DRAFT
MEGHALAYA STARTUP POLICY, 2018

1. Preamble

Government of Meghalaya plans to create conducive environment for Start-ups, empower Start-ups to grow through innovation and design, create a quality scientific ecosystem and enable its youth to pursue their dreams within the State. 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 Meghalaya. 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.

This Start-up policy shall act as a catalyst in the economic growth of Meghalaya creating models for scalability and replicability across the State resulting in large scale employment opportunities.

2. Vision

To emerge as one of leading "Startup Hubs" in India by 2023 through strategic partnerships, conducive ecosystem, investment and policy interventions.

3. Mission

(a) Build a holistic Start-up ecosystem to enable the State to become one of the leading Startup destinations in the Country
(b) Provide fiscal and non-fiscal benefits in a transparent and time bound manner
(c) Streamline rules, regulations and legislations to create a Startup friendly environment
(d) Implement a supportive regulatory framework and robust governance structure that enables hassle-free, time bound statutory clearances and monitoring of this policy.

4. Objectives

(a) Encourage incubators including sector specific ones aligning with the State's strengths and requirements

(b) Create enabling environment and supporting eco-system that facilitates at least 500 Startups in next five years in the State
(c) Take steps to provide skill-based training to encourage youth to take up Startups.
(d) Create a strong institutional framework for effective implementation, monitoring and evaluation of this policy.

5. Scope

The policy would provide incentives and exemptions over and above the Startup policy of Government of India. In the event that the same benefit is enlisted in another policy of the State Government, then the said benefit may be availed under only one policy.

6. Policy period

The Meghalaya Startup policy will remain in operation for a period of five years from the date of its notification or till such time the State Government may deem fit and proper.

7. Definitions

(i) Entity : Private Limited Company or One Person Company (as per the Companies Act 2013), a Registered Partnership Firm (under the Partnership Act, 1932) or Limited Liability Partnership (under the Limited Liability Partnership Act, 2008)

(ii) Incubator : An organization designed to support Startup companies during the early stages to help develop a scalable business model through business support resources and services such as physical space, capital, coaching and mentoring common services including corporate and legal services and providing networking connections. An Incubator shall also mean a Technology Business Incubator (TBI) recognized either by the Central or State Government. The incubator entity 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)

The incubator entity should facilitate at least 3 months interaction in person or virtual between its incubates and mentors, when in operation.

Besides the above, Startup Council may consider case of a reputed academic institution/university/deemed university for recognition as incubator even if the same does not fall under any of the above categories

(iii) Innovation : The process of translating an idea or invention into a good or 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.

(iv) Nodal Agency : Nodal Agency shall mean reputed Government institutions as well as other institutions/organizations as approved by the Startup Council as Nodal Agencies to certifying Startups

(v) Startup : An entity shall be considered as a "Startup" under this policy if the entity is recognized as a "Startup" under the "Startup India" initiative and fulfils the fourth condition below or fulfills all of the following conditions :

(a) The date of its incorporation/registration is not prior to seven years. In case an entity is engaged in the biotech sector, the date of incorporation/registration should not be prior to ten years.
(b) Its annual turnover does not exceed INR 25 crore, for any preceding financial year
(c) Such entity is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property and makes it scalable for achieving commercial success
(d) It is registered in Meghalaya or employs at least 60 percent of its total qualified workforce from Meghalaya which shall not include contract employees
(e) Such entity is not an extension of the existing family business, or formed by splitting up or reconstruction of a business already in existence.

(vi) University : University means a University established or incorporated by or under a Central Act or a State Act, and includes any such institution as may be recognized by University Grant Commission

(vii) Successful Startup : Startup would be considered "successful" if it fulfils any of the following conditions :

(a) Sanction Letter of funding/grant by Government of India or any State Government of at least INR 5 lakh or
(b) The Startup has got a revenue run rate of at least INR 5 lakh a month over previous six months.

8. Startup Ecosystem

8.1. Digital Startup ecosystem : To promote entrepreneurship and to ensure ease of applying for policy benefits, the State Government will initiate the following steps :

8.1.A. Start-up portal, Mobile App, Helpline and Dedicated Cell

(i) Information Aggregation : The State Government will develop a Startup Portal and App which will aggregate all information related to the Policy, its benefits and the procedure to avail them

(ii) Dedicated Helpline : A dedicated helpline to answer all Startup related queries will be activated. The Helpline shall assist in addressing all queries in areas such as registering a business, raising funds/loans, policy clarifications etc.

(iii) Dedicated cell : A dedicated cell consisting of at least 3 full time professionals/resources for execution, monitoring and implementation of Meghalaya Startup Policy 2018 will be created.

8.1.B : Development of infrastructure

The Government of Meghalaya proposes to develop quality infrastructure across the State with all necessary facilities made available for entrepreneurs. It is equally important to activate the usage of existing infrastructure

8.1.C. University/Institution

The State will encourage Universities/Educational Institutions, which are in existence for at least 5 years and approved by the Startup Council to be eligible to support and mentor innovators. These institutions can utilize the existing facilities or set up new Incubators to create a Startup ecosystem.

Such approved institutions will be eligible for a one-time grant of 75 % of capital cost (cost of building, equipment, connectivity etc.) up to a maximum of INR 5 crore to set up an Incubator Facility. In case a university recognised under the Central/State Act is able to raise funding for development of its incubation infrastructure, the Startup Council may consider providing a matching grant subject to an upper limit of INR 5 crore on case-to-case basis. Such grant from the Government shall only be used for development of incubation infrastructure including purchase of equipment for the incubation facility.

These approved institutions shall be eligible for a performance capital grant of INR 5 lakh for each successful Startup (as per the definition) that they incubate for a minimum period of three months.

Reputed Government institutions in the State may be approved by the Startup Council as Nodal Agencies for certifying Startups for the purpose of

applicability of this policy. The Startup Council may allow any other institution to be a Nodal Agency on a case to case basis.

8.1.D. Incubators

The State will encourage incubators recognized either by the Central or State Government and approved by the Startup Council to be eligible to support and mentor Startups. Such approved incubators shall be eligible for assistance for mentoring service.

The approved incubators shall be eligible for a performance capital grant of INR 5 lakh for each successful Startup they incubate.

8.1.E. Industry groups/Industry House

The State will encourage existing Industrial groups in existence for at least 5 years in the State to support the Startup/Innovation drive. The Industry can utilize their existing facility or set up new Incubators to create Startup ecosystem. The Industry group shall be approved by the Startup Council to be eligible to support and mentor Startups. Such Industry group shall be eligible for assistance for mentoring service.

These approved Industry groups/houses shall be eligible for a performance capital grant of INR 5 lakh for each successful Startup that they create.

8.1.F. Startup/Innovation Park

The Government would put effort to establish one or more Startup/Innovation Park in the State as one-stop destination for Startups, either on its own or in partnership with private sector.

The Startup/Innovation park shall have necessary common facilities and support infrastructure, such as:

(a) Common Testing labs, Design Studio & Tool Rooms
(b) Shared support services for Startups such as legal, accounting, technology, patents and banking services
(c) Community Events and Promotional support for incubators and Startups
(d) Enterprise Software and shared Hardware

The CSR Funds of State PSUs shall also be channelized and utilized for the development of Startup/Innovation Park in compliance with the Companies Act, 2013.

8.1.G. Sector Specific Incubators

Sector-specific incubators shall be encouraged in areas such as IT, ESDM (Electronic Systems and Design Manufacturing), Healthcare and Sanitation, Agri-Horticulture, Food Processing, Hi-Tech farming, Tourism, Textiles and Garments, Chemical and Petrochemicals, Downstream and Ancillary.

These incubators, the Government shall be setup by the concerned Government Departments, either on their own or in partnership with private sector.

9. Funding

(i) Angel Network and Social Impact Investor Groups – The State Government will encourage high-net worth individuals, industrialists, successful entrepreneurs, University alumni and highly experienced business executives and professionals to create Angel Network and Social Impact Investors Groups which will help with early stage funding needs of Startups.

(ii) Innovation Fund – State Government proposes to establish an Innovation Fund to foster research in Information & Communication Technology, Energy, Tourism etc. in the State institutions. The fund will be utilized to facilitate technology transfer and commercialization in the institutes.

9.1. Fiscal incentives

(i) GST Reimbursement : Startups shall be eligible for annual reimbursement of State GST paid in sales of goods for a period of 7 years subject to a maximum of INR 7 lakh per startup per year

(ii) Stamp Duty Reimbursement : Startups shall be eligible for 100 % reimbursement of Stamp Duty/Registration Fee/Conversion Fee paid on sale/lease deeds for first transaction

(iii) Digital Upgradation Subsidy : Startups shall be eligible for digital upgradation @ 50 % of capital expenditure for purchase of computers, related hardware, purchase of relevant software subjec to a ceiling of INR 2 lakh per startup

(iv) Lease Rental Reimbursement : Startups shall be eligible for reimbursement of lease rental @ 50 % for a period of 3 years subject to a ceiling of INR 2 lakh per year per startup. It may include any rent being paid to an incubator/co-working

(v) Power subsidy : Startups shall be eligible to power subsidy @ 50 % subject to a maximum of INR 10 lakh per annum for a period of 5 years

(**vi) Reimbursement on patent filing cost :** Startups shall be eligible for reimbursement @ 100 % of the actual costs (including filing fees, attorney fees, search fees, maintenance fees) for petent filing with a maximum limit of INR 2 lakh for filing a domestic patent and upto INR 5 lakh for filing an international

patent. This reimbursement shall be payable 75 % after the patent is filed and the balance 25 % after the patent has been granted

9.2. Non-fiscal and other incentives :

9.2.1 Market access : The State shall implement specific interventions to provide market opportunities and access for the Startups registered in the State.

Government procurement :

- 20% of the total procurement by State Government Departments/State PSUs shall be mandatory from Startups
- There would not be any minimum turnover requirement for Startups in participating in public procurement process. Relaxation of condonation of prior turn over and prior experience shall be given subject to meeting of quality and technical specifications.
- Exemption to Startups from submission of EMD (Earnest Money Deposit) while participating in Government tenders

9.2.2. Self-Certification and Compliance Incentives

Startups shall be exempted from inspections under the following Acts and the Rules framed there under, barring inspections arising out of specific complaints. Startups will be permitted to file self-certifications, in the prescribed formats under various Acts :

(a) The Industrial Disputes Act, 1947
(b) The Trade Unions Act, 1926
(c) The Building and other Constructions Workers (Regulation of Employment and Conditions of Service)Act, 1996
(d) The Industrial Employment (Standing Orders) Act, 1946
(e) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
(f) The Payment of Gratuity Act, 1972
(g) The Contract Labour (Regulation and Abolition) Act, 1970
(h) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
(i) The Employees' State Insurance Act, 1948

9.2.3. Human capital & skill development :

To create a culture of entrepreneurship in the State of Meghalaya, it is necessary to provide education on entrepreneurship at the School and College level. To achieve this, it is proposed :

9.2.3.A. Academic intervention :

Syllabus Update – Schools, Colleges and Universities will be advised to update their respective curriculums to include course on "Enterpreneurship Development" as an optional subject to inspire students with the aspiration, capacity and inclination towards entrepreneurship

9.2.3.B. Establishment of Entrepreneurship Development Cell (EDC) Network – Colleges/universities will be encouraged to set up EDCs to encourage students to take up entrepreneurship at the College level. These will form part of the hub and spoke model envisioned and will assist in facilitating technology transfer and commercialization in their respective institutes. Two focal Entrepreneurship Promoting Bodies will be initiated at NEHU, Shillong and National Institute of Technology, Shillong

Startup Development Cells shall be established at each DC&IC to provide the youth with requisite information regarding the Startup Policy and its provisions. Each Startup Development Cell shall have a Ready Reckoner or Information Handbook on Doing Business for Startups.

10. Governance

The policy shall enable proper implementation and smooth functioning of all the provisions to facilitate the Startups. The policy shall be governed by a 2-tier governance structure :

(a) Startup Council
(b) Task Force Committee

10.1. Startup Council

There shall be a Startup Council to monitor the implementation of the Startup Policy consisting of the following members :

1	Chief Secretary, Govt. of Meghalaya	Chairman
2	Seniormost Secretary, Commerce & Industries Deptt.	Member
3	Seniormost Secretary, Finance Deptt.	Member
4	Seniormost Secretary, Planning Deptt.	Member
5	Seniormost Secretary, Agriculture Deptt.	Member
6	Seniormost Secretary, Horticulture Deptt.	Member
7	Seniormost Secretary, Labour Deptt.	
8	Seniormost Secretary, Revenue & Disaster Management Deptt.	Member
9	Seniormost Secretary, Power Deptt.	Member
10	Seniormost Secretary, education Deptt.	Member
11	Seniormost Secretary, Information Technology	Member

	Deptt.	
12	Two representatives from Bank/Financial Institutions	Member
13	Two representatives from Trade and Industries Association	Member
14	Three representatives from Academic Institutions	Member
15	Director of Commerce & Industries, Meghalaya	Member Convener

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

(a) Approval of Nodal Agencies to certifying startups
(b) Approval of Universities/Educational Institutions to be eligible to support and mentor innovators.
(c) Empanelment of Mentor Institution/Incubators/Industry House. The Startup Council may also allow collaboration with Incubators outside the State on a case-to-case basis
(d) Monitor performance through periodic review
(e) Revisit the policy document and suggest modifications from time-to-time
(f) The Council may co-opt any members/expert for any meeting

10.2. Task Force Committee

There shall be a Task Force Committee under the policy and members are :

1	Seniormost Secretary, Commerce & Industries Deptt., Meghalaya	Chairman
2	Commissioner of Taxes, Meghalaya	Member
3	Director of Higher & Technical Education, Meghalaya	Member
4	One representative from Bank/Financial Institution	Member
5	One representative from Industries and Trade Associations	Member
6	Three representatives from Academic Institution	Member
7	Director of Commerce & Industries, Meghalaya	Member Convener

The terms of reference of the Task Force Committee are as follows :

(a) The Committee shall monitor the implementation of the Startup Policy of Meghalaya 2018 and responsible for overall implementation of the policy
(b) The Committee may approve the fiscal and non-fiscal incentives under the policy
(c) The Committee may sit as and when required but at least twice a year

(d) The Committee may co-opt any members/expert for any meeting
(e) The Committee may also revisit the policy document from time to time to review and suggest recommendations to the State Level Implementation Committee to realign it as per the changing needs of the Startup business community

11. Procedure

(a) Reputed Government institutions in the State which intend to promote the Startups, will submit its proposal to the Startup Council for approval as Nodal Agencies for certifying Startups.

(b) The Institute/Incubator/Industry which intend to promote the Startups, will submit its proposal to the Startup Council for empanelment as Mentor Institute/Incubator/Industry

(c) The innovator will approach Mentor Institute/Incubator/Industry with his/her proposal of innovative idea/concept for recommendation

(d) The Committee at the mentor Institute/Incubator/Industry on satisfaction of the idea/concept of innovator would recommend to the Nodal Agency

(e) The Nodal Agency on satisfaction will certify the proposal and forward to Director (Industries) for release of mentoring services allowance etc. as applicable

12. General Terms and Conditions

(a) 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 Commerce & Industries Department, Government of Meghalaya for clarification/resolution and the decision of Government in this regard shall be final and binding on all concerned.

(b) No right or claim for 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 will be subject to the issue of detailed guidelines/statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department.

(c) The State Government may at any time amend any provision of this policy.

ORDER

Ordered that the Meghalaya Startup Policy, 2018 be published in the extraordinary issue of the Meghalaya Gazette and copies of the Resolution be forwarded to all Departments/all Head of Departments

By order of the Governor

(P.W. Ingty, IAS)
Addl. Chief Secretary to the Govt. of Meghalaya
Commerce & Industries Deptt.

GOVERNMENT OF MEGHALAYA
DIRECTORATE OF COMMERCE & INDUSTRIES
2nd Floor, Administrative Building, Lower Lachumiere, Shillong – 793 001. Ph & Fax : 0364 – 2226253

No. M/Dind/Genl/40/2017/123 Dated Shillong, the 23rd April, 2018.

To

The Under Secretary to the Government of Meghalaya,
Commerce & Industries Department, Myntdu Building, Shillong.

Sub : Draft Policy on Startups

Madam,

Commerce & Industries Department has been notified as the Nodal Department to work out on the policy and other requirements vide Notification No. IND.121/2014/137 dt. 08.03.2017. Consequent to the issue of the Notification, an attempt has been made to bring out the State Policy on Startups by studying various State Governments Startup Policy such as the Startup Policy of Odisha, Assam, Andhra Pradesh, West Bengal etc.

The attempted Draft Policy titled as "Meghalaya Startup Policy 2018" is therefore enclosed, for favour of further examination by the Department and may be, views & comments of related Departments may be obtained.

Encl : Draft Meghalaya Startup Policy 2018.

Yours faithfully,

(J.L. Mawlong)
Director of Commerce & Industries.

MINUTES OF THE MEETING ON "START UP POLICY" HELD ON 07.08.2018 AT 11.30 AM IN THE OFFICE CHAMBER OF THE CHIEF SECRETARY, GOVT. OF MEGHALAYA

Officials present :

1. Shri. Y. Tsering, IAS, Chief Secretary, Govt. of Meghalaya
2. Shri. P.W. Ingty, IAS, Addl. Chief Secretary i/c Revenue & Disaster Management Deptt. etc.
3. Shri. D.P. Wahlang, IAS, Principal Secretary, Labour Deptt. etc.
4. Shri. M.R. Synrem, IAS, Commissioner & Secretary i/c Commerce & Industries Deptt. etc.
5. Shri. C.V. Darlong. Diengdoh, IAS, Secretary, Planning Deptt.
6. Shri. P.K. Agrahari, IFS, Secretary, Finance Deptt.
7. Shri. B. Mawlong, MCS, Labour Commissioner
8. Shri. J.L. Mawlong, Director of Commerce & Industries
9. Shri. F. Sutnga, Joint Director of Commerce & Industries

The Chief Secretary, Govt. of Meghalaya & Chairman of the meeting welcomed all the officials present and then requested the Commissioner & Secretary i/c Commerce & Industries Deptt. to initiate the discussion. The Commissioner & Secretary while initiating the discussion, informed that Startup India envisages to build a robust Startup eco-system in the Country for nurturing innovation and providing opportunities to budding entrepreneurs and in order to reach the next level of building a strong ecosystem in India, the GoI recommends that additional efforts are undertaken by States/UTs across the Country so that Startups can be effectively nurtured and supported for their success. Towards this end, the draft "Startup Policy of Meghalaya" for extending incentives and exemptions over and above the "Startup policy of Government of India" has been prepared and circulated to concerned Departments for views/comments. However, except IT Deptt., none of the Deptts. responded. Meanwhile, the official representing the Revenue Deptt. informed that the Deptt. has no-objection to the draft Policy. The official representing informed that the Deptt. will finalize the Self Certification Scheme within 10 days. After detailed deliberation, the meeting decided as follows :

1. ***Request the concerned Departments except IT and Revenue Deptt. to expedite furnishing views/comments on the draft "Startup Policy of Meghalaya"***
2. ***Request the Commerce & Industries Deptt. to place the draft Policy on public domain for obtaining views/comments from stakeholders***
3. ***Request the Commerce & Industries Deptt. to initiate the process of obtaining cabinet approval and obtain views/comments of concerned Deptt. which could not furnish views/comments on the "Cabinet Memo"***
4. ***Request the Commerce & Industries Deptt. to finalize the draft Policy at least before the visit of the 15th Finance Commission to the State since this is also one of the parameters for recommendation of award.***

Having no more agenda to discuss, the meeting ended with a vote of thanks from and to the chair.

(Y. Tsering, IAS)
Chief Secretary
Govt. of Meghalaya.

GOVERNMENT OF MEGHALAYA
DIRECTORATE OF COMMERCE & INDUSTRIES
2nd Floor, Administrative Building, Lower Lachumiere, Shillong – 793 001. Ph. & Fax : 0364-2226253

No. M/Dind/Genl/40/2017/145 Dated Shillong, the 8th August, 2018.

To

The Under Secretary to the Government of Meghalaya,
Commerce & Industries Department, Myntdu Building, Shillong.

Sub : Meeting on "Startup Policy" held on 07.08.2018 – draft Minutes thereof.

Sir,

The meeting on "Startup Policy" under the chair of the Chief Secretary has been held on 07.08.2018 in his office chamber. Draft Minutes has accordingly been prepared and is enclosed herewith for vetting by the Commissioner & Secretary i/c Commerce & Industries Deptt./Chief Secretary.

Encl : As stated.

Yours faithfully,

(J.L. Mawlong)
Director of Commerce & Industries.