

Nagaland Start-Up Policy 2019



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1. INTRODUCTION:

Nagaland has a population of 19.79 lakhs as per 2011 census. More than 60% of the population is in the age group of 15-59. A young population means a young workforce with opportunities to develop an innovative and entrepreneurial culture. Start-up India is a flagship initiative of the Government of India, intended to build a strong ecosystem for nurturing innovation and Start-ups in the country, which will drive sustainable economic growth and generate large scale employment opportunities. Start-up India aims at empowering start-ups to grow through innovation and design.

With an aim to accelerate and promote local entrepreneurs in the State of Nagaland, the Department of Industries & Commerce has been appointed as the Nodal department to implement the Start-up Policy for the state which will create an enabling environment for start-ups to grow, by ensuring knowledge exchange, capacity building, policy interventions and access to funding.

2. VISION:

Nagaland Start-up Policy aims to establish Nagaland as a model Start-up leader in the region, by creating a culture of entrepreneurship that nurtures creative and innovative youth, allowing them to build successful start-up companies, become job creators and contribute towards building a healthy and sustainable economy.

3. PILLARS:

- i. Developing a culture of innovation and entrepreneurship focused on rural and social enterprises.
- ii. Focus on creating sustainable business models by helping create business, supply chain and financial linkages, as well as provide necessary incentives.
- iii. Developing human capital, by creating the right environment and support systems for learning, experimentation and innovation from the early phases of education.
- iv. Proactively engaging with industry to continuously promote and identify innovation.
- v. Promote and encourage women start-ups to strengthen communities and create a more sustainable and inclusive society.

4. OBJECTIVE:

- i. To facilitate the growth of Start-ups in the State with an aim to promote **100 Start-ups per District** and establish innovative “Made in Nagaland” products and services.
- ii. Establish a State of the art Innovation Hub which will serve as a Technology, Cultural and Creative Centre where Design, Technology and Business shall blend to form a thriving Start-up community.
- iii. Mobilizing funding for investment in Start-ups through various interventions, including establishing a Fund of Funds.
- iv. Inculcate and stimulate a culture of creativity, innovation and entrepreneurship by creating the requisite environment for learning and experimentation during all stages of education.
- v. Achieve creation of direct and indirect employment in the private sector.

5. DEFINITIONS:

- i. **Eligible Start-up:** As defined by the Government of India's 'Start-up India' initiative, an entity shall be considered as a 'Start-up'-
 - a. The date of its incorporation/registration is not prior to seven years.
 - 1) In case an entity is engaged in the biotech sector, the date of incorporation/registration should not be prior to ten years.
 - b. Its annual turnover does not exceed INR 25 crore, for any preceding financial year.
 - c. It is working towards innovation, development, deployment or commercialisation of products, processes or services driven by technology or intellectual property; an entity that develops a business model based on some innovation and makes it scalable for achieving commercial success.
 - d. It is registered in Nagaland and the Founder/Co-Founder of the entity should be an Indigenous inhabitant of Nagaland and employs at least 60% of its total qualified workforce from local population of Nagaland.
 - e. Such an entity should not be an extension of an existing family business; or formed by splitting up or reconstruction of a business already in existence.
- ii. **Entity** means a private limited company (as defined in the Company Act, 2013), or a registered partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2002). Entity should not have been formed by splitting up or reconstructing an already existing business.
- iii. **Incubator** is any organization designed to accelerate the growth and success of entrepreneurial ventures:
 - a. The incubator will provide critical facilities like plug-n-play working space, conference rooms, video conferencing and broadband connectivity along with research and testing labs.
 - b. Incubator will also provide other services like business and administrative assistance, financial counselling, accounting assistance, legal and regulatory guidance, patent registration, etc.
 - c. Organize various capacity building, skilling and training programs.
 - d. Provide access to mentors and investors.
- iv. **Innovative & Scalable:** Should work towards development or improvement of a product, process or service and/or have scalable business model with high potential for creation of wealth & employment.

6. POLICY PERIOD:

The Nagaland Start-Up Policy, 2019 shall be effective for a period of 5 years from the date of its Notification or till such time the State Government may deem fit or proper.

7. INCENTIVES:

- i. **GST Reimbursement-** Start-ups shall be eligible for annual reimbursement of State GST paid in sales of goods and services for a period of three years up to a maximum of INR 1.50 lakh per start-up per year. An additional 30% reimbursement for up to two additional years shall be eligible for women-led start-ups.
(* Start-up may submit their GSTIN along with GST payment declaration and filed GST Return for the period for which reimbursement is being claimed.)
- ii. **Seed Grant** – Start-ups will be eligible for one time seed grant at the ideation stage up to 1.00 lakh depending on the creativity and innovation.
- ii. **Digital Up-gradation Subsidy** -Start-ups shall be eligible for a one time digital up-gradation subsidy at 50% of capital expenditure for purchase of computers, smart phones, related hardware and software, Broadband connectivity up to a maximum ceiling of INR 2.00 Lakh.
- v. **Power Subsidy-** Start-ups shall be eligible for power subsidy @50% of the actual cost/bill subject to a limit of INR 1.00 lakh per year for a period of 2 years.
- vi. **Reimbursement of Trademark/ Patent Filing Cost/ Intellectual Property** - Start-ups selected under this policy shall be eligible for reimbursement up to 100% of the actual cost (including filing fees, attorney fees, search fees, maintenance fees) for patent filing with a maximum limit of INR 1.00 lakh for filing domestic patent and ₹1.5 lakhs for women-led start-ups for filing domestic patent. This reimbursement shall be payable 50% after the patent is filed and the balance 50% after the patent has been granted.
- vii. **Marketing and Promotion Assistance-** Start-ups shall be eligible for reimbursement of 50% of the actual marketing and promotion costs (including travel) incurred by a Start-up in listing fees for online and offline advertisements, in-store promotions, publishing or digital marketing materials, trade show participation, market research etc. subject to maximum of INR 2.00 lakh per Start-Up.

8. OTHER SUPPORT FOR STARTUPS:

- i. **Regulation** - In line with the Ease of doing Business initiative, the Department will facilitate and work with Line Departments to ease regulations to avail Government licenses and services through “National Single Window System” (NSWS): www.nsws.gov.in
- ii. **Encourages Public Procurement-**
 - a) The State Government will encourage participation of Start-ups in public procurement by waiving off prior experience or turnover requirements so long as the product meets the desired specifications and encourage consortium of eligible companies with start-ups in bidding for State Government projects which will bring in the element of innovation and new ideas.
 - b) Eligible companies to mandatorily partner start-ups in lieu of waiving off prior experience specifically for software application development and infrastructure deployment.
 - c) **Exposure Trips:** The Department will organize Business Compliance workshops and Exposure trips for Incubators and Start-ups to gain knowledge on other states that are thriving in the Start-up ecosystem.
 - d) In order to encourage the State’s recognised Start-up and to document their journey as a successful Company, the State shall reimburse the cost and expenses for successful incorporation of the entity under Company Act, 2013/Partnership Act, 1932/Limited Liability Partnership Act, 2002 and the DPIIT (Department for Promotion of Industry and Internal Trade) registration fees subject to maximum ceiling of INR 50,000/- per Start-up in the 1st year only and 50% of compliance cost for 2 years up to 30,000/-.

- e) Start-ups shall be eligible for incentives/provisions under Nagaland Industrial and Investment Policy in force or any other **Central and State Schemes/** provision/ incentives implemented by the Department. However, the eligibility criteria for availing the above shall be subject to NIS approval.
- f) **Innovation Catalyst Grant (ICG):** A one-time grant up to 5.00 lakhs will be given to start-ups with the most innovative product with the scalable value addressing a critical problem within the State.
- g) **Revolving Funds:** 25% of Fund of Funds will be reserved for Person with Disabilities (PwD) start-ups.
- h) **Special Focus on Women led Start-up**

i. **Definition**

A women-led start-up refers to an entity that is founded, co-founded, or led by women (Indigenous inhabitant of Nagaland). The eligibility criteria for a women-led start-up may include the following considerations:

1. Entities with more than 51% shareholding by women start-ups (either individually or collectively) the date of incorporation should not be prior to ten years.
2. The entity must be a Sole Proprietorship; however it must be registered under Company Act, 2013/Partnership Act, 1932/Limited Liability Partnership Act, 2002.
3. Women should be actively involved in the day-to-day management and operations of the start-up. This involvement can include roles such as chief operating officer (COO), chief financial officer (CFO), chief technology officer (CTO), or other key management positions.
4. Women should be represented at various levels within the start-up, including the board of directors and advisory roles. Having women in decision-making positions beyond the founder or CEO level.

ii. **Special Incentives for women-led start-up**

- a. **Support for migration to Digital Marketing, Advertising and maintaining e-commerce platform:** E-commerce platforms offer significant opportunities for women start-ups to expand their business online and Digital marketing is essential for promoting Digital footprint of their products/services in the digital space. The state shall provide support up to INR 4.00 lakhs (INR 2.00 lakhs of Digital Up gradation Subsidy and INR 2.00 lakhs of Marketing and Promotion Assistance) per women entrepreneurs/start-ups for digital marketing, social media advertising, hosting fees, maintaining online payment system, content creation, and email marketing. This support will help women start-ups increase their online visibility, reach wider audience, and boost sales. However, 90% of the targeted Consumer should be Women, female- focused products/service, and product/services designed to meet Women's needs.
- b. **Promoting Women Role Models:** The state shall highlight successful women start-ups and leaders as role models to inspire and motivate aspiring women start-ups, showcasing their achievements and sharing their stories through media platforms and Start-up Nagaland Portal.

- c. **Milestone-Based Seed Funding:** Under the milestone-based seed funding approach, the State shall fund INR 1.50 lakh per Women led- start-ups up to a maximum of ten (10) start-ups per year. The disbursements of seed fund will be tied to specific measurable milestones or achievements, financial projection including revenue forecasts, cost structures, and expected profitability, DPR presentation, social impact of the project and scalability of operations, potential for market expansion, and opportunities for growth.
- d. "EmpowerHer Fund": An amount of INR 10.00 lakhs per year shall be reserved for Incubators, NGOs, Women Organization, Institutions, Societies and bodies working toward empowerment of Women. The implementing party shall utilised the fund specifically for mentorship support to help women start-ups scale their businesses and break through funding barriers, activities related to livelihood generation programs/ activities, or any other women related activities. The NIS shall have the discretion for identification and sanction of "EmpowerHer Fund".

i) Incentives & Award for Person with Disabilities (PwD) Start-ups:

The State is committed to encourage and promote Person with Disabilities (PwD) Start-ups. Special efforts will be made to:

1. Promote Start-up Incubation Program for Person with Disabilities (PwD) which will not only serve as a common platform for PwD start-up but also facilitate networking opportunities and partnership for PwD start-ups through knowledge sharing events to foster connection and collaboration with mentors, investors and other stake holders. An amount of INR 5.00 lakhs shall be allocated in a year for organising the event.
2. In order to raise awareness, build confidence and inspire others within the PwD community. The state shall recognise/award best PwD for contribution to entrepreneurship, innovation, and community development. For which an amount of INR 5.00 lakh shall be allocate per year for this initiative.
3. The State shall encourage the development of products/ services that directly address the unique needs and challenges faced by PwD. PwD start-ups in collaboration with the State recognised Incubators shall be to encourage identifying areas where innovation can help addressing unmet needs within the PwD communities. For which the State shall allocate INR 10.00 lakhs per year as Research & Development (R&D) Seed funds for PwD. The criteria to avail/disbursed the R&D Seed Fund for PwD shall be at the discretion of the NIS.
4. The State recognised Incubators will serve as an important point of contact and support for Person with Disabilities (PwD) start-ups. With accessible co-working spaces, business incubation, and innovation hubs. Provide resources such as accessible technology, equipment, and tools to facilitate their entrepreneurial journey.

- j) The Financial/ non-financial Incentives for PwD start-ups shall be routed only through the Incubation centre where the PwD start-ups is an Incubates.

9. POLICY IMPLEMENTATION

- a. **Nodal Agency:** The Department of Industries & Commerce, Government of Nagaland has been appointed as the Nodal department to implement the Start-up Policy.
- b. **Dedicated team:** A dedicated team consisting of Department officials and members of the Incubators will be put in place for execution, monitoring and implementation of the State Start-up Policy 2019.
- c. **Start-up Portal:** The established Start-up Nagaland Portal website will serve as a platform for registration of start-ups, an interactive platform for start-ups and investors, integration of relevant information sources, including advertisements and communication, knowledge base informative videos etc.
- d. **Nagaland Innovation Society** will be established to smoothly implement the Nagaland Start-up policy. It will be responsible for:
1. Approve registration of eligible start-ups, incubators and EDCs.
 2. Setting up of a start-up cells in each district, which shall look after tasks such as IP protection, obtaining state and central incentives, enabling start-ups to focus on business and product development full time.
 3. Start-up cell shall be access point to connect with Government departments and ensure ease of doing business.
 4. Establish the Nagaland Investor Network to attract investments in the Start-up community.
 5. Review the implementation of Nagaland Start-Up Policy and provide recommendations for updation on a regular basis.
 6. Collaborate with and provide necessary support to various stakeholders to ensure the successful implementation of the Nagaland Start-Up Policy.
 7. It shall be the prerogative of the NIS/Start-up Nagaland to ensure that Start-ups does not avail financial benefits under the same component of the incentives more than one-time in a financial year under the Policy except under special conditions like open competitions, awards, event winners etc. The team shall strictly monitor the existence of any start-up in the state start-up ecosystem only for availing multiple components/benefits.
- e. **Promotion of Incubators in the State.**
1. The Government of Nagaland shall promote incubators in the State wherein additional incubators may be setup in each district in a phased manner. The State will set aside an amount of INR. 30.00 lakhs for existing/new incubators with the approval of the NIS.
 2. The State shall also provide incentives/ financial assistance to encourage private and higher educational/ technical institutions to establish incubators in the State:
 - i. Government shall provide financial assistance up to INR 25.00 lakhs as Capital grant to the incubator for setting up of incubation centre. However, the Capital grant shall be limited for only procuring of necessary equipment and up gradation/ minor renovation works of existing infrastructure.

- ii. Reimburse cost of incubating a Start-up maximum up to INR 1.00 lakh per incubate to Government recognized incubators after the Incubates graduates as a Start-up with a scalable POC.
 - i. To provide Mentorship by Entrepreneurs, Academicians of reputed local and national institutions and businesses, incubators to incubates/ start-ups under recognised Incubators, wherein an annual mentorship fee of INR 1.00 lakh shall be provided to the Incubators on reimbursement basis. An additional annual mentorship fee of ₹1 lakh shall be provided to the incubators working on Women-Centric Mentorship and having minimum 30% women mentors (in their mentor's panel) on reimbursement basis for a period of two years.
 - ii. To promote innovation and mobilize students into entrepreneurship as a career option, incubator shall be encouraged to organize annual start-up competition challenges and for which State Government shall provide assistance up to a limit of INR 2.00 lakh per event.
3. The State will also encourage technical institution to come on board as Technology Partners to help start-ups build and optimise their products such as apps, integration, plug-ins etc. The State will fund technology partners with 50% of fund incurred to build these prototypes/products to a maximum ceiling of INR.5.00 lakhs per year.
4. The State shall acknowledge the state recognised Incubators as per the annual Key Performance Indicator (KPI). KPI shall be inclusive of the performance, inventory, management, operation, incubates intake, incubates graduating with marketable POC, asset management, budgeting, events and self - sustenance etc. Best performing State's Incubator base on KPI shall be awarded with cash. For which an amount of INR. 5.00 lakh shall be reserved annually. KPI to be monitored by the nodal Department.

10. CREATING INNOVATIVE CULTURE IN EDUCATION SYSTEM:

In order to promote Start-up culture and innovation in youth of Nagaland, Government shall facilitate/recommend following interventions:

- i. Embed Entrepreneurship modules in high schools, university, skill training, and vocational training institutes' curriculums/programs; including inclusion of innovative projects as final year projects.
- ii. Education/Professional Institutes shall be supported to formulate Entrepreneurship Facilitation Centre to guide and assist students to pursue entrepreneurship.
- iii. Establish Entrepreneurship Development Centre (EDC) in Schools and Colleges to nurture/encourage and promote innovation led Start-up culture amongst students.
 - a. The State shall fund expenditure up to INR 10.00 lakh per Govt. Colleges & Schools to create EDC.
 - b. For Private schools/colleges, EDCs may be set up on 50:50 mode of operation.
 - c. State will provide additional funds up to INR 3.00 lakhs for continuity of EDC curriculum in these centers for two years or till the year 2024.

11. FUNDING MODELS & CAPITAL AVAILABILITY FOR START-UPS

The State Government shall establish the **Nagaland Investor Network**, to provide a platform for key ecosystem stakeholders including funding agencies, private sector partners, State Governments, and Central Government to invest in the Start-ups in the State. Create awareness to High Network Individuals (HNIs) in the State about the local start-ups system to invest in the local start-ups.

12. NAGALAND INNOVATION SOCIETY

There shall be a Nagaland Innovation Society with the following members:

1	Principal Secretary/Commissioner & Secretary, Industries & Commerce	Chairman
2	Finance Commissioner / Representative	Member
3	Agriculture Production Commissioner / Representative	Member
4	Principal Secretary/Commissioner & Secretary, Labour & Employment Department / Representative	Member
5	Principal Secretary/Commissioner & Secretary, Science & Technology Department/ Representative	Member
6	Principal Secretary/Commissioner & Secretary, IT & C Department/ Representative	Member
7	Joint Secretary, IDAN	Member
8	One representative from WENN One representative from Women Resource Department One representative from State Commission for People with Disabilities(SCPD)	Member
9	Two representative from Investors/ Incubators	Member
10	Director of Industries & Commerce	Member Secretary

Terms of reference of the Nagaland Innovation Society are as follows:

- i. The Nagaland Innovation Society shall be responsible for the monitoring, evaluation and implementation of the Start-up Policy of Nagaland, 2019.
- ii. The Nagaland Innovation Society may issue directive/suggestions/amendment; as the case may be, for effective implementation of the policy.
- iii. The Nagaland Innovation Society may take up any issue relating to incubation centre, sanctioning of funds, hiring of manpower etc. in the interest of effective implementation of the policy.
- iv. The Society may take necessary decision on the implementation of Online Nagaland Start-up Portal, Mobile App, Creation of Helpline, Setting up of Incubation Centres, creation of EDCs in schools/colleges etc.
- v. The Nagaland Innovation Society shall select the start-ups and incubators which will be supported through this policy.

- vi. The Nagaland Innovation Society may sit as and when required.
- vii. The Chairman may co-opt any members/expert for any meeting.

13. STARTUP COUNCIL:

The members under the Start-up Council are:

1	Hon'ble Chief Minister	Chairman
2	Hon'ble Minister/Advisor in charge (Industries & Commerce)	Member
3	Chief Secretary	Member
4	Development Commissioner	Member
5	Commissioner of Taxes	Member
6	Chairman, IDAN	Member
7	Managing Director, NIDC	Member
8	One representative from Bank/Financial Institution to be Nominated by the Chairman	Member
9	One representative from Investor/ Incubator to be nominated by the Chairman	Member
10	One representative from Academic Institutions to be nominated by the Chairman	Member
11	Director, Industries & Commerce	Member
12	Commissioner & Secretary, Industries & Commerce Department	Member, Convenor & Secretary

The terms of reference of the Council are as follows:

1. The Council shall approve the set of guidelines for the implementation and monitor the implementation of the Start-up Policy of Nagaland, 2018.
2. The Council shall approve the fiscal and non- fiscal incentives under the policy.
3. The Council may sit as and when required.
4. The Council may co-opt any members / expert consultants for any meeting.

Note: - To avail incentives available under the Start-up policy; the Start-up/Incubators will have to follow strict compliances available in the policy guidelines in line with the Start-up policy.