

J&K Start-up Policy - 2018

- 1. Vision:** To nurture and inspire the young and entrepreneurial brains of Jammu and Kashmir to pursue innovation and entrepreneurship by creating a vibrant and conducive Startup ecosystem in the State.

- 2. Objectives:** The policy aims to achieve the following objectives:
 1. Facilitate and nurture the growth of at least 500 new Start-ups in Jammu and Kashmir in next 10 years.
 2. Establish at least 10 new state-of-the-art incubators across all three regions of the State including private sector.
 3. Facilitate access to early stage investments for aspiring and existing Start-ups.
 4. Facilitate setting up of Innovation Labs in selected Higher Secondary Schools and Colleges.
 5. Facilitate setting up of at least 3 Fabrication labs, one each in Jammu, Kashmir and Ladakh regions.
 6. Create a strong institutional framework for effective implementation, monitoring and evaluation of this policy.

- 3. Definitions:**
 - 3.1 Innovative Project:** Any idea capable of introducing new or disruptive technology in the development of existing and new products, processes or services, capable of addressing any of the present challenges before the society at large in an effective manner.

 - 3.2 Entity:** A Private Limited Company (as defined in the Companies Act 2013) or Limited Liability Partnership (under The Limited Liability Partnership Act, 2008) or a Partnership Firm under J&K Partnership Act, 1996 (1939 A.D).

 - 3.3 Start-up:** An Entity shall be considered as a 'Start-up' under this policy, if it fulfils all of the following:
 1. It is incorporated/registered within the period of last 7 years;
 2. Its turnover for any of the financial year since incorporation/ registration has not exceeded Rs. 25 Crore;
 3. The entity is not formed by splitting up or reconstruction of an existing business;
 4. It is not incorporated/ registered as a subsidiary of an existing Indian or foreign company; and

5. It is working towards innovation, development or improvement of products/processes/services Or if it is a scalable business model with a high potential of employment generation or wealth creation; and
6. It is incorporated / registered in Jammu and Kashmir Or employees atleast 50 percent of its permanent workforce from Jammu and Kashmir.

3.4 Start-up Hub: A Hub is fundamentally a platform for existing as well as aspiring entrepreneurs to get connected with various promoters of Start-up ecosystem such as business incubators, accelerators, Venture Capital firms, angels, mentors, etc.

3.5 Incubator: An Organization or an Institute (Govt./Semi Govt./Private)willing to support Innovative Projects and Start-ups during their early stages to help develop the new and innovative ideas or concepts or a scalable business model into a marketable product/ service through business support services and resources such as physical space, capital, coaching and mentoring for entrepreneurship development, marketing, finance, accounting, research, regulatory, legal services and providing networking opportunities. It must fall under one of the following categories:

- i. Registered Company under Section 8 of the Companies Act, 2013;
- ii. Private Limited Company (under The Companies Act, 2013);
- iii. Public Company (under The Companies Act, 2013);
- iv. Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)
- v. Registered under J&K Societies Act; or
- vi. Registered under J&K Partnership Act 1939.

The Incubator, when in operation, should facilitate at least 3 months of in-person or virtual interaction with the adopted Innovative Projects/Start-ups.

3.6 Angel Investor: Angel Investors are usually affluent or high net worth individuals who provide early / seed stage financing to Start-ups in-lieu of the ownership in the form of equity stake in the Start-ups they invest in.

3.7 Innovation labs: Innovation Labs are dedicated works spaces where students and other interested individuals learn innovation

skills and develop ideas capable of providing technological/innovative solutions to human problems and thus transforming society. The labs shall be powered to acquaint students/entrants with state-of-the-art equipment such as 3D-Printers, Robotics & Electronics Development Tools, Internet of Things (IoT) etc.

3.8 University: University established or incorporated by or under a Central or State Act and includes any such institution recognized by the University Grants Commission (UGC).

3.9 Entrepreneurship Development Cell (EDC): Entrepreneurship Development Cell (EDC) is a centre where the skills required to become an Entrepreneur are developed such as but not limited to the following:

- 1.To develop entrepreneurial flair in students;
- 2.To make students understand entrepreneurial attitude and entrepreneurial skills;
- 3.To provide a platform which gives number of outreach and awareness opportunities.

3.10 Fabrication Lab: A Fabrication Lab is a platform for learning and innovation. A place to play, to create, to learn, to mentor, to invent. A Fabrication Lab may be comprised of off-the-shelf, industrial-grade fabrication and electronics tools, wrapped in open source software and programs written by researchers. Fab Labs may have a laser cutter that makes 2D and 3D structures, a sign cutter that plots in copper to make antennas and flex circuits, a high-resolution Numeric Control (NC) milling machine that makes circuit boards and precision parts, a large wood router for building furniture and housing, and a suite of electronic components and programming tools for low-cost, high-speed microcontrollers for on-site rapid circuit prototyping. Above are a few illustrations only.

4. Institutional Framework :

4.1. State Level Empowered Committee (SLEC) for Start-ups: A State level decision-making body of the following composition shall periodically monitor the performance of the State Start-up Ecosystem and take necessary decisions for encouragement of innovations in the State and modify the policy/guidelines from time to time as felt necessary.

1. Chief Secretary, J&K– **Chairman;**

2. Administrative Secretary, I&C Department- **Member Convener**;
3. Administrative Secretaries of Science and Technology, Finance, Technical Education, Higher Education, School Education Departments–**Members**;
4. Director, JKEDI- **Member Secretary**;
5. Directors of I&C and Technical Education Departments–**Members**;
6. Managing Directors, J&K SIDCO/SICOP– **Members**;
7. One representative each of the Central Universities/State Universities/IIMs/IITs/NITs of J&K, not below the level of Associate Professor – **Members**;
8. Director STPI, Rangreth– **Member**;
9. Representative of J&K Bank– **Member**;
10. Presidents of KCCI, JCCI, ICTA J&K– **Members**;
11. Leading Investor (Venture Capital Firm/Angel Investor)- **Invitee Member**;
12. A leading Start-up from Jammu and Kashmir - **Invitee Member**

4.2 Start-up Task Force: A task force with following composition shall monitor the implementation of the policy and decisions of SLEC on regular basis.

1. Administrative Secretary, I&C Department - **Chairman**
2. Director, JKEDI - **Member Secretary**
3. Spl./Addl. Secretary, I & C Department – **Member**
4. Representative of each recognised incubator – **Member**
5. Leading Investor (Venture Capital Firm/Angel Investor) - **Invitee Member**
6. Leading Start-up from Jammu and Kashmir - **Invitee Member**
7. Need based members from academia, government, investors and think tanks may be co-opted as and when required.

4.3 State Nodal Agency and Nodal Officer: The Jammu and Kashmir Entrepreneurship Development Institute (JKEDI) shall be the Nodal Agency for implementation of this Policy and Director, JKEDI shall be the State Nodal Officer.

5. Focus Sectors: The Policy shall give special attention to Start-ups with disruptive value additions in the following illustrative focus sectors:

1. Food Processing and Allied activities
2. Agriculture including Horticulture and Floriculture
3. Textiles, Apparel & Fashion Technology
4. Renewable Energy

5. Handicrafts & Handlooms and their design element
6. Electronics System Design and Manufacturing
7. Information Technology enabled Services.

6. Enablement: To ensure smooth execution of the Policy, following recognition mechanism shall be adopted:

6.1 Setting up of Startup Hub in the State: The J&K EDI has various facilities that are basic for setting up of an efficient Start-up Ecosystem. The Start-up Hub with two parallel Centres shall be located one at EDI Pampore in Kashmir and another at EDI Bari Brahmana in Jammu.

6.2 Recognition of a Start-up, Incubator and Angel Investor: For recognition of a Start-up, Incubator and Angel Investor by the Nodal Agency they shall have to apply as per below given procedure:

6.2.1 Application procedure for recognition of Start-ups:

1. An entity willing to get recognised as a start-up shall make an online application over mobile app or portal set up by the Nodal Agency.
2. The application shall be accompanied by:
 - a. A copy of Certificate of Incorporation or Registration, as the case may be;
 - b. A write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation; and
 - c. Other details as specified in the online application format.
3. The Nodal Agency may, after calling for such documents or information and making such enquires, as it may deem fit, do as under:
 - a. Recognise the eligible entity as Start-up; or
 - b. Reject the application by providing reasons.

6.2.2 Application procedure for recognition of an Incubator: An incubator located in Jammu and Kashmir shall make an online application over the mobile app or portal set up by the Nodal

Agency for the purpose. The incubator must fulfil following conditions at the time of application:

1. The incubator should have a minimum of 3,000 sq. feet of carpet area dedicated to the incubates;
2. The incubator should have facilitated at least 3 months of in-person or virtual interactions for its incubates;
3. The Incubator should be in existence for at least 1 year and have a minimum of 5 incubates graduated or on rolls at the time of filling up of application.

To start with, the following Institutions may initiate steps for establishing Incubator Centres in the State for encouraging innovation and entrepreneurship through Start-ups and may apply for getting registered as Incubators; which is illustrative and not exhaustive:-

Jammu Province:

1. University of Jammu, B.R.Ambedkar Road, Jammu.
2. Central University of Jammu.
3. Shri Mata Vaishno Devi University (SMVDU) Kakryal, Katra.
4. Baba Ghulam Shah Badshah University (BGSBU) Rajouri.
5. Indian Institute of Technology (IIT) Jammu.
6. Indian Institute of Management (IIM), Jammu.
7. Indian Institute of Integrated Medicines (IIIM), Jammu.
8. GGM Science College, Canal Road, Jammu.
9. Govt. College for Women Paradre, Jammu.
10. Govt. Boys Polytechnic College, Bikram Chowk, Jammu.
11. Satellite Campus, Baderwah, University of Jammu.
12. Government P.G. College, Kathua.
13. Government P.G.College, Poonch.
14. Government Degree College Samba.

Kashmir Province:

1. University of Kashmir (KU), Hazratbal Srinagar
2. SK University of Agricultural Sciences and Technology, Kashmir (SKUAST-K)
3. Central University of Kashmir (CUK), Ganderbal
4. Islamic University of Science and Technology (IUST),

Awantipora

5. Government Women's College, MA Road Srinagar

6. J&K Entrepreneurship Development Institute (EDI), Pampore
7. Kashmir Government Polytechnic College, Srinagar
8. SSM College of Engineering and Technology, Parihaspora Baramulla
9. Craft Development Institute (CDI) Srinagar
10. Indian Institute of Carpet Technology (IICT) Srinagar
11. National Institute of Technology (NIT) Srinagar
12. Software Technology Parks of India (STPI) Rangreth Srinagar
13. Information and Communications Technology Association (ICTA) of J&K Srinagar
14. Govt. degree College Leh,
15. Govt. degree college Kargil.

The criteria of years of existence and minimum incubates shall not be applicable for:

1. incubators funded by Central or State Government or any Agency/Public Sector Undertaking of Central Government or State Government; and
2. incubators in academic institutions recognised by Central Government or State Government or by an Act of Parliament of India or Jammu and Kashmir State Legislature.

The Atal Innovation Mission of Government of India provides a grant-in-aid of upto Rs. 10 Crore for a maximum period of 5 years to cover the capital and operational expenditures to establish an Atal Incubation Centre (AIC). The institutions or individuals can avail this funding for establishment of the Incubation Centers in the State provided they spare minimum 10,000 Sqft space for the purpose while fulfilling the other conditions of the Mission as well.

6.2.3 Application procedure for recognition of an Angel Investor: An angel investor shall make an online application over the mobile app or portal set up by the Nodal Agency. The applicant must fulfil following conditions at the time of application for recognition:

1. Should be resident of Jammu and Kashmir; and
2. (a) The average returned income for the preceding three financial years should be Rs. 25 lakh or more; Or
(b) Should have the net worth of Rs. 2 Crore or more as on the last date of the preceding financial year.

6.3 Start-up Portal & Mobile App: The State Nodal Agency shall develop a Start-up Portal and Mobile App with all information related to the policy, its benefits and the procedure to avail benefits. All applications would be accepted on-line only and resource flow shall also be done on-line.

6.4 Dedicated Helpline, Email ID and Facilitation Cell: The Nodal Agency shall have the following:

1. A dedicated helpline to answer all Start-up related queries activated in English, Hindi, Urdu and Kashmiri;
2. A dedicated email ID on the Start-up portal to answer all queries via email;
3. The nodal agency shall have dedicated facilitation cells in Jammu and Srinagar for all walk-in queries.

The helpline, email ID and facilitation cells shall assist in addressing all queries regarding Start-ups, registering a business, raising funds/loans, policy clarifications, etc.

6.5 Promotion: The State Government shall promote Jammu and Kashmir as a Start-up destination through participation in National and International events.

6.6 Role of State Level Empowered Committee (SLEC) for Start-ups: The SLEC shall meet at least twice a year and perform the following functions but not limited to:

- i. Empanelment of incubators/ mentor institutions, including those outside the State on a case-to-case basis received through Nodal Agency;
- ii. Monitor performance of policy implementation through periodic reviews;
- iii. Issuing directions to the stakeholder departments/agencies as may be necessary for policy implementation
- iv. Policy review and amendments.

6.7 Role of Startup Task Force: The Task Force shall meet on regular basis as per requirement and perform the following functions:

- i. It shall approve and disburse the defined incentives to the recognized Start-ups and Incubators.
- ii. Define specific performance indicators for monitoring the policy objectives;
- iii. Periodically review the implementation process and report the progress to SLEC;

- iv. Review the policy document from time to time and give recommendations to the SLEC to realign it as per changing needs of the Start-up ecosystem.

6.8 Role of Nodal Agency: The Nodal Agency shall perform the following functions but not limited to:

- i. Design and implement the Start-up Policy;
- ii. Develop an online system for tracking the progress on policy objectives in real time ensuring transparency and accountability in the process of target monitoring and reporting;
- iii. Scrutinize online applications for the recognition of Start-ups, Incubators and Angel Investors;
- iv. Make recommendations to Start-up Task Force for approval of benefits/incentives available under this policy in favour of recognised Start-ups and Incubators;
- v. Monitor the performance of recognised incubators;
- vi. Handle grievance redressal;
- vii. Function as the single point of contact for the entire Start-up ecosystem in the State.

6.9 Review Mechanism:

This policy shall be reviewed once a year. A status report shall be commissioned by the Nodal Agency to critically appraise the usefulness of the policy, its ease of implementation, outcomes achieved and identification of gaps, if any. The report shall be placed before the SLEC through the Start-up Task Force.

7. Benefits/Incentives

7.1 An entity recognized as a Start-up as per the definition in this policy shall be eligible to avail the following benefits/incentives, which can be periodically reviewed and enhanced by the Government:

7.1.1 Office Space

The Government of Jammu and Kashmir shall provide co-working space with uninterrupted high-speed Internet to the selected recognised Start-ups at a subsidized price through JKEDI at its campuses in Pampore and Bari-Brahmana and at all the 22 district centres.

7.1.2 Monthly Allowance

Monthly Allowance of Rs. 10,000 (for a period of one year) shall be paid to the Start-ups subject to the approval of Start-up Task Force and if it fulfils any of the following conditions:

1. Has total equity financing of at least Rs. 5 lakhs from a Venture Capital Firm or a recognised Angel investor; or
2. Has sanction letter of funding / grant from Government of India or any State Government; or
3. The Start-up is physically incubated in a recognised incubator of the State for a period of 3 months;

In case of the Start-ups falling under following categories the monthly allowance shall be Rs.12000 :-

- i. If the Start-up is from any of the focus sectors;
- ii. If it is founded by SC/ST/Women/ Specially Abled (with more than 40% disability);
- iii. If at least 25% of the shareholding is held by SC/ST/women/physically challenged;
- iv. If the SC/ST/Women / Specially Abled (with more than 40% disability)are the single largest shareholder in the Start-up.

7.1.3 Assistance for Product Research & Development/Marketing/Publicity

A one-time assistance upto Rs. 10 lakhs may be given to a recognized Start-up for Product Research &Development or introduction of an innovative product or service in the market which shall be subject to the approval of Start-up Task Force and fulfilment of any of the following conditions:

1. Startup has got total equity financing of at least Rs. 10 lakhs from a Venture Capital Firms or recognised Angel investor; or
2. Sanction Letter of funding / grant to the entity by Government of India or any State Government of at least Rs. 5 lakhs; or
3. The Startup is physically incubated in a recognised incubator of the State for a period of 3 months at least; or
4. The Startup has either published or has been granted a domestic or international patent.
5. The Start-up has already been granted a monthly allowance under the Start-up framework.

In case of the Start-ups falling under following categories the assistance for R&D/marketing/publicity shall be upto Rs. 12 lakh:-

- i. If the Start-up is from any of the focus sectors;
- ii. If it is founded by SC/ST/Women / Specially Abled (with more than 40% disability);
- iii. If at least 25% of the shareholding is held by SC/ST/women/physically challenged;
- iv. If the SC/ST/Women / Specially Abled (with more than 40% disability) are the single largest shareholder in the Start-up.

7.1.4 Energy Assistance

To ensure uninterrupted power supply to Start-ups, 100% subsidy on purchase & installation of Diesel Generator Set or Solar/Wind Generator or Hybrid Solar Wind System shall be available to recognised Start-ups, subject to the terms and conditions of Jammu & Kashmir State Industrial Policy - 2016 and Procedural Guidelines to the Industrial Policy 2016-26. Energy charges from Power Department would be the same as it is for the Industrial Units.

7.1.5 International Patent Filing Cost Reimbursement

Subject to the approval of Start-up Task Force, cost incurred by recognized Start-ups for filing foreign patents on a single subject matter and patent prosecution shall be reimbursed upto 50% of the actual cost or upto Rs. 5 lakhs whichever is less. The reimbursement of the eligible cost on foreign-patent shall be done in 2 stages, i.e. 50% after the patent is published and the balance 50% after the patent is granted.

7.1.6 Tax benefits/ Exemptions

Tax Benefits and Exemptions as defined in the Industrial Policy 2016 shall also be applicable to the recognized Start-ups in the State. Any amendments/ changes made from time to time made to Industrial policy shall also be applicable to the recognized start-ups.

7.1.7 Public Procurement

All State Government Departments/Agencies/Public Sector Undertakings shall be authorized to relax norms in public procurements, subject to fulfilment of quality and technical specifications. All recognised Start-ups shall be given exemption from the prior experience criteria and prior turnover criteria in all public procurement. The Start-ups shall be required to pay 50% of the amount of Earnest Money Deposit or Bid Security prescribed by the tendering authority or Rs 5000 whichever is lower. Tender documents shall also be supplied to the Start-ups @50% of the price or at Rs 500 whichever is lower. This is as per provision available in the Industrial Policy 2016 at Para 3.24

which got extended to Start-ups in light of SAC decision No. 20/3/2018 issued vide Government Order NO. 180-IND of 2018 dated 16-07-2018. The notification(s) in this regard may be revised from time to time to be in sync with the notification(s) issued by the Central Government.

7.1.8 Self Certification of compliance under Labour Laws

The State Government would endeavour to initiate process of Self Certification for Start-ups and Micro & Small Enterprises under different Labour Laws applicable in the State.

7.1.9 Exposure visits and workshops for Start-ups

A corpus fund shall be created to conduct training workshops and to organize exposure visits for the State start-ups and incubates of the recognized incubators to national and international start-up ecosystems/innovation hubs. Incentives in the form of conveyance, travel allowance/daily allowance, subsidized stall space shall be offered.

Selected start-ups shall be send to leading start-up destinations in the country and abroad for getting exposure as well as an opportunity to meet and converse with leading Start-ups, thinkers and innovators. Provision shall be made to ensure 1/3rd representation of women entrepreneurs in all exposure visits. Existing programmes of the State Government such as Entrepreneurship Awareness Programme (EAP) shall also be accessed for some of these purposes.

7.2 Infrastructure Support

As part of State Government initiative to make Jammu and Kashmir a Start-up State, the Government would strive towards developing world-class infrastructure. The list of Incubators, EDCs, Fab Labs, IPR Facilitation Office shall be made available on the Jammu and Kashmir Start-up portal which shall be updated on regular basis.

8. Financing

In order to facilitate access to investment opportunities, the Government shall encourage the Banks and financial institutions to enhance and extend their existing schemes of lending to the Startups on convenient terms (e.g. collateral-free lending, soft loans etc.).

8.1 Grand Challenge for Idea to Proof of Concept (PoC) Fund

The nodal agency in collaboration with other Ministries of the State/Central Government shall organise sector specific Grand Challenge at least two times a year. The challenge shall be a unique opportunity for individual innovators or early stage start-ups to come up with commercially viable solution for specific challenges which shall contribute to well-being of the State.

Funding shall be in the form of Grant-in-aid to be released in tranches based on the life cycle of the business plan and cost of running pilot.

The Nodal Agency in conjunction with the concerned partner Department shall contribute for the required grant in aid.

8.2 Innovation/ Skill Development Fund

The State Government shall establish Innovation/Skill Development Fund as envisaged in Industrial Policy 2016 (para 3.13), i.e. 10% of the land premium charged by J&K SIDCO/SICOP every year while allotting land to Industrial Units on lease basis shall from the corpus for this fund. Rules for operating this fund would be notified separately. The fund shall also be used for the workshops, hackathons, boot camps and exchange programs.

8.3 Jammu and Kashmir Angel Network (JKAN)

To create and promote alternate funding options for the State start-ups, the Government will encourage Industrialists and Entrepreneurs to establish a Jammu and Kashmir Angel Network.

9. Academic Interventions

9.1 Innovation Labs

Schools and Colleges shall be encouraged to setup innovation labs. Budgetary provision would be kept to facilitate setting up of innovation labs in selected schools and colleges. For setting up an innovation lab, each selected School/College shall be provided funding upto Rs 5 lakhs and setup support by Jammu and Kashmir Nodal Agency.

9.2 Syllabus Update

Schools, Colleges and Universities shall be advised to update their respective curriculums to include a compulsory course on “Entrepreneurship Development” as an optional subject, to inspire students with the aspiration, capacity and inclination towards entrepreneurship. Various nationally and internationally accredited Massive Open Online Courses (MOOCs) focused on entrepreneurship can be included in the academic curriculum.

9.3 Establishment of EDC (Entrepreneurship Development Cell) Network

Colleges/Universities that set-up EDCs to encourage students to take up entrepreneurship at the college level shall be networked. The network shall facilitate cross pollination of ideas across institutions and disciplines.

9.4 Training of trainers

Innovation and entrepreneurship teachers can propel the youth towards breakthrough discoveries. Strong emphasis shall be put on training the local faculty by Industry Veterans, Corporate and other leaders from startup ecosystem.

9.5 Project Work

Student entrepreneurs working on start-up ideas in any of their graduation year shall be permitted to convert their start-up project as their final year project towards their degree completion.

9.6 Attendance Relaxation

Students in Schools/Colleges/Universities involved in setting up of start-ups through recognized incubators shall be given a relaxation in attendance up to 20%.

10 Awareness and Outreach

10.1 Youth Innovation and Exposure Programme (YIEP)

Youth Innovation and Exposure Programme would be setup to conduct in-house Start-up events in colleges and outside State exposure visits for college Students to the leading start-up destinations. It shall provide an opportunity to meet and converse with leading start-ups, thinkers and innovators. Provision shall be made to ensure 1/3rd representation of women.

10.2 Mentorship bootcamps

The Government shall take necessary steps to promote entrepreneurship at school and college level by establishing Boot Camps in schools and colleges as required. These bootcamps shall be done in partnership with national and international incubators, accelerators, start-up evangelists, and industry associations to ensure:

1. That the participating students/entrepreneurs get necessary mentorship

2.Information dissemination of global best practices

10.3 Annual Start-up Festival of Innovations

Entrepreneurship and Innovation themed annual festival of innovations shall be conducted to encourage the youth to have a problem-solving mindset and take up entrepreneurship. The festival shall:

- 1.Provide a platform to showcase innovations
- 2.Invite International experts to interact with local ecosystem stakeholders

10.4 Hackathon

To promote and develop the spirit of problem solving in students and start-ups, two hackathons would be organised every year. The problem statements for hackathon may be invited from various Government Departments. Jammu and Kashmir Nodal Agency shall facilitate the winning Start-ups and students.

11. Subsuming the existing scheme for Start-ups: The “Scheme for setting up of Start-up Hub and Incubators in J&K notified vide G.O No: 248-Ind of 2017, Dated 25-10-2017 shall be subsumed in the Start-up Policy and be part of this Policy.

12. Policy Period and Validity: This Policy shall be valid for a period of ten years from the date of its notification or till a new policy is formulated.