



START UP POLICY 2016 -2021

Government of West Bengal





West Bengal Start up Policy

2016-21

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Contents

S.No.	Chapter	Page No.
1	Preamble	3
2	Vision	3
3	Mission	3
4	Enabling Environment	4
5	Definitions	7
6	Incentives	7
7	Procedure	8
8	Policy Period	8

West Bengal Start up Policy 2016

1. Preamble

SILPA KORUN BANGLA GORUN (*set up industry develop Bengal*) has been the call of the State Government to the younger generation of the State to come forward and set up new enterprises with assured support from the Government. Over the past few years sustained campaign and focus on growth of entrepreneurship in the State by the Government has led to the start-up culture gaining ground. Smooth and time bound decision on statutory compliances, seamless access to incentives, network of support for access to appropriate technology, and a facilitative State apparatus have accelerated the growth of entrepreneurship in the State. It is high time that the State place its weight behind this culture of entrepreneurship to synergise the energy and innovative potential of the youth of today's Bengal. A special focus is for women and rural youth to join this movement and add momentum to the process of start-up led industrial growth of the State. Realising the potential that today's youth presents, the State will facilitate development of a network that promotes entrepreneurship as a preferred career choice for students. Government of West Bengal envisages an enabling environment to address the aspirations of youth, and proposes to engage with all stakeholders in the development of an eco-system for strengthening the start-ups with appropriate incubation & mentoring infrastructure, fast track statutory support, and network of appropriate funding agencies.

2. Vision

To make West Bengal emerge as one of the top start-up destinations in India by providing the most enabling ecosystems to support and nurture start-up entrepreneurship in the State.

3. Mission

- 3.1. To strengthen the start-up culture in the State by fostering greater social acceptance and recognition of promising start-ups, through various programs.
- 3.2. Encourage and inspire the youth of West Bengal to actively consider entrepreneurship as a career choice by including appropriate learning modules within university curriculum, developing relevant entrepreneurship development programs in vocational institutions, and supporting outreach programs, interactions with entrepreneurs, e-cells and entrepreneurship development centres across educational institutions in the State.
- 3.3. To support and strengthen existing business incubators & accelerators in the State.
- 3.4. To encourage setting up new business incubators in the State in collaboration with private sector.
- 3.5. To continuously provide enabling mechanisms to start-ups, through training and skill development, capacity building, networking, access to knowledge & support services, etc.
- 3.6. To implement a supportive regulatory framework that enables hassle-free and time bound statutory clearances for all start-ups
- 3.7. To provide appropriate infrastructural support required to enable start-ups to set up and grow rapidly
- 3.8. To create a platform for accessing multiple avenues that provide financial support to start-ups in West Bengal, including West Bengal MSME Venture Capital Fund, network of registered Venture /Equity funds , bank loans, fiscal incentives.
- 3.9. To create enabling environment and supporting eco-system that facilitates 10,000 start-ups in next ten years.

- 3.10 Growth of start-ups would be largely sector-agnostic, it would be appropriate to give added focus to areas particularly suitable for West Bengal:-
- 3.10.1. Entrepreneurship initiatives that enable sustainable and inclusive socio-economic development across the whole State
 - 3.10.2. Entrepreneurship development activities that leverage the natural resources, human skills and other strength areas of the State
 - 3.10.3. Innovative ideas, new business domains and sectors that have high future growth potential would be encouraged
 - 3.10.4. Particular encouragement to sectors and capabilities that can catalyze growth across multiple industries, or can have a multiplier effect

4. **Enabling Environment**

The State will develop an ecosystem with seamless access to start-ups across the State. Appreciating that a successful start-up sector will require quality services offered by the statutory domain in an enabling environment, the State will strive towards achieving that. Creation of appropriate infrastructure including mentoring and handholding support by leveraging existing partnerships with leading technical business institutions like IIM Calcutta, IIT Kharagpur, CSIR Labs in West Bengal, IEST etc. will be a priority of the State. It will facilitate new partnerships with professional and academic institutions of national repute to rapidly expand their reach out with improved accessibility for newer start ups across the State.

4.1. Pre-Idea stage - Entrepreneurship Development Centre Network (EDCN)

- 4.1.1.1.State will create an Entrepreneurship Development Centre Network (EDCN), with Universities and leading higher education institutes across all districts in the State to undertake the role of creating entrepreneurial aspiration among the younger generation of the State. EDCN will facilitate information dissemination and sharing of best practices for promoting entrepreneurship. More and more institutions will be brought under EDCN to expand the network's reach and impact.
- 4.1.1.2.State will facilitate EDCN institutions to incentivise entrepreneurship by offering appropriate credit for students pursuing entrepreneurship activities like participation in EDPs, internship with start-ups, project works etc. Endeavour would be to incorporate this credit in their overall academic assessment through an innovative course credit structure.
- 4.1.1.3.State will facilitate capacity building of EDCN institutions through active collaboration with leading technical business incubators (TBI) in the State.

4.2. Idea / Prototype stage of Start-ups - Business idea incubation

- 4.2.1.1.Recognising the importance of business incubation as a critical driver of start-ups and an important tool for economic development and job creation the State will create an ecosystem in which the incubators would play a critical role. A multipronged approach would be adopted to facilitate effective incubation support for the start-ups.

- 4.2.1.1.1. The State will assist in strengthening the existing technical business incubators (TBIs) the State to enable them incubate a higher number of start-ups besides providing mentoring to the new incubators. Necessary assistance to create additional capacity in terms of incubation infrastructure including trained human resources, awareness and entrepreneurship development programs will be provided by the State.
- 4.2.1.1.2. The State will facilitate setting up of new incubators in government as well as private sector.
- 4.2.1.1.3. Preferential lease of land from State Government as per its land policy to government recognized TBIs in the State
- 4.2.1.1.4. 20% of space available will be earmarked in existing and forthcoming Industrial Estate, SME Clusters and Rural Craft Hub (RCH) having common facility centre for start-ups during their proof of concept (POC) development stage
- 4.2.1.1.5. Access to Government R&D labs to start-ups will be facilitated by MSME Technology Facilitation Centre (TFC) set up by State Government in partnership with CSIR
- 4.2.1.1.6. Access to cutting edge technology for start-ups will be facilitated by TFC (www.msmetfc.in)

4.3. Idea / Prototype stage of Start-ups : Networks of Mentor and Expert (MEN), Kick-starter funds (KSFN) and Innovation Enabler Mechanism (IEM) accessible at www.msmebengalinvest.in

- 4.3.1.1. State will facilitate creation of a state-wide Mentor and Expert Network (MEN) for Start-ups. Start-ups will be able to access MEN through a digital gateway maintained by the State.
- 4.3.1.2. State will facilitate creation of a network of kick-starter funds to be accessed by start-ups for early stage funding support.
- 4.3.1.3. State will set-up an Innovation Enabler Mechanism (IEM) to address statutory compliance issues / legal hurdles emanating from innovative / disruptive technology or processes for which there is no specific enabling provision. IEM will assist start-ups by assisting in getting legal / regulatory support in the form of enabling legislation/rules/clarification from the Government on a fast track mode. Directorate of MSME will be the nodal agency.

- 4.4. State will facilitate access to effective networking and showcasing opportunities for promising start-ups through active linkage programmes; Egiye Bangla - a start-up contest cum TV reality show being one of them.
- 4.5. State will create a Fund of Fund to incentivise funding of start-ups in the state.
- 4.6. A digital platform (www.startupbengal.in) will connect all the eco-system stakeholders, network of support, funding and service providers to enable seamless access
- 4.7. Provision for one-stop comprehensive service to promising start-ups through www.startupbengal.in. This platform will provide the following services:
 - 4.7.1. Free online project evaluation and assessment services
 - 4.7.2. Access to network of registered angel and venture capital funds
 - 4.7.3. Providing potential investors to select the project from the database that they would be interested to fund
 - 4.7.4. Digital application gateway to WB MSME Equity Fund
 - 4.7.5. Access to a resource base of mentors and professional experts
 - 4.7.6. Facility for voluntary start-up registration will be available for start-ups to voluntarily register themselves with the government at www.startupbengal.in. The unique registration number/ID assigned to a start-up will serve as its single point of identification for dealing with state government departments / agencies.
 - 4.7.7. Web-based tutorial on statutory requirements for setting up a business enterprise and Single Application Gateway (SAG) for all statutory clearances through www.myenterprisewb.in
 - 4.7.8. Neighbourhood handholding and mentoring support rural start-ups and start-up by women entrepreneurs through MSME Facilitation Centres (MFC)

Institutional arrangement in the start-up eco-system of the State



5. Definitions

Start-up - a start-up is a scalable business enterprise created to solve a problem or leverage an opportunity in an innovative way. An existing business enterprise, satisfying the above definition, can also be called a start-up provided it is not more than three years old. Start-ups are different from traditional businesses and do not include extension of existing family business.

Incubator - Incubators help entrepreneurs solve some of the problems commonly associated with running a start-up by providing workspace, arranging seed funding, mentoring, and training.

Mentoring - Activity rendered by experienced and knowledgeable persons with a view to guiding and handholding the start-ups on various aspects of business (e.g. marketing, finance, etc.).

Angel Investor – an Angel investor provides financial backing for start ups. It can be in the form of one time investment in the form of seed money or as on-going support to develop the business.

Investment Banker - an investment bank is a financial institution that assists start-ups in raising financial capital by acting as the client's agent in the issuance of securities

Proof of Concept - a proof of concept (POC) is a real life implementation /execution of a certain method or idea to demonstrate its feasibility, or a demonstration in principle, whose purpose is to verify that some concept or theory has the potential of being used.

Pilot Stage- is a stage where minimal capacity is designed for delivering desired product or service features, and can be scaled up to desired capacity.

Venture Capital - Venture Capital (VC) is money provided to seed, early-stage, emerging and emerging growth companies. The venture capital funds invest in companies in exchange for equity in the companies it invests in, which usually have a novel technology or business model

Kick-start fund Network- a network of individual investors interested in funding for early stage sustenance of start-ups.

Business Accelerator Programme - is a set of business tools designed to help start-ups build and grow their businesses. Participants will have access to professional business advice and will undergo business workshops catered to meet their ongoing business needs

Rural Enterprise – an enterprise set up in a rural area to solve a rural problem or to address a rural demand generating local employment.

Women Enterprise – an enterprise headed by a woman where majority stake is also owned by a woman.

Private Equity - is a source of investment capital from high net worth individuals and institutions for the purpose of investing and acquiring equity ownership in an enterprise.

TBI - a technology business incubator (TBI) is one recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB), Department of Science and Technology Government of India.

6. Incentives

6.1. Pre-Idea stage

6.1.1. State will fund capital expenditure upto Rs 10 lakhs to Universities in the State to create a central Entrepreneurship Development Centre (EDC).

6.1.2. State will fund relevant activities of the EDCNs to nurture entrepreneurship and promotion of innovation led start-up culture upto 10 lakhs per annum.

- 6.1.3. State will offer funding assistance for EDCN capacity development programme for maximum of 2 EDC faculty / resource per EDC at one of the recognised TBIs in the state.
- 6.2. Idea / Proof of Concept stage
 - 6.2.1. State will facilitate creation of a network of kick-starter funds for sustenance or early stage funding to start-ups
 - 6.2.2. The cost of filing and prosecution of patent application will be reimbursed to the incubated start-up companies as per MSME Policy of Government of West Bengal
- 6.3. Pilot stage
 - 6.3.1. Access of priority equity funding from WB MSME Venture Capital Fund, where at least 20% of the fund is earmarked to support start-ups
 - 6.3.2. Any fiscal incentive available under State Government policy will be applicable to Start-ups
 - 6.3.3. Special fiscal incentive to investment bankers @ 1% of the investment made by registered Venture Capital / Private Equity Fund into Bengal-based start-ups as success fee.
 - 6.3.4. Special fiscal incentive to Incubators @ 2% of the investment received by its incubates from SEBI registered Venture Capital / Private Equity Fund into Bengal-based start-ups.
 - 6.3.5. Special grant to TBIs in the state @ 5% of the investment received by its incubates from SEBI registered Venture Capital / Private Equity Fund or Grant received from Government of India for promoting rural technology based start-ups and social enterprise start-ups providing solution to service-access problems in rural Bengal.
 - 6.3.6. Incentives under the extant policies/schemes of the state government will be available to registered start ups.
- 6.4. Recognizing the special needs of IT sector start ups, separate incentives and support to IT start ups will be notified by the government.
- 6.5. In order to avail of the incentives under this Policy, the entity must be registered with the state government.
7. **Procedure**
 - 7.1. Eligibility
 - 7.1.1. Any individual / group of individuals having innovative idea / concept
 - 7.1.2. Students of EDCN Institutes
 - 7.1.3. Incubates of TBIs in the state
 - 7.1.4. Incubators / Investment Bankers
 - 7.2. Application Process
 - 7.2.1. Access to all the Government Department support, services and incentives will be through www.startupbengal.in
 - 7.2.2. Access to Incubator / MEN / EDCN / Kick-starter fund / WB MSME Venture fund etc will be as per their own administrative process
 - 7.3. Start-up Council

All the assistance and incentives under the Policy will be available to any start-up in the State by direct lateral access without passing through any government regulatory regime. A State Start Up Council chaired by the Chief Secretary and consisting of Secretaries and Heads of all concerned government Department will ensure effective operationalization of this Policy. It will take stock of the Policy impact and recommend policy changes and systemic reforms to ensure that start-ups in the State get the best start.
8. **Policy Period:** The West Bengal MSME Start-up Policy 2016 will be in effect from January 01, 2016 to Dec 31, 2021.

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