

**GOVERNMENT OF TELANGANA
ABSTRACT**

ITE&C Dept – Innovation Policy of the Government of Telangana – Orders – Issued.

INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS (Promotions)
DEPARTMENT

G.O.Ms.No. 10

Dated: 25-07-2017

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ORDER:

1. Importance of Innovation: Indian Context

Innovation is usually associated with development of new products that represent performance or functional improvements over existing ones. These are categorized as “product innovations”, and are, usually, more visible compared to “process innovations”. Irrespective of the form it takes, innovation has been a major change driver globally – intervening to provide accessible and affordable solutions to cater to dynamic consumer needs. India, today, is marching towards establishing itself as a top global innovator for high technology products and services. Given the benefit of a dynamic young population – with more than half of the country’s population under 25 years old, and the urgent imperative for change coming from almost every segment and region, India is on the path towards an innovation led, rapid and inclusive growth to achieve social and economic transformation.

2. Innovation in Telangana

Telangana, the newest state of India, has been a hot bed of technology innovation owing to its rapid growth as a leader in the Information Technology (IT) sector. The state has traditionally been highly entrepreneurial with a major segment of its population relying on individual enterprises and unorganized businesses to earn a living. Also, for a few decades now, a considerable chunk of graduating students from Telangana – which boasts of one of the highest volumes of graduating students’ annually, have pursued higher degrees internationally and established themselves as significant figures across sectors and industries globally. Having identified some key enablers for innovation, such as promoting experimentation and competition, grass roots skilling, and the development of multiple funding models, and a supportive ecosystem, the state strives to now create an innovation-friendly atmosphere by bringing to bear these key enablers. Telangana, India’s most exciting startup, aims to promote innovation and entrepreneurship, leveraging upon its natural demographic assets as well as its base of skilled technology and research professionals.

Traditionally, Telangana has been an entrepreneurial society. Hyderabad, a historical melting pot situated in the centre of multiple trade routes, and host to multiple kingdoms and cultures over the centuries, has evolved in to a very nuanced, highly sophisticated commercial centre. Large enterprises across sectors such as IT, Pharma, infrastructure etc. have been nurtured from within and grown out of Hyderabad. It is probably fair to say that the original IT boom was very much centred around Hyderabad, with large companies such as Microsoft, Oracle, TCS and their ilk choosing to base large offices here, attracted by the combination of a skilled work force, great infrastructure and moderate climate all year round. In addition, there is a cluster of world-class research centres in the City, such as Central Pharma Research Institute, the Defence Research Development Organization laboratories and numerous world class pharmaceutical labs.

With a proactive political environment, and with other contending cities suffering from infrastructure constraints as well as a clear proclivity for natural disasters, Hyderabad is increasingly becoming the favoured choice for a number of multinationals setting up shop. Recent arrivals to the city include Uber, which needs no introduction, and Amazon, which is

significantly expanding its presence. T Hub, India's largest incubation ecosystem that was launched recently is attracting a number of exciting early-stage companies as well as global interest from a range of partners and investors from academia and the industry.

3. Vision and Focus of the government

Leveraging upon key milestones that have been achieved over the past year or so, The Government of Telangana aims to continue its transformation from a paradigm of exclusive elitism to one of inclusive excellence. The idea is to build up on the incredibly positive response to the launch of T-Hub, India's largest innovation ecosystem, and put Hyderabad and Telangana firmly on the global innovation map.

The approach of the policy shall be focused around a few key sectors/themes. Instead of taking an all-out approach and boiling the ocean, our efforts shall be focused on the medium term. Key focus areas shall include up and coming fields such as IoT, Health Tech, Sustainability, Fin Tech, etc. Broad sectors and themes shall be finalized and updated on a regular basis through engagement with the industry and the ecosystem.

Additionally, a separate Social impact accelerator will be set up for those ideas that are critical from the Government's perspective. These will typically be areas that the Government will need to play a key role in, or be areas where only the Government can affect the change that is required (eg: skilling, agri-tech, rural-commerce and payment related opportunities where existing Government infra and access can play a critical role)

The innovation policy of the Government of Telangana is based around five broad pillars

- Developing **physical infrastructure & program management** capabilities
- Focus on creating sustainable **funding models**, through funds and other instruments
- Develop **human capital**, by creating the right environment and support systems for learning, experimentation and innovation from the early phases of education
- Proactive **engagement with industry** to continuously promote and identify innovation
- Encourage startups in the **Rural and Social Enterprise** space by providing additional incentives

4. Pillar 1 - Physical infrastructure and program management capabilities

4.1 Infrastructure

<ul style="list-style-type: none">• Develop 1 million sq.ft. of work space dedicated to startups in the next 5 years
<ul style="list-style-type: none">• Partner with 20 global accelerators/incubators to build facilities in PPP mode
<ul style="list-style-type: none">• Build 2 incubators in Tier II locations of the state

4.1.1 Physical Infrastructure

The Government of Telangana shall anchor all its entrepreneurship related efforts to T-Hub a.k.a. Technology Hub. T-Hub is a unique public/private partnership between the government of Telangana, 3 of India's premier academic institutes (IIT-H, ISB & NALSAR) and key private sector leaders. These entities have come together with a clear vision to create an innovation ecosystem around Hyderabad, leveraging the City's traditional strengths in technology, education and entrepreneurship, as well as its position as a preferred destination for multiple national and international businesses across sectors.

T-Hub will support technology-related startups across multiple sectors and its mission is to create one of the most vibrant entrepreneur communities in the world that will encourage and fuel more startup success stories in India. T-Hub's major responsibilities will be to:

- Attract the best startups and entrepreneur organizations from across the world
- Work with an extensive network of partners to help entrepreneurs launch and scale innovative companies

- Equip startups with the entrepreneurship skills required to succeed, using methodologies that transcend traditional learning
- Function as the nodal agency to lead or support entrepreneurship efforts of the government as per the need. Tasks include but not limited to helping educational institutions set up their incubators, conducting state wide events, participating in international roadshows to attract new-age companies to Telangana

First initiative in this direction is CatalysT, a 70,000 square foot facility, which is currently India's largest building dedicated entirely to entrepreneurs. T-Hub is currently operational and will be expanded to a 3,00,000 square foot facility with an end-to-end ecosystem that will provide funding, network and mentorship to entrepreneurs. T-Hub will have two divisions working hand in hand; one is a not-for-profit division that will work with sole aim of developing Telangana into a top startup destination and the other is a for-profit division that will leverage its expertise to help entrepreneurs build innovative and successful companies. The profits generated through the for-profit initiative will be used for making the whole T-Hub initiative self-sustainable.

Taking cue from the success of T-Hub, the Government of Telangana aims to develop world-class physical infrastructure in the state that will provide conducive environment for ideas to originate, scale-up and see business fruition.

- 1) Build plug and play work spaces across different sectors and locations of the state. T-Hub Phase 2, a 3,00,000 sq.ft facility that will house 900 startups shall be completed within the next 5 years
- 2) T-Hub Catalyst building is just the first step in the journey, aim is to create a network of world-class incubators, co-working spaces and ecosystems, across the State. Active efforts shall be channelled towards promoting the establishment of multiple incubators, accelerators and ecosystems around various identified verticals. This shall be done through collaboration with private players keen on setting up similar spaces, in concert with T-Hub wherever it makes sense to do so, or through some such collaboration framework. There will be a separate set of incentives to identify and promote private sector interest. The Government will work with the private parties including global incubators/accelerators, corporates, trade associations, think tanks and Non-profit organizations to setup incubation facilities in PPP mode. The government support for the PPP partner shall either match or exceed the benefits provided by any other state in the country
- 3) Startups in India today are not only creating local impact but also have the potential to go global. But, for these startups to succeed in other markets a suitable mechanism needs to be created where startups can gain access, receive mentorship, and secure funding easily. In order to facilitate this mechanism, T-Hub shall create outposts in prominent startup destinations such as Silicon Valley and Singapore, thereby giving a window opening to the global market
- 4) Startups today are pan global with markets across the world. To ensure that startups get unparalleled access to these global markets and T-Hub shall create outposts in trending start-ups destinations in the world

4.1.2 Information Technology and backend Infrastructure

While incubation spaces will help in bringing together the startup community, it is equally important to back these facilities with state of the art support infrastructure that will help entrepreneurs perform cutting edge research and come up with disruptive ideas

- 1) The government will work with private real estate companies to build affordable housing/dorms for entrepreneurs. These facilities shall also be used for the global innovation meets, hackathons and youth festivals that Hyderabad will host
- 2) Leveraging its leadership in Information Technology, the government shall work with major corporates to setup device testing labs that will provide enterprise software at

subsidized rates. The government will also procure software that is used on a daily basis and by a large number of startups at bulk rates

- 3) The government will work with major internet players to provide 2 GBPS internet connection to all incubation facilities. These services will be upgradable as per the industry need
- 4) The government shall allocate cloud space in its State Data Center (SDC) which will be connected to all government incubation facilities and can be used by startups at nominal charges
- 5) Under the T-Hub umbrella, the government shall open incubation facilities that will promote startups in other sectors of strategic importance in Telangana, such as Life Sciences, AVCGI, Defence and Aerospace, and hardware and electronics manufacturing. These facilities shall be opened in collaboration with global academic institutions and shall host latest technology equipment
- 6) T-Hub will act as an anchor point to provide shared services such as legal, accounting, intellectual property, design etc. T-Hub will bring in experienced faculty from premier institutions like IIT-H, ISB, NALSAR, IIT-H, BITS, etc. for these services
- 7) Through T-Hub, every startup in the state will have access to all community and promotions events

4.1.3 Innovation Infrastructure Development Fund & Innovation Infrastructure Maintenance Fund

- 1) The government shall carve a separate fund exclusively for the development of infrastructure for incubation facilities that will be built under the PPP mode. In order to avail funding, the incubation facility should be recognized by NSTEDB, DST, Government of India and shall adhere to certain operational guidelines that will be drafted as per the sector and scale that the incubation facility is operating in. The operating expenses of these facilities shall be covered by the rents generated.
- 2) The incubation facilities developed under the PPP mode shall be built for a lease period of 99 years. Hence, an additional Innovation Infrastructure Maintenance fund shall be created that will be used for maintenance of these facilities and ensure world-class services are provided throughout the lifetime of these facilities.

4.2 Program Management - Ease of doing Business in Telangana

<ul style="list-style-type: none"> • Reducing the time to set-up a business to 12 days or lesser (OECD average)
<ul style="list-style-type: none"> • Hassle free system for obtaining construction, electricity and property registration permits
<ul style="list-style-type: none"> • Establishing favourable labour and intra-state goods movement regulations

4.2.1 Assistance / Hand-holding

- Setting up of a startup cell which shall look after tasks such as IP protection, obtaining state and central incentives, enabling entrepreneurs to focus on business and product development full time
- Branches of startup cell to be opened at every private and government run incubator
- Startup cell shall be the access point to connect with Government departments to implement pilot projects in those domains
- Startup portal and hotline shall be established, integrating the national startup portal, to discuss and build on topics of relevance, such as investor organizations, trade organizations, regulatory environment, policies, programs, events and service providers

4.2.2 Commercialization

- Dedicated units to assist with commercial launch of project, followed by analysis and product improvement
- To further encourage startups, government shall bilaterally procure the product of relevance bypassing the existing rules for procurement
- The government shall encourage participation of startups in international and national events through sponsorship

- Telangana shall be promoted by the government as a global startup destination

4.2.3 Startup council

- Startup council with CIO and relevant ministers and government officers
- A startup fund shall be introduced in the state budget
- The Startup Council shall work out detailed innovation policy operational guidelines
- Committee shall review the progress and make modifications / review on an annual basis

5. Pillar 2 - Funding models & capital

The policy's vision and mission are centred around an entrepreneur walking in with an idea, vet/validate the idea through appropriate filters, acquire assistance and mentoring of the highest quality followed by, investment facilitation through funds and funds-of-funds, and a clear roadmap to the path towards scalability.

One of the major challenges for a startup is the lack of funds to commercialize his/her idea. As a consequence, most ideas generated in the minds of our youth don't even go into the prototype development phase. Lack of funding is a crucial bottleneck in the innovation ecosystem of the country, which the Government of Telangana aims to address through the following:

A **fund-of-funds** will be set up, drawing upon lessons from global leaders such as Singapore, in which the Government will actively invest with matching capital in select Venture Capital investors (VCs) with significant potential. These investors will be selected based on criteria, through an exhaustive process that will be rolled out.

Separately, Telangana Government will also expedite the launch of its **early-stage investing vehicle T-Fund (Telangana Innovation Fund)**, which is being launched in concert with leading global investors, in collaboration with T-Hub; Telangana Government will be an LP in the fund. A fund that will function as a master fund and invest in sector-specific and general venture capital funds shall be setup with an initial target of INR 2000 crore. The government shall leverage the expertise of T-Hub Board of Directors, corporate network and senior government officials, who will constitute a panel to decide the nature and amount of fund investments. The fund shall be managed by a professional fund manager who will be sourced from the market and who will also be responsible for raising additional fund money by engaging with financial institutions, venture capital and private equity firms, and High Net-worth Individuals (HNIs).

In addition, there will also be a **T-SEED** fund to fund startups in the seed stage. This fund with an initial size of INR 250 Crore is aimed at encouraging innovators who need early stage funding to work on their research discoveries, college project ideas etc. T-Seed Fund aims to ease the costs incurred at an early stage such as company registration, patent filing, quality certifications, travel etc. The fund shall be disbursed either by T-Hub or by one of the partner incubators. Since all entrepreneurs may not have the will, resources and time to register with an incubator, the government doesn't require seed stage startups to register themselves with an incubator.

Additionally, in a first-of-its-kind initiative, a **'Phoenix fund'** will also be launched in collaboration with the private sector. The aim of the Phoenix fund will be to identify and attract entrepreneurs who have attempted at least one venture previously (and have met with some degree of success and derived learnt key learnings). There will be specific criteria to ensure that only those entrepreneurs who have actually attempted something, with key metrics that can be verified, pass the filter for investments from the Phoenix fund.

6. Pillar3 -Human Capital

Linking entrepreneurship and education - The policy shall encourage budding school and college entrepreneurs by providing them with highly beneficial and attractive options and programs such as Entrepreneur in Residence, credit allotment for innovative ideas and startups, etc. Further, opportunities to collaborate with leading technical institutions to devise programs and provide certifications shall be explored.

6.1 Role of Academia

Academic and research institutions around the world have been the primary source of basic research contributing towards the expansion of knowledge base, leading to remarkable discoveries in multiple domains. Given the critical role University research and academics have played in fostering innovation in young minds, the Government has set the following goals in this sector-

- Shift from a marks-driven to an innovation powered educational system
- Establish an entrepreneur friendly academic apparatus
- Create a barrier free environment for free flow of ideas

Identifying Academia as a principal point of origin of game-changing ideas the Government of Telangana aims to further augment University research and academic provisions through structured programs and incentives to the following sections-

- Students, Innovators and Entrepreneurs
- Startups
- Universities and Institutions

6.1.1 Students, Innovators and Entrepreneurs

- a. Student Entrepreneur in Residence - Universities shall be encouraged to introduce the concept of Student Entrepreneur in Residence. Outstanding students who wish to pursue entrepreneurship can take a break of one year, after the first year, to pursue entrepreneurship full time. This may be extended to two years at the most and these two years would not be counted towards the maximum time for graduation. The Gap Year facility may be given to ensure syllabus continuity at the time of joining back and after an appraisal process by an incubator where the student is attached.
- b. IT & Entrepreneurship @ College level
 - i. All Universities in Telangana shall be encouraged to grant 5% grace marks and 20% attendance every semester for student Startup teams. Guidelines for the same shall be framed in consultation with the institutions.
 - ii. Students shall be encouraged to undertake their Industrial Seminar, Project Seminar and Industrial Visit at Technology Business Incubators where the additional facilities are being setup.
 - iii. Student's entrepreneurs working on a Startup idea from first year of college shall be encouraged to convert their Startup project as their final year project towards degree completion. Mentors assigned by Incubators may be allowed to conduct Viva Voce. Project reports certified by the Incubators may be sent back to the respective colleges for forwarding to university
- c. International Startup Culture and Exchange Programme – An international Startup programme would be setup to send the most brilliant startups, college and school students to leading Startup destinations around the world for getting global exposure at a young age. Select College Principals and Teachers would also be sent for gaining international exposure to learn about Startup culture in universities like Stanford, Harvard and MIT and see how MOOC's are being used in various schools and colleges for education. Similarly, tie-ups may be setup to bring world class Startups to work alongside Startups in Telangana for faster learning and cultural exchange.
- d. Annual Science Fairs would be held to identify and promote innovation & Entrepreneurship at school and college level. Further, innovation awards shall be instituted to identify and reward remarkable ideas on an annual basis.

6.1.2 Startups

- a. Market Support and State Database: The Government will focus on Startups while supporting industry associations for conducting surveys and/or research on trends in technology, research, innovation and market intelligence on niche themes. The

Government would also create a portal containing a database of innovations being carried out in the State.

- b. Innovation Zones - All state departments have to setup Innovation Zones at Pilot Incubators in order to bring closer industry-institute interaction for creating innovative products and applications for the PSU's under the Department, e Governance Applications, SMAC products etc. in the Department
- c. Access to Government data – Startups in the e-governance space shall be provided access to government data to roll out pilots

6.1.3 Universities and Institutions

- a. Apprenticeship – All educational institutions offering under-graduate courses shall implement a mandatory scheme of internship / apprenticeship in the last year of the course in association with the industry. This may be waived off for students who are setting up their own startups in incubators
- b. Credits to MOOCs and insertion as electives – The Universities will be advised to give credits to the students successfully completing notified online courses (MOOCs) and their insertion as electives. The University in conjunction with incubators opening in the state shall decide the number of credits and evaluation methodology for such courses. Students should be free to learn electives even in first or second year of college as part of degree completion
- c. Sabbatical scheme and faculty training programs for college and university faculty
- d. Update university syllabus – committee to review current syllabus in educational institutions

6.2 Culture, Nightlife and Safety

Studies of various startup ecosystems across the world show that one of the reasons for the ecosystem's success is an end-to-end offering of all entrepreneurial needs including quality living standards, thriving social life and safety. While Hyderabad is already a melting pot of cultures, a vibrant cosmopolitan hub and one of the safest metropolitan in the country, it further aims to improve its offerings to present day youth. Hyderabad has been ranked 1st in the country for quality of life by Mercer Quality of Life rankings two years in a row and 2nd globally by National Geographic among its 'Must-See destinations for 2015'. Also, the city is the best among all metros for air and water quality. To further improve the situation, Hyderabad Metro Rail, the largest PPP Infrastructure in the world, is being readied for launch in 2017 to ease the traffic flow. Additionally, the government is aggressively promoting the concepts of car-pooling, cycle to work, walk to work, tree plantation and healthy living campaigns through the government funded "Green IT" program.

On the nightlife front, the government has issued licenses to multiple micro-breweries that will be goto destinations for the youth for meeting new people, exchanging ideas and relaxing after a long day of work. Under the "Happening Hyderabad" brand, the government is supporting a range of cross-cultural events in the fields of music, theatre, fine arts and cinema to widen the city's offering to arts and culture lovers. Going forward, the government wants to collaborate with other countries to organize youth festivals (both entrepreneurship and entertainment) that will attract crowds from all parts of the globe to Hyderabad.

While the culture and entertainment needs of the society are changing rapidly, these changes bring its own set of challenges, one of those being the safety of citizens. Mercer has ranked Hyderabad to be the 2nd safest city of the country, but the government aims to make Hyderabad a global exemplar of a crime free location. The city administration will utilize its strong police and security infrastructure to provide a safe living environment for its citizens. The government has already deployed SHE teams and SHE taxi services for the safety of women and shall expand these services as per the need.

7. Pillar4 -Engagement with Industry

Technology bellwethers and innovation cells - There shall be focused efforts driven towards initiating collaborations with leading technology bellwethers to use their expertise and experience in driving innovation and technology adoption across all levels of society. To facilitate interactions and engagement with technology leaders and high impact companies, two entities shall be constituted –

7.1 Chief Innovation Officer – CInnO, State of Telangana, reporting into an Advisory council

- Innovation, startups and the ecosystem overall is evolving at a breath-taking space and this calls for a group of industry veterans who will guide the state to become a leader and add maximum value to every stakeholder of the ecosystem
- This council will involve stakeholders from industry, new age startups, government and academia. While T-Hub will focus on startups this council has a much broader goal. They will guide the state on innovation aspects across all verticals including ones within the government
- Telangana will be the first state in the country to have a CInnO (Chief Innovation Officer)
- To execute things on ground, the council and the state shall appoint a Chief Innovation Officer (CInnO) who will help execute the ideas and projects that the council promotes
- Chief Innovation Officer (CInnO) of Telangana will work across departments and with industry, to incubate, conceptualize and evangelize innovative ideas; Will also work closely with T-Fund, and ensure that key ideas with mass impact that are not immediately fundable from say, a T-Hub perspective, are not left behind completely
- Chief Innovation Officer will be appointed for a pre-specified term with clear guidelines and criteria; Term renewable upon the discretion of the TAC (Telangana Advisory Council - comprised of key players from the region in the Fund, VC, Entrepreneurship space as well as the IT Secretary and the Hon. minister)

Innovation cell within the IT ministry -

- One nodal point of contact (Innovation Officer – Large Corporates) for **driving innovation in collaboration with large companies**
- Another point person **focused on startups and SMEs** (Innovation Officer – Startups & SMEs)
- The entity will have the mandate to drive partnership and market exchange programs liaising with multiple companies and incubators within India and outside, as well as engaging with various ministries, academia and the broader ecosystem
- The two Innovation officers will work closely with the Chief Innovation Officer (CInnO)

In addition, there will be sector-focused advisory councils constituted from industry leaders, investors and entrepreneurs, to advise and guide upon the key focus themes chosen.

7.2 Innovation in Large Organizations

It is often misunderstood that innovation is limited to companies that are young. However, innovation percolates through every aspect of the business such as Operations, Processes, and Human Resources etc. in organizations both small and big alike. Leveraging the strong presence of large companies in Hyderabad, the Government of Telangana aims to utilize the resources that these companies provide in nurturing innovation among their employees, people associated with these companies and entrepreneurs of the state. The government shall work towards this goals through following means:

- Attract large corporates to set up Research Arms and Centers of Excellence, where cutting edge research is performed
- Attract large corporates to setup themed incubators/accelerators in their areas of expertise. The government is willing to support companies setup incubators/accelerators by creating tailor made packages depending on the strategic advantage the firm offers to Telangana's entrepreneurial ecosystem
- Connect large corporates to engineering colleges in the state through TASK, to offer internships to students and give them hands-on experience in innovative projects
- The government shall utilize its strong relations with the industry to invite eminent personalities across sectors and functions to give lectures, conduct workshops and mentor startups of the state

8. Pillar 5 - Rural and Social Enterprises

A social enterprise is an organization that uses commercial business strategies for building a company, whose core mission is to add positive impact to human and environmental well-being. A rural enterprise, which sometimes can be categorized as a social enterprise, has people in rural areas as their target audience. While India is emerging as a global economic powerhouse, there is a still considerable income gap among different strata of the society. Rural and social enterprises have a huge role to play in bridging this gap and the Government of Telangana aims to support these companies by offering the following support:

8.1 Network

- The government shall setup (either on its own or in partnership with a private enterprise) a "Rural and Social Enterprise" incubator/accelerator for the growth of startups in this sector
- There will be outposts of T-Hub built in Tier II cities of Telangana that will act as focal points for enterprises focusing on these regions
- Enterprises falling under this category will have access to entire T-Hub network and events

8.2 Funding

- The government shall create a specific "Impact Fund" that will focus on rural and social enterprises. This fund shall be managed by the "Rural and Social Enterprise" vertical of T-Hub

8.3 Other Initiatives

- The government and T-Hub shall partner with leading entities such as World Bank, WHO etc. to fund and support projects with social cause in Telangana
- Additionally, Telangana shall be marketed as an ideal test-bed for students, youth and social entrepreneurs across the world to come and work on live projects in the state. For achieving this goal, the government shall work with leading educational institutions in the state to identify, develop and support such projects
- The government will create a mechanism to outsource work and adopt technologies developed by rural entrepreneurs. The government aims to become their largest customer
- The government will encourage entrepreneurs by giving access to classified information for the purpose of creating apps and technologies for public good

9. Incentives

9.1 Incentives for Incubators

- **Reimbursement of paid Stamp Duty and Registration Fee** – Incubators and Host Institutes shall be eligible for 100% reimbursement of the Stamp Duty and Registration Fee paid on sale/ lease deeds on the first transaction and 50% thereof on the second transaction
- **Financial Assistance as Matching Grants:** The Government would match the funding raised by the Incubator from Government of India on a 1:1 basis as matching grants.

- **Performance Linked Assistance** – Government will assist the Host Institutes of recognized incubators with an Operating Grant to be calculated based on number of startups incubated in a year. A transparent scheme will be formulated and announced.
- The Government shall ensure uninterrupted supply of electricity at industrial tariff. Necessary laws will be passed to facilitate this mechanism.
Additionally, the incubator will be permitted to avail renewable energy under open access system from within the state after paying cost component to DISCOMs as fixed by ERC (subject to a maximum of one third of their total power requirements)
- 25% reimbursement on Internet charges upto a maximum of Rs. 2,50,000 per year for the first 3 years of operation
- In case of Government-owned buildings leased to technology incubators, no lease rent or O&M charges will be levied for a period of five years or until the incubator is self-sustainable, whichever is earlier. In case where private premises are taken on lease / rent basis, a rental reimbursement @ Rs. 5 per sq.ft per month or 25% of the actual rent paid, whichever is less, shall be reimbursed for a period of 3 years. This shall be limited to the incubation space only.
- An investment subsidy of 20% of the value of the Capital Expenditure, other than land and building, shall be provided to Incubator. This subsidy shall be limited to a maximum of Rs. 30 Lakhs.

9.2 Incentives for startups

- **Reimbursement of SGST:** The unit can pay SGST to the concerned department and avail reimbursement on a yearly basis. This will be applicable to only on the SGST paid to the State of Telangana and for a maximum total turnover of INR 1 Crore/annum for the first three years of operation.
- **Promotions:** Government shall provide reimbursements of 30% of the actual costs including travel incurred in international marketing through trade shows. This incentive will be subject to a maximum of Rs. 5 Lakhs per year per company.
- **Patent Filing Cost:** The cost of filing and prosecution of patent application will be reimbursed to the incubated startup companies subject to a limit of Rs. 2 lakh (0.2 million) per Indian patent awarded. For awarded foreign patents on a single subject matter, upto Rs. 10 lakh (1 Million) would be reimbursed. The reimbursement will be done in 2 stages, i.e., 50% after the patent is filed and the balance 50% after the patent is granted.
- To promote idea stage companies, the government shall offer recruitment assistance of Rs. 10,000 per employee for the first year.
- Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Turnover, subject to a limit of Rs.10lacs within a period of three years from the date of incorporation.

9.3 Non-Fiscal Incentives

- Startups and incubators in the state will be permitted to file self-certifications, in the prescribed formats under the following acts and rules framed there under barring inspections arising out of specific complaints. The same shall be facilitated through the startup cell:
 - i. The Factories Act 1948
 - ii. The Maternity Benefit Act 1961
 - iii. The Telangana Shops & Commercial Establishments Act 1988
 - iv. The Contract Labour (Regulations & Abolition) Act 1970
 - v. The Payment of Wages Act, 1936
 - vi. The Minimum Wages Act 1948
 - vii. The Employment Exchanges (Compulsory Notification of Vacancies) Act 1959
- General permission shall be available for 3-shift operations with women working in the night for startups, subject to such units taking the prescribed precautions in respect of safety and security of employees in addition to providing the required welfare and health amenities as prescribed under applicable labour laws and obtaining the necessary approvals from the competent authority of the Government under the Telangana shops

and commercial establishments act and rules or the Factories Act 1948 and rules, there under as the case may be.

10. Appropriate Operational Guidelines for administration of incentives and initiatives mentioned in this Policy, indicating eligibility criteria and procedures thereon, is incorporated as a supplement to this Government Order.
11. The Policy will be in force for a period of 5 years from the date of issue of the Government Order
12. This Order is issued with the concurrence of the Finance Department.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**JAYESH RANJAN
PRINCIPAL SECRETARY TO GOVERNMENT**

To

All the Departments of Secretariat
The Metropolitan Commissioner, HMDA, Hyderabad
The Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad
The Commissioner and I.G., Stamps and Registration, Hyderabad
The Vice Chairman and Managing Director, TSIIC, Hyderabad
The Commissioner of Industries, Hyderabad
The Commissioner, Information and Public Relations, Hyderabad
The Member Secretary, TS Pollution Control Board, Hyderabad
The Chairman & MD, TSTRANSCO, Hyderabad
The Chairman & MD, TSSPDCL/TSNPDCL/ TNREDCL
The Commissioner of Labour, Hyderabad
The Development Commissioner, VSEZ, Hyderabad
The Director, STPI, Hyderabad
The President, HYSEA, Hyderabad
The Regional Director, NASSCOM, Hyderabad
The CEO, T-Hub, Hyderabad
The President, FTAPCCI, Hyderabad
All the District Collectors

Copy to:

The Secretary to GoI, DIPP, Ministry of Commerce & Industry, GoI, New Delhi
The Hon'ble Chief Minister's Office/PRO to C.M.
The PS to Hon'ble Minister for IT, MA&UD, Industries, Hyderabad
The PS to Hon'ble Minister for Finance, Hyderabad
The PS to Hon'ble Minister for Revenue, Hyderabad
The PS to Hon'ble Minister for Energy, Hyderabad
The PS to Hon'ble Minister for Labour, Hyderabad
The PS to Chief Secretary
SF/SC

// FORWARDED : : BY ORDER //

SECTION OFFICER

Operational Guidelines for Administration of Incentives and Initiatives as per Innovation Policy

1. In order to achieve the objective of promotion of entrepreneurship and innovation as a key growth engine for overall economic development of the State of Telangana, the Government after due consideration, issued orders, putting in place the Innovation Policy, for a period of 5 years. The Policy document can be found in <http://www.it.telangana.gov.in/telangana-innovation-policy/>

2. Further to enable startups and incubators to set up, sustain, function and grow their operations in an investment-friendly, proactive, conducive and hassle-free environment in the State, while identifying specific Focus Areas, Government has also announced certain initiatives, incentives, subsidies and facilitation measures in the said Innovation Policy.

3. Taking into consideration the feedback of the startup ecosystem on the said Innovation Policy and in continuation of the orders, the Government hereby issues the following Operational Guidelines and Application Proforma for transparent administration and operationalization of various initiatives and incentives mentioned in the Innovation Policy.

4. Startup Council

4.1 A Startup Council is constituted in Annexure-II of the current G.O. to set the vision, goals and approach/strategy for the local startup ecosystem in Telangana. The Secretary for ITE&C Department shall be the Chairman of the council. The Startup Council shall be composed of members from the Government, Academia and the Industry. The Chief Innovation Officer (CInnO) shall be the Convener of the Startup Council.

5. Startup Cell

5.1 Under the Assistance/Hand-holding Section on Page 12 of the policy document, the Government has promised to set up of a startup cell which shall look after tasks such as IP protection, obtaining state and central incentives, enabling entrepreneurs to focus on business and product development full time.

5.2 The Startup cell will be constituted through a separate GO. All other details regarding the startup cell can be referred to there.

5.3 The Startup cell shall also setup a startup hotline through which startups can reach out to the Government.

5.4 Until a permanent facility is setup, T-Hub will act as the temporary window of the startup cell.

6. Incubators in PPP Mode

6.1 In page 3of the policy document, the Government has promised to work with the private sector including global incubators/accelerators, corporates, trade associations, think tanks and non-profit organizations to setup incubation facilities in PPP mode.

6.2 Interested private companies or consortia should submit an Expression of Interest (EoI) by e-mail to startup-cell@telangana.gov.in.

6.3 Companies/Consortia are required to attach the following supporting documents-

- Financial statements of company/member companies for the last three (3) years
- Prior projects undertaken by the company/consortia
- DPR including the funding details of the project

6.4 Proposals shall be evaluated by Startup Council. The decision of the startup council will be final and binding.

7. Developing and Maintaining Support Infrastructure for Incubators in PPP Mode

7.1 Under points 1 and 2 of section 4.1.3 (Page 4), it is mentioned that separate funds for developing and maintaining infrastructure will be carved out.

7.2 The Government shall provide basic infrastructure facilities such as road, water, and power connectivity, to incubators being set up in PPP mode, on a priority basis, if not available already. Similarly, the above-mentioned infrastructure shall be maintained and repair works will be carried out, whenever necessary, on a priority basis.

8. Dedicated Space in State Owned Data Centre

8.1 The Government has also promised to allocate cloud space in its State Data Center (SDC) in Section 4.1.2, Point 4 (on Page.4). This will be available at all government incubation facilities and can be used by startups at a nominal charge.

8.2 Further, the startups will not require to pay any charges for the first year. From the second year, a nominal charge will be levied as decided by the Startup Council.

8.3 Startups requiring web space for hosting their web or mobile applications can avail space in State Data Centre. Following are the conditions to be fulfilled to stand eligible:

- The startup should have been in existence for not more than two (2) years
- Web or mobile application should be certified by a recognized third-party security auditing agency
- Clear justification for the quantum of space requested

8.4 Startups should submit their proposal and requirements through mail to startup-cell@telangana.gov.in

9. Participation in national/international events

9.1 Under section 4.2.2 (Page 4) of the policy document, it is mentioned that the Government will encourage participation of startups in national/international events through sponsorship.

9.2 The Government shall provide adequate financial assistance to eligible startups for participating in reputed national and international events and conferences. Startups interested in availing sponsorship are required to mail a formal request/proposal to startup-cell@telangana.gov.in. The Startup Council shall evaluate the request and the decision of the Startup Council shall be final and binding.

10. Fund-of-funds

10.1 A fund-of-funds to act as a master fund and invest in sector-specific and general VCs has been announced (on Page.5 of the policy document).

10.2 Startup Council will be the final authority to take decisions pertaining to the modalities concerning funds that are launched with assistance from the Government.

10.3 Startup Council shall be the apex body for guiding financial investments from the Government in funds raised by private partners. Recognized Venture Capital firms can reach out to the Startup Council through Startup Cell (startup-cell@telangana.gov.in) to request government participation in raising funds.

11. Outposts of T-Hub

11.1 Outposts of T-Hub have been promised in Tier 2 locations as well as internationally prominent locations such as Silicon Valley.

11.2 T-Bridge is a program that has been launched by T-Hub for providing bilateral access to international and local startups. T-Hub shall release detailed guidelines on how startups can get access to the T-Bridge Program.

11.3 Rural Technology Centres, as and when established, shall also function additionally as windows of startup cell across the state.

12. State Database of Innovation and Access to Data

12.1 The Government has promised to create a portal containing a database of innovations being carried out in the State (Section 6.1.2 of the Policy, Page 7). This portal shall be maintained by the Innovation Cell.

12.2 Moreover, it is declared in the Policy that startups in the e-governance space shall be provided access to government data to roll out pilots (Section 6.1.2 of the Policy, Page 7).

12.3 Details on Point 12.2 shall be highlighted in the Operational Guidelines of the Open Data Policy.

13. Innovation Zones

13.1 Under Section 6.1.2 of the Policy (Page 7), State Government Departments have been mandated to setup innovation zones.

13.2 Departments in the Government with socially relevant problem statements shall setup/support dedicated incubation zones. State departments shall identify areas requiring solutions and potential partners/sponsors for tie-ups; the departments shall support, both financially and otherwise, the efforts of associated entrepreneurs/innovators at these innovation zones. The CInnO shall be responsible for coordinating with participating departments and shall be the nodal point for operating these Innovation Zones.

The windows of the startup cell in the different incubators will also act as the Innovation Zones. Every year, 5 Government Departments will be identified and assigned to different innovation zones. They will be mandated to conduct 2 workshops and release 4 problem statements over the course of the year through these innovation zones.

14. Chief Innovation Officer

14.1 To ensure prudent implementation of policy and measures to nurture the local startup ecosystem in the state, the Startup Council shall appoint a Chief Innovation Officer (CInnO). The CInnO shall be chosen from a pool of experienced candidates with sound understanding of the startup ecosystem. The CInnO shall seek direction/guidance and report to the Startup Council. Further, the CInnO, through his office, shall coordinate with both large organizations and startups across the state to promote innovation and entrepreneurship.

14.2 Details pertaining to the comprehensive job description, responsibilities and selection process of CInnO shall be made public, through www.it.telangana.gov.in, shortly.

15. Innovation Cell

15.1 A special unit called Innovation Cell shall be formed in the office of the CInnO. A team shall be appointed to look after innovations in large corporates, startups/MSMEs, and Government departments.

16. Applying for Incentives

16.1 A Common Application Form (as at **Annexure-I**) for claiming all the applicable incentives & subsidies that are available as per Innovation Policy for startups and incubators, as per their eligibility, has been designed keeping in view the statutory/audit/legal requirements of the Government.

16.2 The Application Form is available at www.it.telangana.gov.in; which can be downloaded and filled in the soft copy itself. The filled in application can be emailed to startup-cell@telangana.gov.in with a copy to secy_its@telangana.gov.in.

16.3 Please check the eligibility for claiming any specific incentive before filing the Application form.

16.4 The applicant is welcome to make personal enquiries/ clarifications on the eligibility criteria/filling & filing of Application form, process of the request, to avoid delays. Facilities for email enquiries are also available and shall be replied at the shortest possible time.

16.5 The request for any specific incentive is processed basing on the recommendations of the Startup Council, which meets periodically and is the competent body to solely accept or reject any claim or request for any eligible & applicable incentive to the startups and incubators.

16.6 Best efforts shall be made for processing the requests for eligible and applicable incentives at the least possible time, subject to availability of budget/resources. The sanctioned amount of the financial incentive, if need be, are released on installment basis.

16.7 The startups/incubators are required to follow and adhere to certain terms & conditions, as is prescribed in such sanction/release order of the Government, with respect to the said claim of incentive.

16.8 The eligibility criteria, procedure, and documents for availing Reimbursement of stamp duty, transfer duty, and registration fee, Financial assistance as matching grants; Performance linked assistance; Reimbursement of internet charges; Lease / Rental subsidy; Reimbursement of capital expenditure, Reimbursement of GST; Reimbursement/Sponsorship for International Marketing through Roadshows; Reimbursement of patent filing cost; recruitment assistance, Performance related grant; Industrial Power Category Tariff, are detailed out in Annexures III-XIV respectively.

16.9 The following three incentives which are mentioned below as per the Innovation Policy, would be applicable to startups and incubators, who commence their commercial operations in Telangana, prospective to the date of launch of Innovation Policy i.e. from 4th April 2016:

1. Reimbursement of Stamp Duty, Transfer Duty and Registration Fee
2. Recruitment Assistance.
3. Reimbursement of capital expenditure

The other incentives such as Financial assistance as matching grants; Performance linked assistance; Reimbursement of internet charges; Lease / Rental subsidy; Reimbursement of GST; Reimbursement/Sponsorship for International Marketing through Roadshows; Reimbursement of patent filing cost; Performance related grant; Industrial Power Category Tariff, will be applicable to both existing as well as new companies.

16.9 Processing and release of incentives are subject to verification of authenticity of information furnished.

16.10 In case it is found at any point of time that any particular incentive is claimed by any startup/incubator through misrepresentation of facts/furnishing of false information and in case it is found that the respective company is not eligible for the incentive so sanctioned or claimed, Government can seek the refund of the same from the company and initiate any other penal action as is deemed fit.

16.11 The interpretation and decisions of the Startup Council is final with regard to applications made by the startup/incubator for any of the incentives available as per Innovation Policy. A one-time review will be done if the startup/related entity is aggrieved on any decision taken by the startup council. An email request is to be sent to startup-cell@telangana.gov.in for this purpose.

17. Any Startup/Incubator/Accelerator/PE Firm/VC Firm that seeks recognition from Government of Telangana can fill out the application form in Annexure I (excluding the Incentives section) and submit the form along with the all the documents required and a cover letter seeking and justifying recognition. Moreover, any Startup supported by a Government of Telangana State run/supported/recognized Incubator/Accelerator shall be deemed to be

automatically recognized by Government of Telangana State. Any Incubator/Accelerator that is recognized by Government of India will be deemed to be automatically recognized by Government of Telangana State

18. The Operational Guidelines issued for administration of Incentives available under Innovation Policy to the eligible startups and incubators as mentioned above shall be in force within the validity period of the Innovation Policy.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

**JAYESH RANJAN
PRINCIPAL SECRETARY TO GOVERNMENT**

To

All the Departments of Secretariat
The Metropolitan Commissioner, HMDA, Hyderabad
The Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad
The Commissioner and I.G., Stamps and Registration, Hyderabad
The Vice Chairman and Managing Director, TSIIC, Hyderabad
The Commissioner of Industries, Hyderabad
The Commissioner, Information and Public Relations, Hyderabad
The Member Secretary, TS Pollution Control Board, Hyderabad
The Chairman & MD, TSTRANSCO, Hyderabad
The Chairman & MD, TSSPDCL/TSNPDCL/ TNREDCL
The Commissioner of Labour, Hyderabad
The Development Commissioner, VSEZ, Hyderabad
The Director, STPI, Hyderabad
The President, HYSEA, Hyderabad
The Regional Director, NASSCOM, Hyderabad
The CEO, T-Hub, Hyderabad
The President, FTAPCCI, Hyderabad
All the District Collectors

Copy to:

The Secretary to GoI, DIPP, Ministry of Commerce & Industry, GoI, New Delhi
The Hon'ble Chief Minister's Office/PRO to C.M.
The PS to Hon'ble Minister for IT, MA&UD, Industries, Hyderabad
The PS to Hon'ble Minister for Finance, Hyderabad
The PS to Hon'ble Minister for Revenue, Hyderabad
The PS to Hon'ble Minister for Energy, Hyderabad
The PS to Hon'ble Minister for Labour, Hyderabad
The PS to Chief Secretary
SF/SC

// FORWARDED : : BY ORDER //

SECTION OFFICER

Annexure-I

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Common Application Form for grant of Incentives to Startups and Incubators listed in the Innovation Policy *

*** Note:**

1. Fulfillment of eligibility criteria for any request/claim/incentive mentioned hereunder, does not confer any right on the said claim, or entitle the applicant for suo moto sanction/release of the same nor is it obligatory for sanction of such claim/request/release of incentive on the part of the Sanctioning Authority. The sanction/release of any incentive is based on justification, merits of each case and subject of availability of budget/resources with the Government.
2. Please fill all the columns and enclose the relevant documentation to avoid rejection.
3. Please apply only for eligible & entitled benefit/incentive to avoid rejection.
4. The veracity on information/figures furnished in the application by startups and incubators, on investment/employment/turnover is subject to scrutiny and verification by the competent statutory authority.
5. If any information/figures furnished in the application are found to be false at any point of time either during the process of the application or during the applicability of the respective incentive/benefit, or if the applicant obtained such incentive/benefit by misrepresentation of facts, the said incentive/benefit so sanctioned/released is subject to withdrawal and will attract penal clauses as is deemed appropriate/levied by the Government.
6. Filled application forms should be mailed to startup-cell@telangana.gov.in with a copy to secy_itc@telangana.gov.in along with all the required documents.

APPLICATION FOR GRANT OF INCENTIVES TO STARTUPS AND INCUBATORS

To

The Principal Secretary to Government
Information Technology, Electronics & Communications Department
Government of Telangana
D Block, 2nd Floor,
Telangana Secretariat
Hyderabad-500022

I. Details of Startup/Incubator:

- 1. Name of the Company:
- 2. Name of the Managing Director:
- 3. Name(s) of the Director(s):

II. Address of Applicant:

- Address:
- Contact Person: Email:
- Mobile: Telephone:

III. Nature and activities:

a. Constitution of the Organization: (Pl. tick one or more as is applicable)

Startup Incubators Other: _____

b.1. Line of Activity/Core competency/nature/type of the Organization (Pl. mark):

- 1. Information technology
- 2. Agri-tech
- 3. Food-tech
- 4. Health-tech
- 5. Fin-tech
- 6. Others - _____

b.2:- In case your organization is engaged in multiple activities, please indicate your core competency & line of activity from which maximum revenues are generated:

b.3:- In case your core competency is in Product/R&D activity, please give details on Patents/Copy Right/Trade Mark obtained/registered/applied for on the date of application:

c. Date and place of incorporation of the Company/Firm:

d. Date of commencement of operations:

e. Performance: last one to three years (in lakhs of Rupees):

Year	Export turnover	Domestic turnover	Total turnover

f. Total number of Employees employed at present:

IV. Incentive applied for (Please mark):

1.	Reimbursement of stamp duty, registration fee, and transfer of property duty	
2.	Financial assistance as matching grants	
3.	Performance linked assistance	
4.	Reimbursement of internet charges	
5.	Lease / Rental subsidy	
6.	Reimbursement of capital expenditure	
7.	Reimbursement of SGST	
8.	Reimbursement for International Marketing through Roadshows:	
9.	Reimbursement of patent filing cost	
10.	Recruitment assistance to idea stage companies	
11.	Performance related grant	
12.	Power	

[1] Reimbursement of SD, Registration Fee, and Transfer of Property Duty:

a. Name and Location of the company:

b. Extent of built up space (sq. ft.):

c. Extent of Land in (acres):

d. Nature of transaction

(i) Mention Sale/Purchase/Lease:

(ii) In case it is 2nd transaction: details of 1st transaction with date & amount of reimbursement availed

e. Date of registration:

f. Total value of the transaction:

g. Amount of Registration Fee, Stamp duty and Transfer of property duty paid:

h. Amount claimed as reimbursement:

***Enclose Copy of the Sale/Lease/Purchase Deed, Receipts/Challan paid on the amount of Registration Fee, Stamp Duty & Transfer of Property Duty to the Sub-Registrar, Registration Dept., Any other supporting documents, and Bank Guarantee, as per proforma (Annexure - XV) for an equal amount of the claim for a period of 3 years from the date of commencement of operations**

[2] Financial assistance as matching grants:

a. Funds raised by the incubator from GoI:

***Enclose proof of funding obtained from Government of India issued by a competent authority**

[3] Performance linked assistance

a. Number of startups incubated in the last one year:

b. Number of startups that have received funding:

c. Volume of funds raised by these startups:

***Enclose self-attested certificate consisting of list of all startups incubated in that years issued by the executive head of the incubator, proof of recognition by Government of Telangana State/Government of India**

[4] Reimbursement of Internet Charges

a. Date of commencement of operations:

b. Number of Months (mention dates):

c. Amount paid for Internet Services:

d. Total Amount Requested as Reimbursement:
(25% of total cost subject to a maximum cap of internet charges of Rs 2.5 Lakh/Annum)

***Enclose copy of receipts/invoices from the service providers for the period applied for.**

[5] Subsidy on Lease Rentals for Incubators

i. Government-owned Building

a. Name and location of leased premises/Rented premises:

b. Extent of built up space taken (sft):

- c. Total lease rentals per annum:
(100% of lease rentals subject to a maximum cap of rent of Rs 2.5 Lakhs/Annum)

***Enclose copy of lease agreement with the competent authority, justification letter to show how the incubator is not self-sustainable yet and how you plan to become self-sustainable**

ii. Private Property

- d. Name and location of leased premises/Rented premises:
- e. Extent of built up space taken (sft):
- f. Total lease rentals per annum:
- g. Amount Requested as Subsidy:
(25% of lease rentals subject to a maximum cap of rent of Rs 2.5 Lakhs/Annum)

***Enclose copy of receipts/invoices of payment made to the Landlord**

[6] Subsidy on Capital Investment:

- a. Total Capital Investment made (after April 2016):
- b. Amount of Capital Subsidy applied for:
(20% or Rs 30,00,000, whichever is lower subsidy for a minimum capital investment of Rs 1 Crore.)

***Enclose Detailed Statement on Capital Investment made along with invoices, and Bank Guarantee, as per proforma (Annexure - XV) for an equal amount of the claim for a period of 3 years from the date of commencement of operations**

[7] Reimbursement of SGST

- a. Annual turnover in the previous financial year:
- b. Total amount paid as SGST in the last financial year:

***Enclose copy of proof of taxes paid issued by competent authority**

[8] Reimbursement for International Marketing through Roadshows:

- a. Names and Locations of the event(s):
- b. Total Cost involved for attending the event(s):
- c. Total Amount Requested as Reimbursement:
(30% of costs or INR 5,00,000/-, whichever is lower)

***Enclose detailed statement of expenditure towards international marketing through trade shows, copies of receipts/invoices of all expenses clearly showing the names and dates of the trade shows/events**

[9] Reimbursement of Patent Filing costs

- a. Name of the Patent:
- b. Name of the Product for which Patent Obtained:
- c. Date & No of Patent obtained
(as per competent authority records):
- d. Name & Address of the Patent Approval Authority:
- e. Amount of expenditure incurred on obtaining the Patent:
- f. Amount claimed:

***Enclose copy of the Patent Certificate, Statement of expenditure incurred towards this certified by your audit firm, Copies of all invoices/receipts for the expenditure.**

[10]. Reimbursement of Recruitment Assistance:

- a. Date of commencement of operations:
- b. Number of employees recruited from colleges in Telangana:
- c. Total Amount Requested as Reimbursement:
(INR 10,000 per employee)

***Enclose Certificate from Provident Fund/Bank/Profession Tax/Income Tax/any other competent authority office confirming the no. of the employees**

[11] Performance related grant for startups

- a. Y-o-Y growth for the last two financial years:
- b. Turnover for the last 2 financial years or from date of incorporation:

[12] Power

i. Conversion to Industrial Power Tariff:

- a. Service connection(s) No(s):
- b. Name as mentioned on the Bill
- c. Date of obtaining connection
- d. Load:

***Enclose copy of the Bill**

ii. Energy Under Open Access System

The technology firm may place a special representation with a project proposal justifying the total power requirement and sources of renewable energy, to avail this incentive under the aforesaid incentive scheme.

DECLARATION

We hereby declare that the particulars as given in the application are correct to the best of our knowledge and belief and agree to the terms & conditions of Sanction of our request/incentive claimed /applied through this application.

Place:	<input type="text"/>	Signature:	<input type="text"/>
Date:	<input type="text"/>	Name of the authorized signatory:	<input type="text"/>
		Designation:	<input type="text"/>

Mandatory Documents for all applications:

- PAN Number and self-attested copy of PAN Card
- GST Registration Number of the Corporate entity along with self-attested copies, if available
- ROC Copy/Partnership Deed/Trade License Copy, if available
- GHMC/Municipal Corporation Trade License, if available
- Audited Financial Statements for the last 2 financial years or since incorporation of company
- Memorandum of Association and Articles of Association documents, if available

Annexure – II

(G.O.Ms.No:10 , ITE&C Department, dated:25.07.2017)

Startup Council

- 1) For administering the incentives to startups in a smooth manner and to set the direction of the state in terms of the startup ecosystem, a high-level co-ordination between the various Government officials and the Industry personnel is required. For effectively resolving the problems, overcoming the impediments and ensuring growth of the startup ecosystem in the State, the Startup council itself is further comprised of the Advisory Committee and Executive Committee. The Composition is as follows:

Advisory Committee:

Principal Secretary, ITE&C Department	Chairman
All Board Members of T-Hub Foundation	Ex-Officio Members
CEO & COO, T-Hub Foundation	Ex-Officio Members
Chief Innovation Officer	Convener

Executive Committee:

Principal Secretary, ITE&C Department	Chairman
Representative of Commissioner of Labour	Member
Representative of Commissioner of Industries	Member
1 Representative from T-Hub Foundation	Member
1 Representative from HYSEA	Member
1 Representative from NASSCOM	Member
1 Representative from recognized Incubators/ Accelerators/Co-working Spaces	Rolling Member
1 Representative from VC/Angel Fund/Seed Fund	Rolling Member
Chief Innovation Officer	Convener

The appointment of rolling members to the Executive Committee shall be for a period of 1 year on rotation basis and shall be carried out by the Startup Council

- 2) All applications shall be prima facie scrutinized by the Executive Committee on the eligibility, veracity of technical/financial and other information, etc., furnished by the applicant, which shall place its recommendations thereon, before the Startup Council for its consideration.
- 3) The Executive Committee shall act as a single window for recommending and granting all the incentives/subsidies announced through the Innovation Policy. The Advisory Committee shall not play a role in granting of incentives.
- 4) The Executive Committee can recommend/approve/reject/defer any application for incentives at its sole/logical discretion.
- 5) The Advisory Committee along with the executive committee shall also monitor the progress of operationalization of the Innovation Policy and guide the State in the right direction. Special focus of the Startup Council would be on capacity building in order to enable the State's Startup ecosystem to scale.
- 6) The Executive Committee shall meet periodically to grant incentives and work towards moving the State in the direction set by the Advisory Committee. The Advisory Committee shall meet as and when the Board Meetings of T-Hub are conducted. The Advisory Committee shall call for a joint meeting along with the Executive Committee if deemed necessary.
- 7) The terms of reference of Executive Committee are indicated below:
- a. To grant various incentives available in the Innovation Policy, to startups and incubators on examination of applications made by them including approving allotment of lands to incubators.

- b. To resolve the problems in implementation of the Innovation Policy for speedy realization of the goals set forth.
 - c. To prescribe the procedures and to issue guidelines and clarifications in implementation of the Innovation Policy.
- 8) The terms of reference of Advisory Committee are indicated below:
- a. To guide the State in the implementation of the Innovation Policy and help set direction and define roadmap for the State in driving Innovation.
- 9) The term of the members of Startup Council shall be co-terminus with the Innovation Policy

Annexure-III

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of Registration Fee, Stamp Duty & Transfer of Property Duty

Incubators would be eligible to claim for 100%and 50% reimbursement in Registration Fee, Stamp Duty & Transfer of Property Duty on 1st and 2nd transactions respectively as per the following terms and conditions:

1. Eligibility:

- (a) For an incubator, concession would be available on the outright purchase/lease or lease-cum-sale of land/built up office space for establishing a facility provided it does not avail the facility of land allotment.
- (b) The above reimbursement would be applicable on the combined levy of registration fee; stamp duty and transfer of property duty.
- (c) This concession would be available only to those who have executed the sale/lease-deed after the announcement of the Innovation Policy and subject to the approval of the Startup Council.
- (d) Lease deed should be in the name of the incubator.

2. Procedure:

Incubators should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Copy of the Sale/Lease/Purchase Deed
- Receipts/Challan paid on the amount of Registration Fee, Stamp Duty & Transfer of Property Duty to the Sub-Registrar, Registration Dept
- Any other supporting documents.
- Bank Guarantee, as per proforma, (ANNEXURE - XV) for an equal amount of the claim for a period of 3 years from the date of release of the said amount by Govt.

Annexure – IV

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Financial assistance as matching grants

The Government would match the funding raised by the Incubator from Government of India on a ratio of 1:1 basis as matching grants up to a limit of INR 50 Lakhs.

1. Eligibility:

- a. The incubator should have raised funds from GoI
- b. The focus areas of the incubator should be distinct from those of other state supported incubators. The startup council shall establish this.

2. Procedure:

Incubators should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Proof of funding obtained from Government of India issued by a competent authority

Annexure – V

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Performance linked assistance to incubators

Government will assist the Host Institutes of recognized incubators with an Operating Grant to be calculated based on number of startups incubated in a year.

Rs 25000 per startup limited to a total grant of Rs 10 lakh/ Institute/Year shall be provided as assistance for first 3 years of operation of the incubator.

1. Eligibility:

- a. The incubator should be recognized by Government of Telangana or Government of India

2. Procedure:

Incubators should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

After the receipt of proposal from the Incubator, representative(s) of the startup council should visit the incubator and establish the factual position physically before granting this incentive.

3. Documents Required:

- Signed certificate consisting of list of all startups incubated in that years issued by the executive head of the incubator
- Proof of recognition by Government of Telangana or Government of India

Annexure-VI

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of Internet Bandwidth charges

Incubators shall be eligible for 25% reimbursement of internet bandwidth charges, up to total Internet charges of INR 2.5 Lakhs per annum for a period of three years. The reimbursement is based on actual usage of internet connectivity charges paid to an Internet Service Provider (ISP).

1. Eligibility:

- a. Incubator must be incorporated in Telangana

2. Procedure:

The incubator should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Copy of receipts/invoices from the service providers for the period applied for

Annexure – VII

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of rentals / lease subsidy

- a. In case of Government-owned buildings leased to technology incubators, 100% reimbursement is applicable on lease rental for a period of five years or until the incubator is self-sustainable, whichever is earlier. This is limited to a rent of Rs 2.5 Lakh/Annum.
- b. Incubators would be eligible for reimbursement of 25% subsidy on lease rentals in non-Government-owned buildings. This incentive is capped to a rent of INR 2.5 lakhs per annum and can be availed for a period of three years.

1. Eligibility:

- The incubator should be incorporated in the state of Telangana
- The incubator can apply for reimbursement after a minimum of 1 year since commencement of operations and have a minimum of 10 employees on the date of application

2. Procedure:

Incubators should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- a. For Government Buildings:
 - Copy of lease agreement with the competent authority
 - Justification letter to show how the incubator is not self-sustainable yet and how you plan to become self-sustainable
- b. For Private Buildings:
 - Copy of receipts/invoices of payment made to the Landlord

Annexure-VIII

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of Capital Investment Subsidy

Investment subsidy of 20% of the value of the Capital Expenditure, other than land and building, shall be provided to Incubators. This subsidy shall be limited to a minimum capital investment of Rs. 1 Crore and a maximum subsidy of Rs 30,00,000.

1. Eligibility:

- a. The focus areas of the incubator should be distinct from those of existing government recognized/supported incubators

2. Procedure:

Incubators should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Detailed Audited Statement of the Capital Investments made along with copies of invoices.
- Bank Guarantee, as per proforma, (ANNEXURE - XV) for an equal amount of the claim for a period of 3 years from the date of release of the said amount by Govt.

Annexure-IX

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of SGST

Annual Reimbursement of SGST paid to the State of Telangana, on a maximum turnover of INR 1 Crore/Annum, for start-ups for a period of first three years of being incorporated.

1. Eligibility:

- a. The startup should be incorporated in the state of Telangana
- b. The startup should have annual turnover less than INR 1 Crore/Annum

2. Procedure:

Startups should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required

- Copy of proof of taxes paid issued by competent authority

Annexure-X

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of International Marketing Costs through Trade Shows

Startups would be eligible for reimbursement of 30% of annual cost in international marketing through trade shows, limited to a total subsidy of INR 5 Lakhs per company, during the first 3 years of incorporation. This will be valid only for notified national/international exhibition/conferences issued in a separate memo.

The following expenses can be claimed for reimbursement:

- Air fare – economy class only
- Rooms at lesser than USD 200/Night
- Participation fee or stall rental (upto 9 square meters)
- All local transport and food expenses upto a total of USD 100 USD/Day

1. Eligibility:

- a. The startup should be incorporated in the state of Telangana
- b. The trade show/event should be listed in the calendar of events issued by the ITE&C Department in a separate memo.

2. Procedure:

Startups should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Detailed statement of expenditure towards international marketing through trade shows
- Copies of receipts/invoices of all expenses clearly showing the names and dates of the trade shows/events

Annexure-XI

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of Patent Filing expenditure

Startups shall be eligible for a reimbursement of 100% of expenditure incurred for obtaining Indian/International Patents. The cost of filing and prosecution of patent application will be reimbursed to the startup companies subject to a limit of Rs. 2 lakh per Indian patent awarded. For awarded foreign patents, upto Rs. 10 lakh would be reimbursed per patent awarded.

1. Eligibility:

- a. Startup must be incorporated in Telangana

2. Procedure:

Startups should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Copy of the Approved Patent from Competent Authority
- Statement of expenditure incurred certified by your audit firm
- Copies of all invoices/receipts for the expenditure.

Annexure-XII

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Reimbursement of Recruitment Assistance

Startups would be eligible for recruitment assistance for an amount of INR 10,000per employee for the first year of commercial operations.

1. Eligibility:

- a. The startup should be in its first year of operation in Telangana.
- b. 50% of the employees should be of Telangana origin.
- c. The employees for whom recruitment assistance is availed for should work for the company for a minimum period of 8 months from the date of appointment.

2. Procedure:

Startups should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Certificate from Provident Fund/Bank/Profession Tax/Income Tax/any other competent authority office confirming the no. of the employees.
- Domicile/Birth Certificate/Proof of Birth from Competent Authority for 50% of the employees of Telangana origin for which this incentive is being applied.

Annexure – XIII

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Performance related grant

Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Annual Turnover, subject to a limit of INR 10 Lakhs within a period of three years from the date of incorporation.

1. Eligibility:

- a. The startup should be incorporated in the state of Telangana

2. Procedure:

Startups should submit duly filled up application forms to startup-cell@telangana.gov.in for placing before the Startup Council for approval along with a copy of relevant documents.

3. Documents Required:

- Audited Financial Statements for the last 2 financial years

Annexure – XIV

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

Industrial Power Category Tariff

- 1) Industrial Power Tariff is admissible to all the incubators as per eligibility and as indicated/ defined under Innovation Policy.
- 2) The Startup Council will consider the applications of those eligible incubators after one financial year from the date of commencement of commercial operations of the applicant company/unit.
- 3) All power connections should be in the name of the incubator applying for concessions.

Procedure:

- 4) The Incubator should submit duly filled up application form to startup-cell@telangana.gov.in along with the copy of the Power bills on the name of the company, Memorandum & Articles of Association, Annual Reports and any such other document required.
- 5) A Certificate/Memo would be issued by ITE&C Department to the effect that the respective incubator is eligible for Industrial Category Power Tariff upon the approval of Startup Council.
- 6) The Incubator granted Power Certificates/Memo, as per their eligibility, shall claim the benefit from their respective Discom, i.e., TSSPDCL/ TSNPDCL/ TNREDCL etc.
- 7) Basing on the Power Certificate/Memo issued by ITE&C Department, the respective Discoms, i.e., TSSPDCL/ TSNPDCL/ TNREDCL etc., will automatically effect the Industrial Power Tariff Category Conversion from the date of issue of the said Power Certificate/Memo to the Incubator.

Annexure-XV

(G.O.Ms.No:10, ITE&C Department, dated:25.07.2017)

PERFORMANCE GUARANTEE
(BANK GUARANTEE)

This performance Bank Guarantee made thisday ofmonth
.....year by M/s....., having its registered office at
.....

- A) Whereas M/s a company incorporated under the Companies Act 1956 and having its corporate office at requested for the incentive of
- B) Whereas on consideration of the said request, the Government of Telangana based on InnovationPolicy, issued vide G.O.Ms.No.____, ITE&C Department, dt:____, read with Operational guidelines thereon, has sanctioned an amount of Rs..... and released an amount of Rs..... as installment in this regard.
- C) Further as per the G.O.Ms.No.____, IT&C department, dt:____, read with G.O.Ms.No....., dt:..... on the operational guidelines. Department of ITE&C, Government of Telangana and M/s..... have agreed that in the event M/s..... fail to fulfill the conditions, in full or in part, then in such an event, Rs..... (Rupees.....) is to be refunded to the Department of ITE&C, Government of Telangana.
- D) In order to secure the performance of M/s.....to pay the claim amount basing on the terms and conditions contained in the G.O.Ms.No.____, ITE&C Department, dt: _____, read with Operational guidelines thereon, by Government of Telangana, as required, M/s.....has requested the Bank to provide a Guarantee and the Bank hereby guarantee the payment of the claim amount subject to the following terms and conditions.

NOW THIS BANK GUARANTEE WITNESSETH FOLLOWS:

- 1) All capitalized terms used herein and in G.O.Ms.No. , IT&C Department, dt: _____, read with G.O.Ms.No....., dt:..... on the operational guidelines, hereto if not specifically defined shall have the same meaning assigned to.
- 2) The Bank hereby irrevocably guarantee and undertake to pay to Department of IT&C, Government of Telangana, on written demand, without demur, reservation, contest, recourse or protest, to the Department of ITE&C, Government of Telangana the claim amount in full.
- 3) Notwithstanding anything contained herein above, the Bank's maximum liability under this guarantee is strictly restricted to Rs..... (Rupees.....only).
- 4) This Guarantee will come into force with immediate effect and shall remain in force and valid for a period of three years.
- 5) This unconditional and irrevocable Bank Guarantee shall be available for invocation and payment at the bank counters in Hyderabad or Secunderabad. Any demand under the guarantee must be made in writing and must be dispatched at the Bank's address atwhilst the guarantee remains in force as above. On receipt of such demand, the guarantor shall pay to the Department of ITE&C, Government of Telangana the amount of the demand within 15 business days following the invocation of the guarantee by the Department of ITE&C, in writing as aforesaid.

The courts located in the twin cities of Hyderabad and Secunderabad shall have jurisdiction over any dispute arising out of this guarantee.

Notwithstanding anything contained herein:

- 1. Our liability under this Bank Guarantee shall not exceed Rs..... (Rupees.....only).

2. This Bank Guarantee shall be valid up to 3 years and
3. We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only and only if ITE&C Department serve upon us a written claim or demand on or before(Date of expiry of Guarantee).

In witness whereof the guarantee is executed by Sri..... on behalf of the Bank who as Principal Officer of the bank are authorized and competent to execute such like guarantees including the present one.