women led or have women as co-founders
- h) Enable the citizens of the State to be associated directly or indirectly with the start-ups to have a higher quality of life

### 2.4. The Policy will focus on innovative businesses in following areas:

- a) Established core sectors like Iron, Steel, Aluminium, Coal, Power etc.
- b) Internet of Things (IoT) and Wearable Technologies
- c) Internet & Mobile Technology and Social Mobility Analytics & Cloud(SMAC)

- d) Financial Technologies (Fin Tech) with focus on financial inclusion and mobile commerce (m-commerce).
- e) Healthcare Technology
- f) MSME sector to increase efficiency and new solutions for cluster based approach
- g) Social Innovation for empowering citizens (this include technologies for safe drinking water and sanitation, solar based innovations, IT/mobile technology for agriculture, forest produce, affordable biomedical devices, mobile based diagnostics, affordable prosthetics, education, skill development and livelihoods etc.).
- h) Emerging sectors of the State such as Defence, Automotive, Agro Processing, ESDM and Biotechnology
- i) Renewable Energy
- j) Safe and Smart Cities, and Smart Villages

**2.5.** State Nodal Agency will set up a dedicated State Core Incubator-cum-Accelerator where start-ups will be incubated. Government will create a Venture Capital Fund to help successful start-ups scale up. Government of Chhattisgarh aims to have active participation from academic institutes, Public Sector Undertakings (PSUs) and local entrepreneurs. The State would engage an experienced resource from the innovation/start-up ecosystem, to help formulate strategy and execution of this policy.

### 3. Six Elements of Success

This policy is based on six core elements, necessary towards making Chhattisgarh an entrepreneurial engine of economic growth for India and for the world. These six elements are:

- Incubators and Accelerators
- Prototyping Shops and co-working spaces
- Funding, incentives and state support
- Entrepreneurship Education and Skill Development.
- Market linkage
- Public Private Partnerships (PPP) based operations

### **3.1. Incubators and Accelerators**

**3.1.1.** These are essential focal points of innovation making it into real life businesses; thus transforming 'ideas' into 'products'. This, in addition to generating wealth for the innovators, the State and the country, creates employment for many more.

- a) The Government would establish at least one world class Core Incubator-cum-Accelerator by inviting educational institutes of repute to set up their center in the State
- b) The core Incubator-cum-Accelerator would be set up in the State to boost the start-up and innovation ecosystem, with the participation of top corporations/companies, universities and industry associations, in a Public Private Partnership model
- c) To bring the start-up community and large organisation together, State Nodal Agency will invite corporations to set up corporate innovation centres in the core Incubator-cum-Accelerator, in identified focus areas
- d) On the basis of further requirement, Government may consider setting up district and sector focused mini incubation centres in potential districts, which will be aligned with Core Incubator-cum-Accelerator

**3.1.2.** Three major types of Incubator-cum-accelerator planned under the policy are as follows:

- a) Technology Business Incubator cum Accelerator – These would focus on start-ups with technology based products/ideas which may be for any sector. They may be established by Government, Corporates, Universities/ Educational Institutes, Public Sector Companies and other private players. State Government will facilitate funding under State or Central Government Schemes, if any. The Core Incubator-cum-Accelerator would act as a knowledge centre for all Incubators and Accelerators across the State.
- b) Business Incubators cum Accelerators – These Incubators and Accelerators would be sector agnostic and would coach, mentor and incubate all types of start-ups irrespective of product, sector and stage of start-up. Priority would be given to entrepreneurs with ideas/ products for grassroots economic development at district level or innovative solutions for social impact.
- c) Medium, Small and Micro Enterprises (MSME) focus incubators & accelerators – This type of Incubators and Accelerators would focus on development of small and medium entrepreneurs through entrepreneurship training, business plan development, capital linkage facilitation and market linkage facilitation. As these entrepreneurs would also form a support ancillary system for core sector industries of the State, funds from core industry may be sought for development of such incubators and accelerators. These incubators and accelerators would also help in energising the MSME sector through competitiveness.

### **3.2. Prototyping Shops and Co-Working Spaces**

**3.2.1.** The core Incubator-cum-Accelerator will have a slew of common facilities for all incubates to share including but not limited to:

- a) Part fabrication and prototyping studio.
- b) Part hacker space and part learning center for the maker community.
- c) Facilities to include laser cutters, plastics and electronics labs, a machine shop, a wood shop, a metal working shop, a textile department, welding stations ,water jet cutter etc..
- d) Members may have open access to design software, featuring some of the leading design suite.
- e) Huge project areas with large worktables will be made available for completing projects and collaborating with others.
- f) A number of experience-driven corporate events will be developed specifically to bring teams together and engage them in the act of making.
- g) Connect with local core industries for developing technology smart solutions for traditional industry.

**3.2.2.** The core Incubator-cum-Accelerator will include co-working spaces, aligned to achieve inclusive and sustainable socio-economic growth. These co-working spaces will be dedicated to accelerating the application of social capital and technology for economic prosperity. This will be designed to be a multi-functional, multi-purpose space where work will happen to catalyse creative tech and social ventures. This will be a place for technologists, social entrepreneurs, government, tech companies and impact investors in and around the state of Chhattisgarh to co-create new solutions for many social problems.

### **3.3. Funding and State Support**

**3.3.1.** Two categories of fund will be created *for the core Incubator-cum- Accelerator*:

- a) An **Innovation Fund** will be created by the State Nodal Agency through the State Finance Rules as grant in aid for setting up the core Incubator-cum-Accelerator for at least three years. The fund will be used as follows:
  - i. Setting up of infrastructure and office space with essential equipment
  - ii. Bearing operating expenditure involving cost of power, internet and other administrative expenditures
  - iii. Organizing international, national and local events with marketing, publicity and promotion.



- iv. Conducting training, development and capacity building of operating staff
- v. Boot camps in academic institutions like schools and universities
- vi. Operating cost of Implementation Agency
- vii. Financial Support to Start-ups: State will provide a suitable assistance (for a fixed period) to select few incubated start-ups, located in the State. Such start-ups would be selected through an appropriate evaluation process.
- viii. To attract bright scientists, innovators and entrepreneurs to the state of Chhattisgarh, the fund will be utilised on issues of importance to the State and relevant globally (e.g. Smart City, Financial Inclusion etc.). There would be a "Challenge Program" wherein an individual or a group of individuals would list out the possible problems that they can foresee pertaining to the issues and would provide a practical solution for the same. The selected best ideas would be put in action in the State, which can be further scaled up in India and across the world.

**b) A special Leap of Faith Revolving Fund© (LoFR Fund) for the Start-Ups**

- i. Recognising that the requirement of capital is most acute in running a start-up in the initial years, the LoFR Fund will provide up to Rs 50 lakhs of interest free loan to start-ups selected in the State Incubator.
- ii. The above mentioned interest free loan will be recovered within a period of three years
- iii. The recovered amount would be ploughed back into the LoFR fund.

**3.3.2.** Aside from this a **Venture Capital Fund** of more than Rs. 100 Crore would be mobilised by the State Nodal Agency leveraging various sources of funding for entrepreneurs and start-ups.

- a) The Venture Capital Fund would invest in Start-ups located in Chhattisgarh, based on criteria to be defined by the Steering Committee
- b) The Fund would be managed as a Private Equity (PE) or Venture Fund. Some of this fund may be allocated as venture philanthropy funds or social impact fund to support high-risk, high-potential early-stage ventures with social or environmental missions
- c) The state government is committed to increase the participation of women in the State start-up and entrepreneurship programs. A separate corpus out of these or Venture Capital Fund will be earmarked for women innovators in order to motivate and empower women entrepreneurs in the State. These initiatives will be aligned with the United Nations Sustainable Development Goals (UN SDGs)

**3.3.3. Sources of Fund:**

- a) Funds to be raised from State Budget and additionally State departments, Corporations, Societies and Institutions including CSR funds from PSUs which will be managed by State Nodal Agency
- b) The State government would try to leverage various ministries and departments of Government of India for funding support, which includes Department of Science & Technology, Department of Electronics and Information Technology, Ministry of MSME, Niti Aayog etc.
- c) State Departments/ Govt. Agencies/ Corporations/ PSUs etc. may approach the State supported Core Incubator cum Accelerator to fund appropriate solutions for current or foreseeable needs after taking concurrence of Steering Committee

**3.3.4. Financial Benefits to Incubatees:**

All Incubators-cum-Accelerators and start-ups will be entitled to incentives available under "Industrial Policy 2014-19" and "Electronics, IT and ITeS Investment Policy of Chhattisgarh 2014-19".

**3.3.5. Self-Sustainability of Incubator/Accelerator** – Aim would be to make the incubator/accelerator self-sustainable after a period of three years. This will be done through:

- a) Corporate sponsorships
- b) Rentals from start-ups
- c) Returns from equity invested in the start-ups
- d) Consulting assignments

**3.4. Entrepreneurship Education & Skill Development**

To build the culture of innovation and entrepreneurship, the state would focus on strengthening the foundation which is laid at an early stage. This would be done through imparting entrepreneurship skills at schools and college level. Thus local capacity development of academic community in the state of Chhattisgarh and training of mentors at par with the world is important.

- a) Innovation kits & Start-up Toolboxes would be given to students and faculties in the Schools and Colleges along with Entrepreneurship training which would be imparted using online and off-line methods.
- b) The Government, with the support of private sector, will organise boot camps to encourage entrepreneurship in schools and colleges/universities; this will also be encouraged through special initiatives like:

- i. Participating in and organising innovation events and social entrepreneurship initiatives
  - ii. College Excellence Programs (CEP) and Centre for Entrepreneurship and Innovation in college & university campus, in order to provide immersive learning, experiences, training and exposure to students for building an actual product, with product market fit and getting a real start-up exposure
  - iii. Exchange programs with leading education institutions and universities
- c) Companies with prior experience of organising such programs will be facilitated by State Nodal Agency as they garner sponsorship from national and international sources and conduct such events in academic institutions and in the State.
  - d) An internship and fellowship program would be encouraged by the State Government for selected student entrepreneurs in order to make them pursue their innovations/ start-up ideas.
  - e) The State Government would continually work with educational institutions and universities in the State in sensitising them in updating their syllabus to include courses/ modules related to entrepreneurship, innovation and start-ups. Necessary co-ordination and discussions will be held with AICTE and UGC as required.
  - f) The State Government would also work with universities to enable a mechanism of students earning academic credits and attendance criteria relaxation on time spent in innovation/ testing a new idea.
  - g) The State Government would impress upon universities and institutes to introduce the concept of Student Entrepreneur in Residence.
  - h) Entrepreneurship talk shows and start-up festivals would be organised by the State Nodal Agency for students wherein leading speakers, professionals, entrepreneurs, businessmen and leaders would share their experiences and learnings.
  - i) Digital India Initiative, GoI scheme for e-Literacy would be implemented to make one person e-Literate in each household as per the vision of Digital India.
  - j) The State Government will introduce a formal policy for provision of extra attendance and marks to students opting to start their venture or intern in any of the start-ups at state incubators/accelerators; this would pave the path for promoting entrepreneurship amongst youth.

### **3.5. Market Linkage**

One of the critical components for success of the Incubators and Accelerators is creating a global brand and providing right corporate and market linkages to incubatees. To ensure this linkage, the State will ensure facilitation of the following:

- a) Corporate and State Connect– Start-ups tend to lose out on the stages of prototyping and market testing; prototyping is often very challenging in terms of requirement of specialised equipment etc. Market testing becomes a problem since start-ups don't have a distribution channel and market connect. Here is where corporates come in handy; they can commit certain volumes of prototypes for the products related to their sector. Corporates may also do market testing for selected products using their existent channels. This would give them a chance to leverage R&D at lower cost and higher speed. The State Nodal Agency will facilitate similar support of market testing for incubatees in government institutions.
- b) Investor Connect – Scalable innovative solutions with customer inputs would provide a strong case for the industry to invest in the start-ups. The State Nodal Agency will facilitate hosting of demo days where such solutions can be showcased to the industry and investor community.
- c) Annual start-up festival would be scheduled to showcase the talent of young minds who would be felicitated at the state level.
- d) Through exchange programmes and international visits, the mature start-ups, college and school students will be exposed to leading start-up destinations.

### **3.6. Public Private Partnership (PPP)**

The State Government will partner with national/international educational institutions recognised globally for building incubators/ accelerators. The institute with local expert partners, consultants with experience of managing global entrepreneurship program, will be the Implementation Agency. This agency will help the State with running the acceleration process, creating online teaching and start-up education content as well as with mentoring program for both early stage and late stage start-ups.

State Government would strengthen the quality of the Incubators/ accelerators set up in the State by leveraging the services of these technical experts/ mentors/ coaches/ university to train and certify local talent so that a pipeline could be developed in the State for the role of entrepreneurship educators, mentors and incubation manager.

#### **3.6.1. Responsibilities of the State Nodal Agency**

- a) Provide guidance and support to arrange Infrastructure and other necessary technical and commercial support from time to time for successful running of Incubator.
- b) Physical Infrastructure necessary for start-up/ incubates and Operational Subsidies for the Core Incubator cum Accelerator will be developed and provided based on different types of start-ups (product, manufacturing, software, apps etc). Small or early stage start-ups will be promoted equally by providing them provisions for shared workspace and other economically viable tailor made facilities. The Nodal Agency may also give suitable subsidies to the Core Incubator cum Accelerator for recruitment of an operations team and for providing common services such as accounting, bank funding, legal registrations, patent

registrations etc. The Nodal Agency may also consider providing residential facilities to incubate on a case to case basis.

- c) Managing the Innovation Fund and Leap of Faith Revolving Fund©
- d) Any other responsibilities entrusted by the Steering Committee.

### 3.6.2. Key expectations from the Implementation Agency

- a) Vision and execution of this policy
- b) Organisational responsibility and management of core Incubator-cum-Accelerator
- c) Establishing Support Eco-Systems, Capital Asset Management, Technical Resources, others services like accounting, registration, IP etc.as required
- d) Assist in start-up challenges and selection of incubates
- e) Assist incubatees in industry and corporate connect
- f) Facilitate in funding, nurturing and supporting Incubated start-ups with a flexible framework based on the changing incubatee requirements in the Sector
- g) Partnership with suitable corporate brands, academia and association tie-ups
- h) Ensure pro-active participation of VCs and other Private Sector companies in terms of raising funds for the incubates
- i) Knowledge management and information/marketing kits
- j) Campaigns and marketing strategy including social media, online and digital connect
- k) Put up cases under Leap of Faith Revolving Fund (LoFR)
- l) Facilitate creation of a self-sustaining business model needed for the execution and management of core Incubator-cum-Accelerator such that the Incubator/Accelerator could be successfully managed and run, after 3 years of operations

## 4. Steering Committee

4.1. A Steering Committee will be constituted for guidance, inter departmental coordination, monitor and review implementation policy and to encourage innovation and entrepreneurship in the State. The committee shall consist of the following members:

1.	Chief Secretary	Chairman
2.	Secretary, Finance Department	Member
3	Secretary, Commerce and Industries Department	Member
4	Secretary, Electronics and Information Technology Department	Member
5	Secretary, Law Department	Member
6	Managing Director, Chhattisgarh State Industrial Development Corporation	Member

7	Chief Executive Officer, Naya Raipur Development Authority	Member
8	Commissioner cum Director, Technical Education Department	Member
9	Director, Industries	Member
10	Managing Director, Chhattisgarh Mineral Development Corporation (CMDC)	Member
11	Vice Chairman, Chhattisgarh Infotech and Biotech Promotion Society (CHiPS)	Member
12	Chief Executive Officer, Chhattisgarh Infotech and Biotech Promotion Society (CHiPS)	Member
13	Deputy Secretary/ Joint Secretary, Electronics and Information Technology Department	Member Secretary

**4.2.** The Steering Committee may invite any other representatives as per requirement. All decisions of Steering Committee regarding this policy shall be final and shall be binding on all the concerned parties including investors in the State.

#### **4.3. Functions of Steering Committee:**

- a) To approve the engagement of Partner/ Educational Institutes for managing core Incubator-cum-Accelerator in the State and also approve other institutions which wish to setup incubator/accelerator in the State
- b) To approve fund disbursement mechanism, quantum and the procedure of selection of start-ups to be incubated
- c) To grant approval to quantum of incentives offered to core Incubator-cum-Accelerator and other incubator/accelerator that would be setup in the State
- d) To approve the action plan for this policy, monitor implementation of policy and periodic reviews
- e) To authorise the issuance of any executive orders/directives for effective functioning of this policy
- f) To approve and put up before the state cabinet, any additional support required for the start-up ecosystem

### **5. Other Conditions**

**5.1.** The policy will be valid from the date of notification of this policy till 31st October, 2019.

**5.2.** Government of India is also releasing its policy regarding start-up very soon. In case the incubators-accelerators start-up established in the State under this policy are eligible for additional incentives/subsidies/reimbursements under the policy of the Government of India, then these