



सत्यमेव जयते

INNOVATION & START-UP POLICY 2018

**ANDAMAN & NICOBAR ADMINISTRATION
DEPARTMENT OF INDUSTRIES**

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INTRODUCTION

Andaman & Nicobar Islands, a Union Territory of the Republic of India, has a population of 3.8 lakhs and a literacy rate of over 86.6%. Located at the juncture of the Bay of Bengal and Andaman Sea, there are 836 Islands/Islets/Rocky crops (31 inhabited) in the territory with Port Blair as the capital city. Hindi is the official language, while English has been declared as the additional official language for communication purposes. The combination of a unique geographical location, diverse flora & fauna, extensive marine resources, high literacy rate and conducive work environment provides a natural backdrop for the UT administration to promote entrepreneurship and Start-up culture in the region.

The Innovation & Start-up Policy shall act as a catalyst in creating an enabling environment for innovators and Start-ups to flourish and to grow. The policy will empower Start-ups to grow through innovation & design and create a technology and venture ecosystem for the youth to pursue their entrepreneurial dreams in the region.

VISION

To create a Start-up ecosystem by 2023 through strategic partnerships, conducive Start-up ecosystem, and favorable policy interventions.

MISSION

The UT of A&N Islands shares the collective dream of a New India, where new generation products and services can be built. This would aid in creating multiplier effects on employment generation and social transformation, leading to the growth of the Union Territory and the nation. The Innovation & Start-up Policy is aimed at driving the mission of:

- a) Building a holistic innovation and Start-up ecosystem in the Andaman & Nicobar Islands, focusing on all sectors of the economy
- b) Providing fiscal and non-fiscal benefits in a transparent and time bound manner
- c) Streamlining rules, regulations and legislations to create an entrepreneurship friendly environment
- d) Implementing a supportive regulatory framework and robust governance structure that enables hassle-free, time bound statutory clearances and monitoring of this policy.

4. OBJECTIVES

- a) Develop a Start-up ecosystem in the Andaman & Nicobar Islands in the next 5 years
- b) Foster a culture of innovative thinking and risk-taking by providing entrepreneurship skill-based training and ecosystem infrastructure for the youth, starting from the school level
- c) Facilitate the growth of new Start-ups over the next 5 years
- d) Create direct and indirect employment opportunities over the next 5 years
- e) Encourage women entrepreneurship through special women focused initiatives
- f) Establish incubation facilities in institutions of higher learning
- g) Establish Co-working spaces.
- h) Create institutional framework for effective implementation, monitoring and evaluation of this policy

5. SCOPE

The policy provides for incentives and exemptions over and above the Start-up India Action Plan of the Government of India. In case the same benefit is enlisted in another policy of the UT administration, the said benefit may be availed under only one policy.

6. POLICY PERIOD

The Andaman & Nicobar Islands Innovation & Start-up Policy 2018 shall be effective from the date of its notification, until modified.

7. DEFINITIONS

- 1) **Accelerator:** Accelerator is an organization or a program that enables rapid growth of new Start-ups by providing specific services like mentoring, training, resources and networking to help Start-ups increase their customer base, generate more revenue, prepare for funding and professionalize their organization.
- 2) **Co-Working space:** Co-Working space is a business services provision model that involves individuals and Start-up companies working independently or collaboratively in shared office space.
- 3) **DIPP:** The Department of Industrial Policy & Promotion (DIPP) under the Ministry of Commerce & Industry, Government of India is responsible for the 'Start-up India' initiative, and for formulating promotional measures for growth of industrial sector in view with the national priorities and socio-economic objectives.
- 4) **Entity:** A Private Limited Company or One Person Company (as per the Companies Act, 2013), a Registered Partnership Firm (under the Partnership Act, 1932) or a Limited Liability Partnership (under the Limited Liability Partnership Act, 2008).
- 5) **Incubator:** An organization designed to support Start-up companies during the early stages to help them develop a scalable business model through business support resources and services such as physical space, capital, mentoring, common services such as corporate & legal services and networking opportunities. The incubator must be a registered entity falling under any one of the following categories:
 - a) Society (under The Societies Registration Act, 1860)
 - b) Section 8 Company (under The Companies Act, 2013)

- c) Private Limited Company (under The Companies Act, 2013)
 - d) Public Company (under The Companies Act, 2013)
 - e) Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)
- 6) **Innovation:** The process of translating an idea or invention into a good or a service that creates value for which customers will pay. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources.
- 7) **Marketing Expense:** Expense of the following nature shall be considered as Marketing expense:
 - a) Media purchase to promote the product / service across digital, print, TV, radio, Out-of-Home; or
 - b) Expense for media development such as creatives, jingles, brochures etc. as may be required; or
 - c) Cost of setting up stall at a business exhibition in India or abroad along with economy class travel and hotel stay for the duration of the event for two individuals working with the Start-up for at least three months, subject to prior approval of the administration. Sales discount shall not be a part of the marketing expense.
- 8) **Nodal Agency:** Nodal Agency shall mean reputed Government as well as other Institutions / Organizations as approved by the Start-up Council for certifying Start-ups.
- 9) **Start-up:** Start-up is an entity involved in building scalable product or service making a positive impact in the society, where the solution is not obvious, and success is not guaranteed. An entity shall be considered as 'Start-up' provided that:
 - a) The date of incorporation / registration is not prior to seven years;
 - b) Annual turnover does not exceed INR 25 Cr, for any preceding financial year;
 - c) Such entity is working towards innovation, development, and commercialization of new products, processes, services or intellectual property that are scalable for achieving commercial success;
 - d) Registered in Andaman & Nicobar Islands or employs at least 50% of its total qualified workforce in Andaman & Nicobar Islands;
 - e) Such entity is not an extension of existing family business or formed by splitting up or reconstruction of a business already in existence.
- 10) **Atal Tinkering Lab (ATL):** ATL is a work space in schools where young minds can give shape to their ideas through hands on 'Do it Yourself (DIY)' kits and equipment on – science, electronics, robotics, open source microcontroller boards, sensors, 3D printers and computers.
- 11) **University:** A university established or incorporated by or under a Central Act or State Act and includes any such institution as may be recognized by University Grant Commission.

8. INNOVATION & START-UP ECOSYSTEM

The UT Administration of the Andaman & Nicobar Islands will nurture the seeds of innovation & entrepreneurship by building an enabling ecosystem, and making focused efforts towards:

- ✓ Creating physical infrastructure to support innovators & Start-ups
- ✓ Promoting a culture of innovation through academic interventions
- ✓ Institutionalizing the culture of entrepreneurship by providing resources & skills training

8.1 **School Innovation Ecosystem:** The UT administration shall endeavor to promote a culture of innovation and risk-taking from the school level itself by creating requisite infrastructure and programs in schools:

8.1.1 **Setting up Atal Tinkering Labs (ATLs) in Schools:** The UT Administration will set-up Atal Tinkering Labs in Senior Secondary level schools (with Science Stream). The new ATLs will promote STEM (Science, Technology, Engineering, Mathematics) thinking and application amongst students. In rest of the schools, the administration will create similar innovation infrastructures through corporate partnerships and Corporate Social Responsibility (CSR) funds.

8.1.2 **Conducting annual Student Start-up Festival:** The UT Administration will conduct an Annual Student Start-up Festival to showcase student innovations. Successful entrepreneurs, leading educational institutions, corporates, venture capital firms, etc. will be invited to support student innovations at the festival.

8.1.3 **Elective subject on Entrepreneurship in Senior Secondary schools:** The senior secondary schools of the UT will offer a subject on Innovation & Entrepreneurship in senior secondary classes. The administration will adopt unique, hands-on curriculum for students to experience business in action.

8.2. **University/College Innovation & Entrepreneurship Ecosystem:** Institutions of higher learning are the primary breeding grounds of path breaking R&D, Innovation and Start-ups. It is thus imperative to build an engaging university-level innovation ecosystem to foster the spirit of entrepreneurship.

8.2.1 **Mandatory Industrial Training in Final Year:** All colleges and institutions in A&N Islands will be guided on establishing an industrial training semester as a part of the degree curriculum.

- ✓ The administration will upgrade the curriculum and course credits system in colleges to support industrial training.
- ✓ Students working on their Start-up ideas will be awarded an extra credit towards their degree work and will be exempted from the mandatory industrial training, subject to approval of their business plan from a nodal Incubation Manager and/or Faculty Advisor.
- ✓ Students working on their Start-up ideas from pre-final/earlier years will be allowed to convert their Start-up work into final year project in place of the mandatory industrial training.

8.2.2 **Establishing Entrepreneurship Cells:** The UT administration will encourage the establishment of Entrepreneurship Cells (E-Cells) in all colleges as student-driven initiatives at the college levels. E-Cells will conduct Start-up & Innovation Festivals, showcase local success stories, engage Alumni, host Leadership Talks and develop Women Entrepreneurship ecosystem.

- 8.2.3 **Offering Formal Entrepreneurship Degrees:** The UT administration will partner with leading Indian institutions to offer formal degrees in entrepreneurship in the institutions in the region. The administration will also advise colleges on initiating special semester-long courses in entrepreneurship for fixed credits. Successful Indian founders will be invited to take entrepreneurship master classes for students as a part of the course.
- 8.2.4 **Faculty Exchanges:** The UT administration will conduct faculty exchanges every semester with leading Indian institutions of higher learning to upgrade entrepreneurship training skills of the faculty of regional colleges and increase their exposure to new ideas and teaching techniques.
- 8.2.5 **Deferred Placements / Start-ups abbatical:** The UT administration will implement the Deferred Placements' option in all colleges. Students working on their Start-up ideas can opt to work for up to 2 years post the completion of their final year and appear for campus placements later. The administration will consult leading Indian institutions for adopting innovative practices.
- 8.3 **Physical Infrastructure for Start-up Ecosystem:** The UT Administration will build incubation and co-working infrastructure to support Start-ups.
- 8.3.1 **Building Start-up Incubation Centers:** The UT Administration will endeavor to establish Incubation centers in the colleges under either Technology Business Incubator (TBI) scheme of Dept. of Science & Technology, Govt. of India, Atal Incubation Mission (AIM) of NITI Aayog, or NASSCOM 10000 Start-ups Warehouse program.
- ✓ In at least one of the Incubation Centers, a Fabrication Lab will be established in partnership with leading Fab-labs to support designing, prototyping and manufacturing activities of Start-ups.
 - ✓ The UT administration will also build capacities and strategic tie-ups for hiring, mentoring and training of Incubation management and staffs.
- 8.3.2 **Building Co-working spaces:** The UT administration will build co-working facilities offering seats on rent for Start-ups and innovators on a pay per use basis. The Start-ups at co-working spaces would be able to access facilities such as high-speed internet, power backup, secured access, 24x7 security with CCTV surveillance, etc.
- 8.4 **Start-up Ecosystem Initiatives:** The UT Administration will engage with the broader Indian and Global Start-up community for enabling new opportunities for local entrepreneurs.
- 8.4.1 **Conducting Start-up India Yatra:** The UT Administration will host an annual 'Start-up India Andaman & Nicobar Islands Yatra' to host Entrepreneurship Boot camps and Pitching Sessions for aspiring entrepreneurs to pitch their ideas to leading Incubators and Investors.
- 8.4.2 **Corporate Engagement Programs:** The UT Administration will partner with leading corporates to run special innovation challenges for local innovators and Start-ups.
- 8.4.3 **Hosting Annual 'A&N Island Start-up Festival':** The UT Administration will create an annual flagship national level Start-up & Innovation festival - 'A&N Islands Start-up Festival', inviting Start-ups, Incubators, Accelerators, Investors, Corporates, Mentors, Academia, Government bodies from India and abroad. The festival will be positioned as a confluence of Business Networking, Innovation Showcase

and Island Tourism for global audiences.

- 8.4.4 **Facilitating Start-up Exchanges:** The UT Administration will partner with leading Start-up ecosystems in India and abroad for conducting Soft Landing/Exchange Programs for high-potential Start-ups. The selected Start-ups for the programs shall be funded for travel and showcase opportunities via the Marketing budget of the UT Start-up initiative up to a maximum limit of Rs. 15000/- or actual traveling and cost of showcasing whichever is less.
- 8.4.5 **Resources & Skills Training:** The UT Administration through Industry associations or Incubators approved by Start-up Council will provide support and mentors to Start-ups. Services such as mentoring, entrepreneurial skills training, funding, legal, accounting, technical assistance, networking and marketing assistance will be provided to local innovators and Start-ups.

9. START-UP FUNDING & INCENTIVES

The UT Administration will support Start-ups, incubators and the broader innovation ecosystem through various funding schemes under the initiative. The administration will also form partnerships with Angel Investor Networks and Venture Capital Investors across India to enable financing for the Start-ups.

- 9.1. **A&N Innovation Fund:** The UT Administration through Andaman and Nicobar Islands Integrated Development Corporation Limited (ANIIDCO Ltd.) will create an initial innovation fund of INR 1 Crore to support establishment of Start-up Incubators. Capital from the fund corpus will also be utilized to develop Co-Working spaces in the region.
- 9.2. **Start-up Monthly Allowance:** The UT Administration will grant up to INR 15,000 per month for a period of 1 year to DIPP recognized Start-ups operating in A&N Islands at the Idea/Prototype stage, subject to qualification basis the criteria defined under the policy.
- * The monthly allowance for Start-ups with Women/Transgender or SC/ST/SEBC/PH as Founder/Co-Founder shall be INR 20,000 per month for a period of 1 year. In such cases, such Founder(s)/Co-founder(s) shall have at least 50% equity in the Start-up entity.
- 9.3. **Start-up Growth Grant:** The UT Administration will grant up to INR 3 lakh for DIPP recognized Start-ups operating in A&N Islands at Minimum Viable Product (MVP) stage, subject to qualification basis the criteria defined under the policy.
- 9.4. **Fiscal Incentives/Reimbursement Grants:**
- a) **Marketing Assistance:** DIPP recognized Start-ups operating in the A&N islands having qualifying criteria of revenue run-rate as defined under the policy will be eligible for a one-time Marketing/Publicity assistance up to INR 3 lakh for taking their product/service to the market.
 - b) **Subsidized Incubation/Co-Working:** DIPP recognized Start-ups operating in the A&N islands, which are part of the Incubators, Co-Working spaces recognized under the policy will be eligible for subsidy benefit up to 50% of monthly rent of the incubator/co-working space (subject to a maximum of INR 5000) for a period not exceeding one year.
 - c) **Patent Cost Reimbursement:** The UT Administration will reimburse the cost of filing and prosecution of National or International Patent/Trademark/Copyright application of DIPP recognized Start-ups operating in the region.
 - d) **GST Reimbursement:** DIPP recognized Start-ups operating in the region will be eligible for annual reimbursement of state GST paid in sales of goods for a period of 3 years up to a maximum of INR 3 lakh per Start-up per year.
 - e) **Digital Technology Subsidy:** The UT Administration will reimburse the 50% of the capital expenditure for purchase of computers, related hardware, relevant software for DIPP recognized Start-ups operating in the region, subject to ceiling of INR 1 Lakh per Start-up.
 - f) **Power Subsidy:** DIPP recognized Start-ups operating in the region will be eligible for 50% Power Subsidy subject to a limit of INR 5 lakh pa for a period of 3 years.

- g) **Other Incentives:** The Incentives available under UT Plan for MSME's will be directly applicable to the Start-ups, provided that the MSME is also a DIPP recognized Start-up and fulfills the eligibility criteria and provisions of the notified programmes.

9.5 Non-Fiscal Incentives:

- a) **Cloud Services/Software Support:** The A&N Administration will partner with leading cloud service providers and Virtual Start-up Program of Industry Association to provide Start-up Kits with Cloud credits and Softwares to DIPP recognized IT/ITeS Start-ups operating in the region, and eligible for such Virtual Start-up Programs.
- b) **Assimilating Innovation in Public Organizations:** Facilitating mechanisms will be created for departments under the UT Administration to call for innovative solutions to critical problems and specific research needs, fund proof of concept trials and procure qualifying products and services.
- c) **Public Procurement from Start-ups:** Easier norms for procurement by public entities from Start-ups will be made, including exempting the Start-ups from the criteria of prior turnover, prior experience and security deposits, without any relaxation in technical specifications or quality standards.
- d) **Self-certification and Compliance Incentives:** DIPP recognized Start-ups operating in the islands shall be exempted from inspections under the following Acts and the Rules framed there-under, barring inspections arising out of specific complaints. Start-ups will be permitted to file self-certifications, in the prescribed formats under various acts:
- i. Industrial Disputes Act, 1947
 - ii. Trade Unions Act, 1926
 - iii. Building and Other Constructions Workers' (Regulation of Employment and Conditions of Service) Act, 1996
 - iv. Industrial Employment (Standing Orders) Act, 1946
 - v. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
 - vi. Payment of Gratuity Act, 1972
 - vii. The Contract Labour (Regulation and Abolition) Act, 1970
 - viii. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
 - ix. The Employees' State Insurance Act, 1948

10 POLICY GOVERNANCE

The Andaman & Nicobar Islands Innovation & Start-up Policy shall enable proper implementation and smooth functioning of all the provisions to facilitate the Start-ups. The policy shall be governed by a 2-tier governance structure:

1. Andaman & Nicobar Start-up Council (UT Level Implementation Committee)
2. Andaman & Nicobar Innovation Team (ANInT)

10.1 **Andaman & Nicobar Start-up Council:** The A&N Start-up Council shall be set-up as the apex body at the UT level for policy implementation & monitoring, ecosystem development and Start-up advisory and will be notified separately.

The Council shall perform the following functions but not limited to:

- a) Approval of Nodal Agencies
- b) Empanelment of Mentor Institutions, Incubators, Industry Bodies
- c) Evaluate collaborations with Incubators outside the UT on a case-to-case basis
- d) Monitor performance through periodic review
- e) Revisit the policy document and suggest modification from time-to-time

10.2 **Andaman & Nicobar Innovation Team (ANInT):** The ANInT will serve as the nodal team driving the A&N Innovation & Start-up Policy. It will be headed by Secretary, Industries and comprise of a dedicated A&N Start-up Team comprising of a senior experienced professional from technology/Start-ups industry and 2 Young Professionals (preferably from A&N Island heritage) to be notified separately.

The Innovation Team shall perform the following functions:

- a) Monitor disbursement of fiscal incentives proposed in the policy
- b) Create Specific Performance Indicators (SPIs) for monitoring the policy objectives
- c) Build a dedicated online portal for the A&N Start-up Initiative. The portal will track the progress on the policy in real time, ensuring transparency and accountability in target monitoring and reporting
- d) Periodically review the implementation process and report the progress to A&N Start-up Council
- e) Revisit the policy document from time to time to review and suggest recommendations to Start-up Council to realign it as per the changing requirements of the ecosystem

11 GENERAL TERMS AND CONDITIONS

1. Doubts relating to interpretation of any term and/or dispute relating to the operation of any provision under this policy shall have to be referred to the Industries Department, Administration of Andaman & Nicobar Islands for clarification/resolution, and the decision of the UT Administration in this regard shall be final and binding on all.
2. No right or claim of any incentive under this policy shall be deemed to have been conferred merely on the ground of provision in this policy. Implementation of various provisions covering the incentives, concessions, etc. is subjected to the issue of detailed guidelines/statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department.
3. The UT Administration of Andaman & Nicobar Islands may at any time amend any provision of this policy.

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