



## **ABSTRACT**

Micro, Small and Medium Enterprises – 110 Announcement made by the Hon'ble Chief Minister - Tamil Nadu State Startup and Innovation Policy 2018-2023- Introduction of New Scheme - Orders - Issued.

### **MICRO, SMALL AND MEDIUM ENTERPRISES (D2) DEPARTMENT**

G.O.(Ms.) No.07

Dated : 22 .01.2019

திருவள்ளூர் ஆண்டு 2050

விளம்பி வருடம் , தே, 08 .

Read:

1. From the Principal Secretary / Director, EDII-TN letter No.1752/PMO/EDII/ 2017-18 dated.22.02.2018 and 03.04.2018.
2. From the Principal Secretary / Director EDII-TN letterNo.1752/PMO/EDII/2017-18 dated. 19.04.2018 and 13.08.2018.

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### **ORDER:**

The Hon'ble Chief Minister has made the following 110 Announcement on the floor of the Assembly on 13.06.2018:-

தொழில்நுட்பம் சார்ந்த புத்தாக்கம் மற்றும் தொழில்நுட்ப பொருட்கள் மேம்படுத்துதலுக்கு உதவி செய்யவும், தொடக்க நிலை “தொழில் முனைவோருக்கு ஆரோக்கியமான சூழலை உறுதிப்படுத்தவும், தமிழ்நாடு புத்தொழில் மற்றும் புத்தாக்க கொள்கை 2018-2023”-ஐ உருவாக்கி, தமிழ்நாடு அரசு நடைமுறைப்படுத்த உள்ளது. இக்கொள்கையினால், அனைத்துத் துறைகளிலும் உள்ள திறமையுள்ள தனி நபர்கள் மற்றும் தொழில் முனைவோர்கள் தங்களுடைய புத்தாக்க எண்ணங்களை செயல்படுத்தி, சிறந்த தொழில் முனைவோர்களாக உருவாக்குவதற்கு தேவையான அனைத்து உதவிகளையும் வழங்க முடியும். தமிழ்நாடு தொலைநோக்குப் பார்வை-2023-ல் குறிப்பிடப்பட்டுள்ள, ஆண்டுக்கு 11 சதவீத மாநில மொத்த உள்நாட்டு வளர்ச்சி வீதத்தினை அடையும் வகையில் இக்கொள்கை அமையும்.

2. Based on the above announcement, the Principal Secretary/ Director, EDII-TN has initiated preparation of a draft State Startups Policy framework in consultation with Stakeholders. Regional level stakeholders meetings were organized at Coimbatore, Madurai and Chennai and inputs were collected to frame the policy. Based on the deliberations and comments received from stakeholders, a draft Tamil Nadu Startups and innovation TN Policy 2018-2023 has been prepared by EDII-TN and the

same was sent to Government for approval vide reference first read above.

3. On receipt of the draft Policy, due consultation and discussion was held at various levels in the Government on the draft Policy submitted by EDII. After incorporating the suggestions/modifications obtained during the consultation process, it was placed before the Cabinet and approval of the Cabinet was obtained to implement the Policy in the State.

4. Accordingly, Government approve the scheme of "State Startup and Innovation Policy 2018-2023" as appended in the annexure to this order.

5. The highlights of the policy interventions proposed in the "State Startup and Innovation Policy 2018-2023" are given below:-

### **1) Institutional Frame Work**

- i) EDII will act as Nodal Agency to implement the Policy.
- ii) Tamil Nadu Startup Innovation Mission (TANSIM) will be formed and to be headed by an independent officer and adequate staff to carry out objectives and programmes of the Policy.
- iii) A State Advisory Committee (TANSIL) headed by the Chief Secretary to Government will review the implementation of the Policy once in six months.

### **2) Objectives of the Policy**

- (a) To encourage, facilitate and support emergence of at least 5000 technology Startup in the State.
- (b) To extend a dedicated support to at least 10 global high growth Startup developing innovative technology solution for high social impact in sectors like sanitation, food, clean energy, healthcare, education, etc.
- (c) Set up support infrastructure and improve the existing support mechanism to attain the stated objectives of the mission.
- (d) Form a network of (public and private) stakeholders to accelerate the mission.
- (e) Collaborate with educational institutions to promote entrepreneurship among the youth.
- (f) Encourage maximum industry engagement.
- (g) Providing adequate incentives and resources to Startups, facilitators, mentors and investors to promote Startup culture in the State.
- (h) To leverage the existing support and extend further support to Startup in the following thrust areas: Transportation & Logistics, Electrical & Electronics, Health Care & Bio-tech, Agriculture, Renewable energy, Climate change, Fintech, Textile, IT, IoT, AI, ML and SaaS.

- (i) To reduce the existing regulatory and tax burden on Startups in the field of Labour, Pollution and building norms and base these on self-certification.
- (j) State shall also assist budding Startup defined as START STEPs who need specialized support to graduate into Startup.
- (k) Collaborate with reputable investors in other parts of India and the Globe to invite investment into Startups based in Tamil Nadu.
- (l) Branding of Startup Hubs - Chennai, Coimbatore, Madurai, Trichy- Thanjavur, Salem, Tirunelveli etc - as great places to invest.

### **3) Action points to achieve the objectives of the Policy**

#### **a) Encouraging entrepreneurship through creating conducive business environment**

- i) Support to Startup in the following thrust areas: Transportation & Logistics, Electrical & Electronics, Health Care & Bio-tech, Agriculture, Renewable energy, Climate change, Fintech, Textile, IT, IoT, AI, ML and SaaS.
- ii) Policy & regulatory simplifications to support startups i.e. Labour laws, pollution, building norms etc. and base the compliances on self certification.
- iii) One-stop-shop guided by a portal to facilitate registration, compliances and certification.
- iv) Create a centralised registry and repository of needed information viz venture firms, Incubators, IP support centres, mentors, etc.
- v) Reduce overall time limit to register a Startup with TANSIM to 10 days or less.
- vi) Easing public procurement norms for Startup as per Tender Transparency Act.
- vii) Branding of Startup Hubs - Chennai, Coimbatore, Madurai, Trichy, Salem, Tirunelveli etc as great place to invest.
- viii) Faster exit mechanism

#### **(b) Ensure channelling of adequate resources to strengthen Startup ecosystem.**

- i) The State shall allocate adequate resources for creating start up infrastructure, eco-system and support programme for the start ups.
- ii) State will set up a Fund of funds with an initial corpus of INR. 250 crore over a period of 5 years for venture investments to be managed by a professional financial agency viz. SIDBI.
- iii) Establish Tamil Nadu Startup seed Grant fund with a corpus of Rs. 50 crore to support early stage startups.
- iv) Provide revolving fund upto a maximum of Rs. 50 lakh to academic institutions and private business incubators in the ratio 1:3 for the fund generated by them.

- v) TANSIM will conduct various programmes in partnership with various agencies to promote and encourage innovation and entrepreneurship.
- vi) Set up a Policy research group as Startup think tank.
- vii) Support for attending trainings, tech. conferences and trade shows.
- viii) Benefits/exemptions under IT/ITES policy of Tamil Nadu to be extended to Startups/ Incubators / Research parks.
- ix) State Government will Support establishment of Startup Parks at appropriate place by inviting local and Global investments, including investments by NRIs and Tamil Diaspora and providing Government land on long term lease at concessional rent.
- x) Priority in allotment of plots and sheds to Startup in SIDCO Industrial Estates.
- xi) Extended support for startup working on Biotech, AI and ML upto 10 years.
- xii) Support to incubators and accelerators through Government as well as CSR funding.
- xiii) Facilitate marketing and provide R&D support to Startup

**(c) Enabling skill development and inclusive job creation through collaborative approach**

- i) Assistance to budding Startup defined as START STEPs to graduate into Startup.
- ii) Facilitate industry academia collaboration.
- iii) Introduce entrepreneurship as a curriculum in schools and colleges.
- iv) Encourage student internships and apprenticeships in startups.
- v) Financial support for training, tech conferences and trade shows.
- vi) Establishing FABLABS and Makers spaces.
- vii) Support for IPR registration.

**(d) Extending support to social entrepreneurship for a positive social impact and inclusion.**

- i) Providing Test beds for startup to experiment/pilot.
- ii) An inclusive policy which prioritises women, transgender and differently abled.
- iii) The Mission shall encourage rural and eco- friendly Startups.
- iv) Special focus to the Startups creating social impact in areas like water conservation, waste management, health, food, education, climate change, etc.

**(e) Establishing global accessibility, connections and partnerships.**

- i) Creating a mentor network to support Startups.
- ii) Private sector to be encouraged to support entrepreneurship.
- iii) Partnerships with global organisations and Governments for exchange programs, Meets for NRIs/PIOs, global investors, other leading global startup ecosystems.
- iv) Conduct annual international and domestic startup summits.
- v) Organise grand challenges and hackathons.
- vi) 100 outstanding startup to be exposed to international best practices.

**Implementation**

- a. Operational guidelines and clarifications will be issued from time to time.
  - b. The performance of this policy will be reviewed by the TANSIL every six months based on KPIs to be fixed by the council. Among other metrics, the Compass World Ecosystem Ranking methodology would be used to benchmark cities like Chennai and Coimbatore.
  - c. The Mission will also arrange for annual evaluation of the policy and the report shall be placed before the State Startup and Innovation Council for review and direction.
  - d. This Policy is valid for a period of 5 years from the date of its notification or till a new policy is formulated. However, amendments in this policy could be made with the approval of the cabinet without affecting the beneficiaries already covered under the policy. The policy shall be reviewed every 5 years.
6. This order issues with the concurrence of Finance department vide its U.O.No. 09/D.S(MA)/Fin(Ind)/2019, dated 22.01.2019.

**(BY ORDER OF THE GOVERNOR)**

**DHARMENDRA PRATAP YADAV  
SECRETARY TO GOVERNMENT**

To

The Principal Secretary / Industries Commissioner and  
Director of Industries and Commerce,  
Thiru Vi Ka Industrial Estate,  
Guindy, Chennai - 32.

The Principal Secretary / Director,  
Entrepreneurship Development and Innovation Institute, Chennai-32.  
The Additional Chief Secretary to Government,  
Finance Department, Chennai - 9.

All Additional Chief Secretaries/ Principal Secretaries / Secretaries to Government, Secretariat, Chennai - 9.

All Head of Departments

All District Collectors

**Copy to**

The Chief Minister's Office, Chennai-9.

The Deputy Chief Minister Office, Chennai-9.

The Special Personal Assistant to Minister (Rural Industries), Chennai-9

The Private Secretary to Chief Secretary to Government, Chennai - 9.

The Private Secretary to Secretary to Government,

Micro, Small and Medium Enterprises Department, Chennai-9.

The Micro, Small and Medium Enterprises (Budget) Department, Chennai-9.

The Finance (Ind.) Department, Chennai-9/The Industries Department, Chennai - 9.

The Public(SC) Department , Chennai-9

Stock file / Spare copy.

**// FORWARDED BY ORDER //**

  
SECTION OFFICER



**G.O.(Ms.) No.07, Micro, Small and Medium Enterprises (D2)  
Department, dated 22.01.2019**

**ANNEXURE**

**Tamil Nadu Startup and Innovation Policy 2018-2023**

**1. Tamil Nadu Vision 2023**

Tamil Nadu is one of the economic power houses of India. Entrepreneurship, social mobility, economic growth and technology innovation have defined the growth story of the State. Today, the State has the potential to further enhance this by supporting the knowledge and capability of individuals to create new technology-driven enterprises to address challenges and take advantage of the opportunities present. This further complements "Tamil Nadu Vision 2023" goal of attaining a GSDP growth at a sustained pace of 11% per annum for the coming years.

The contribution of the State to India's GDP is phenomenal in sectors like Automobiles, Commercial vehicles, Auto parts, Leather products, Textiles, Software and ITeS. The scope of the state for technical innovation and product development is ample. In terms of infrastructure, Tamil Nadu is one of the best performing States in the country. With the highest GER, the State is the destination for students from various States, providing the highest number of skilled manpower and one among the best in terms of technically qualified manpower. Tamil Nadu houses the best and renowned Incubator of the country, namely, the IIT-Madras and many promising Incubators catering to the needs of entrepreneurs, students and researchers for innovating new products and processes in various fields. The State is increasingly becoming the destination for Startups in Software-as-a-service (SaaS). Thus the State is a potential anchor for many Startups not only in Tamil Nadu but also those thriving all over the country.

The Tamil Nadu Startup and innovation policy 2018-2023, aims to provide an enabling, innovative ecosystem in the State. Implementation of the policy will enable the State to emerge as the "Knowledge Capital" and "Innovation Hub" of the country. It will also attract entrepreneurs and Investors across the globe.

The policy is presumed to nurture innovation, investment in R&D, infrastructure, knowledge creation, technological development and skilled manpower, resulting in high growth entrepreneurial ventures across the spectrum of sectors from agriculture, manufacturing, healthcare, education, logistics, social sector, urban development, environment, to Fintech and ICT.

**2. Vision**

To make Tamil Nadu a Global Innovation Hub and the most preferred destination for Startups by 2023.

### 3. Mission

To create, support and nurture a vibrant Startup ecosystem in Tamil Nadu resulting in innovation and entrepreneurship driven employment and economic growth, facilitating creation of at least 5000 Startups including 10 global high growth Startups by 2023.

### 4. Core Policy Objectives

The core objectives of the Policy are:

Encourage, facilitate and support emergence of at least 5000 technology startups in the State.

1. Extend a dedicated support to at least 10 global high growth startups developing innovative technology solution for high social impact in sectors like sanitation, food, clean energy, healthcare, education, etc.
2. Establish support infrastructure and strengthen the existing mechanism in the thrust areas: Transportation & Logistics, Electrical & Electronics, Health Care & Bio-tech, Agriculture, Renewable energy, Climate change, Fintech, Textile, Information Technology (IT), Internet of Things (IoT), Artificial Intelligence (AI), Machine Learning (ML) and Software as a Service (SaaS).
3. Network (public and private) stakeholders
4. Collaborate with educational institutions to promote entrepreneurship among the youth.
5. Maximise industry engagement.
6. Provide adequate incentives and resources to startups, facilitators, mentors and investors to promote startup culture in the State.
7. Reduce the existing regulatory and tax burden on startups in the field of Labour, Pollution and building norms and base these on self-certification.
8. Nurture budding startups defined as START STEPs to graduate into startups.
9. Partner with reputed investors across India and the Globe to invest in Tamil Nadu startups.
10. Brand startup Hubs in geographically distinct locations – Chennai, Coimbatore, Salem-Erode, Madurai, Trichy-Thanjavur, Tirunelveli, etc.

### 5. Definitions

#### 5.1. Start-Step:

*An aspiring entity or individual who develops an idea with a business model based on product/process/service innovation that is potentially scalable and replicable and generate employment and wealth.*



## 5.2. Startup :

*An entity working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.*

An entity will be recognised as startup only if it satisfies the following conditions:

- The company/entity is registered in the State under the Tamil Nadu Startup and innovaTN Mission (TANSIM); and
- If it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India; and
- Up to seven years from the date of its incorporation/ registration; however, in the case of startups in the biotechnology, Artificial Intelligence (AI) & Machine Learning (ML) sectors, the period shall be up to ten years from the date of its incorporation/ registration; and
- If its turnover for any of the financial years since incorporation/ registration has not exceeded Rs. 25 crores;

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'Startup'.

This broad definition of startups in Tamil Nadu is intended to be inclusive and facilitating to support entrepreneurship across the State. The policy will encourage startups from Tamil Nadu to follow Government of India norms that define a startup to access Central level benefits and incentives.

## 6. Nodal Agency

EDII shall act as nodal agency to promote and facilitate startups in the State. Within EDII, a mission, TANSIM, headed by a fulltime in-charge Officer, shall be created which will function as One-Stop-Shop to advocate and oversee policies and programmes for promoting startups.

A Tamil Nadu Startup & Innovation Council (TANSIL) with senior officers, various stakeholders, including startups, venture funds, educational institutions, Incubators etc to be headed by the Chief Secretary shall be constituted to review and advice TANSIM.

## 7. Action Plan

The Tamil Nadu Startup and innovaTN Policy shall focus on driving entrepreneurship and innovation in the State through 5 priority actions:

- **Encouraging entrepreneurship through innovations and technologies.**

- **Ensuring adequate resources channelled to the startup ecosystem.**
- **Enabling skill development and inclusive job creation.**
- **Extending support to social entrepreneurship for a positive social impact and inclusion.**
- **Establishing global accessibility, connections and partnerships.**

Startups registered with TANSIM and located in Tamil Nadu shall be entitled to receive any of the stated Government benefits.

### **7.1. Encouraging entrepreneurship through innovations and technologies**

Tamil Nadu is well endowed with science and engineering talent pool. This indigenous intellectual capital would be strengthened and leveraged to create entrepreneurial ventures through the following plan of action:

#### **7.1.1. Ease of doing business**

A 'One-Stop-Shop' guided by a portal and ably supported by a help-desk to be set up to facilitate registration, compliances and certification.

7.1.1.1. TANSIM will recognise / register a Start-step or Startup within 10 days from receipt of online application.

7.1.1.2. Online time bound grievance redressal mechanism for startups.

#### **7.1.2. Resource Centre and Registry**

7.1.2.1 A centralised registry cum repository on venture firms, incubators, intellectual property support centres, mentors, database of different talents for Startups to hire, stakeholders and other activities supported by Government of Tamil Nadu and Government of India which can be leveraged by startups will be established.

7.1.2.2. The agency will host an online sub portal for startups to apply for and avail grants and other benefits.

#### **7.1.3. Help Centre**

7.1.3.1. A help centre to address queries related to registration, compliance and accessing benefits for startups will be housed in TANSIM.

7.1.3.2. The help centre will also provide promotional and PR platform to startups for dissemination of information related to startup conferences and events.

#### **7.1.4. Policy simplification**

7.1.4.1. Existing labour laws and technical regulations will be reviewed and simplified.

- 7.1.4.2. Self-certification to be accepted from startups where there are no technical regulations which need to be complied with, such as compliance with EPFO, ESIC, Minimum Wages, Bonus, Gratuity etc.
- 7.1.4.3. Third Party Certification alone will be required where technical regulations had to be complied with such as Boilers Act, Factories Act, the Tamil Nadu Lifts Act, etc.
- 7.1.4.4. TANSIM will engage with the government in policy advocacy in emerging and disruptive areas as well as in regulatory dismantling for outdated regulations.
- 7.1.4.5 Suitable regulations/orders will be notified under applicable State laws and codes to enable faster exits for startups that shut down in tandem with Government of India notifications.

#### **7.1.5. Intellectual property (IP) support centres**

- 7.1.5.1. TANSIM shall identify and empanel private IP Centres to partner or engage with startup networks, associations, co-working spaces, etc. to provide IPR guidance to startups.
- 7.1.5.2. Existing IP Support Centres will also be strengthened to serve as Patent Information Centres (PICs) and/or Intellectual Property Facilitation Centres (IPFCs).

#### **7.1.6. Public procurement**

- 7.1.6.1. Government procurement policy will encourage participation of startups in tenders of smaller value through relaxation in prior existence & turnover criteria, EMD payments, waiver of tender cost and extend procurement preference available to domestic MSMEs as per Tender Transparency Act, 2016.
- 7.1.6.2. Mission shall facilitate procurement of product/services of impactful startups on pilot basis.
- 7.1.6.3. State Government departments and undertakings may make use of the services of startups registered with TANSIM for low value procurements, subject to the condition that the Tender Inviting Authority can purchase not more than two products/services in a given financial year from one startup.
- 7.1.6.4. Mission shall act as a tender/ public procurement information centre for startups.

### **7.2. Ensuring adequate resources channelled to the Startup ecosystem**

Government of Tamil Nadu will provide a positive and motivating business climate for growth and acceleration of startups. Support provided to startups will be in line with goals set under Vision 2023 and complement support available under the Startup India Action Plan, 2016.

### **7.2.1 Policy research group & regulation**

A Policy research group (Think tank) shall be set up to carry out research on startup ecosystem. The group will prioritize working with startups operating in disruptive areas/ technologies to access Government, institutions and other stakeholders to share required information and encourage innovation and facilitate market & policy adoption.

### **7.2.2. Incubators/Accelerators**

- 7.2.2.1. Industrial organisations and private commercial organisations will be encouraged to setup Incubators/Accelerators using funds allocated under schemes of Niti Aayog, DST, DBT, DEITY and MSMEDO of Government of India. The State Government will provide necessary matching grants as per scheme guidelines. Incubators in higher educational institutions shall be encouraged to open up to general public.
- 7.2.2.2. CSR funding will be targeted to promote corporate and private Incubators. State PSUs and CPSUs shall be encouraged to adopt Incubators and channelize CSR funds. These Incubators shall also serve as an innovation sandbox to solve problems faced by PSUs and CPSUs which, in turn, shall support startups with access to platform, test bed, data, handholding etc.
- 7.2.2.3. Provide support to facilitators, Incubatees, etc. to develop a concept/idea into a prototype/product.
- 7.2.2.4. Establish a Learning & Development team at the TANSIM.
- 7.2.2.5. Private institutions/entities will be encouraged to support State initiatives for supporting entrepreneurship development by hosting fellows, conducting programmes in conjunction with State policies and furthering the mission of entrepreneurship development at a large scale. They will also be given special status by allowing ease of doing business to accommodate startups in their premises (address registration) and other such requirements to facilitate and increase the number of startups in the State.
- 7.2.2.6. The Mission shall implement a system to network the existing Incubators to leverage pre-established assets.
- 7.2.2.7. The Mission shall ensure that Government funded institutional Incubators are open for public access at least 16 hours a day and are open throughout the year except National/State holidays (i.e. 16X7).
- 7.2.2.8. Establishment of sector specific niche Incubators shall be encouraged by the Mission.
- 7.2.2.9. Government will encourage Technology Business Incubators with training programmes, accelerator

programmes and business facilitation services under the brand **incubaTN**.

7.2.2.10. State Government will allot land at nominal lease for duration of 99 years to establish 'Startup Parks at appropriate places by entrepreneurs/Startups including NRIs from Tamil Diaspora.

7.2.2.11. The Government will encourage entrepreneurs by giving access to relevant information/data for the purpose of creating apps and technologies for public-good.

### **7.2.3. Funding**

7.2.3.1. The State will ensure adequate budget for entrepreneurship development and startups.

7.2.3.2. The State will set up Tamil Nadu Startup Fund of Funds of INR 250 crore to be managed by a professional financial agency such as SIDBI. It will be registered as an Alternative Investment Fund (AIF) under SEBI regulation, 2012. The fund will be invested in other SEBI registered AIFs for investment in Startups and MSMEs established in Tamil Nadu. Government of Tamil Nadu will invest INR 75 crore in the fund. The first tranche of INR 25 crore will be allotted in FY 2019-2020.

7.2.3.3. Innovative ideas shall be nurtured by a special innovation programme (such as Innovation Voucher Program).

7.2.3.4. A Tamil Nadu Startup Seed Grant Fund (TNSSGF) of Rs. 50 Crore with an allotment of Rs. 5 Crore in the first year shall be created in partnership with Financial Institutions and Universities for supporting early stage financing requirements of the startups in the form of grants to fill the gap in fund requirement for research & innovations. The TNSSGF would also provide funding for Idea-to-PoC (Proof of Concept) stages which are pre-startup activities. This will be similar to the erstwhile Technopreneur Promotion Programme (TePP) grant provided by DSIR and would support prototyping and testing of innovative ideas of students/ faculty/ individuals. TANSIM shall manage this fund, which will be governed by a professional Scientific Startup Seed Fund Board.

7.2.3.5. The TNSSGF shall also provide revolving fund up to a maximum of Rs.50 lakh to academic institutional & private technology business Incubators (TBI), provided the TBI mobilises fund in the ratio of 1:3 (TNSSGF: TBIs) through industry or from its own resources and the TBI is registered as a Section 8 company and is open to public.

7.2.3.6. Efforts will also be made to attract NRI/PIO/angel investors/Ventures and Private Equity investors to fund startups.



#### **7.2.4. Grants**

- 7.2.4.1. TANSIM will conduct outreach programmes in partnership with reputed agencies from colleges, Incubators and approved private entities across the state.
- 7.2.4.2. Academic Institutions will be assisted in tapping Research Grants from BIRAC, DST/NSTEDB, CSIR, DEITY and GITA in collaboration with industry generating product or process innovations.
- 7.2.4.3. Corporate groups, CPSUs and SPSUs will be motivated to fund Incubators and startup programmes using CSR regulations in force.
- 7.2.4.4. State Government will work with SLBC and leading banks to reposition few Bank branches in district headquarters as Startup & MSME support branches. Orientation programme will be organised to sensitise the Managers.
- 7.2.4.5. TANSIM shall facilitate startups in marketing and R&D activities.

### **7.3. Enabling skill development and inclusive job creation**

#### **7.3.1. Skill development**

To provide impetus for fostering innovation in academia, the Government of Tamil Nadu aims to augment academic research and campus environment through structured programmes and incentives to:

- Students, Faculty, Innovators and entrepreneurs.
- University spin-outs
- Academic and research Institutions.
- Private and public sector organizations involved in entrepreneurship development.

#### **7.3.2. To ensure that the youth of the State are Industry/Startup ready, the following will be supported:**

- 7.3.2.1. Facilitating industry-academia interaction.
- 7.3.2.2. Institute a window for demand-based modern courses/programmes to help the ever evolving startup/industry.
- 7.3.2.3. Channelize programmes/funds from Central and State agencies/Departments.
- 7.3.2.4. Introduce entrepreneurship as part of curriculum in schools and colleges (including polytechnics and ITIs) as per AICTE policy.
- 7.3.2.5. Encourage Entrepreneurship Development & Innovation Councils (ED&IC) headed by a willing and qualified faculty member and student led Entrepreneurship cells

(E-Cell) to promote startups, entrepreneurship & innovation activities in the campuses.

- 7.3.2.6. Decentralize innovation by establishing fablabs/tinkering labs/maker-spaces that will serve as a bridge between innovators and Incubators.
- 7.3.2.7. Introduce academic credits for students who choose entrepreneurship related learning activity at colleges in line with AICTE policy.
- 7.3.2.8. Internship and apprenticeship for students in graduate courses in science, technology or professional courses shall be introduced for a minimum period of 6 months in any industry, in one stretch or in two stretches of minimum of 3 months, through reworking of the apprenticeship policy of the State Government.
- 7.3.2.9. Special grace marks and attendance relaxation shall be allowed to students, if their project work is converted into a startup in the Incubator.
- 7.3.2.10. Universities and Colleges will encourage as many startups with inter-departmental and inter-institutional participation, taking note of the fact that startup planning and management requires inter-disciplinary skills.
- 7.3.2.11. A deferred placement support system will be introduced in all colleges in consultation with industry as a measure of risk mitigation against failure of student startups.
- 7.3.2.12. Students shall be allowed to undertake a maximum of 2 years as entrepreneurship break with attachment to an Incubator, after completion of the third year, on application to the college. This break would not be counted towards the number of years for graduation, subject to appraisal by the Incubator along with documents of entrepreneurship or product development.
- 7.3.2.13. Permit faculty to transform their/student research projects developed at universities/colleges to become startups and also to hold equity in such startups.
- 7.3.2.14. Academic institutions shall promote translational/applied R & D/ Collaborative industrial R & D.
- 7.3.2.15. Provide training programmes for both startups as well as startup/industry ready employees to bridge the gap between industry requirement and current curriculum.

### **7.3.3. Introducing entrepreneurship competencies in schools**

The world view of economic development has completely changed. It is increasingly knowledge-driven. This mandates a new approach to inculcate innovation & entrepreneurship beginning at high-school level. The following will be fostered:

- School level entrepreneurship programmes to inculcate entrepreneurship as a career choice and provide basic foundational understanding.
- State-wide competitions and challenges around innovation and entrepreneurship for school students. Winners of competitions and challenges will be offered access to interesting startups and E-cell run fab-lab facilities in Universities to explore their winning ideas
- Gamified entrepreneurship concepts.

#### **7.3.4. Job creation**

The mission shall aim for a minimum of 1,00,000 high skilled job creation, direct and indirect, in the startup ecosystem.

#### **7.4. Supporting social entrepreneurship for a positive social impact and inclusion**

Tamil Nadu is a welfare State and social inclusion has been one of the key factors for its sustained growth. There is always a need to provide an equitable platform for women, economically disenfranchised, differently-abled and transgender for greater social stability. While Tamil Nadu is emerging as a global economic powerhouse, there is still a considerable income gap among different strata of the society. Rural and Social enterprises could play a huge role in bridging this gap. Government of Tamil Nadu aims to support these entities by offering the following support.

- 7.4.1.1 The Mission shall extend additional support for startups that are eco-friendly green startups.
- 7.4.1.2 The Mission shall provide special focus to the startups creating Social Impact in areas likewater, waste management, health, food, education, climate change, etc. by dedicating a portion of the venture fund.
- 7.4.1.3 Mission shall encourage student participation in social impact centric activities.
- 7.4.1.4 The Mission shall encourage rural entrepreneurship through venture funding and support rural-based startups and Incubators.
- 7.4.1.5 The State will organise Grand Challenges on specific social, rural and environmental problems under hackathon programme. Selected innovative solutions shall be awarded an initial grant and follow-on funding for piloting the idea.
- 7.4.1.6 The Government will create a mechanism to adopt technologies/models developed by rural/social entrepreneurs.

### **7.4.2 Women**

- 7.4.2.1 Prioritize by and for women startup.
- 7.4.2.2 Training and sensitization programmes for women entrepreneurs.
- 7.4.2.3 Startups with a women founders or co-founders shall be supported for product development and marketing/publicity/participation in fairs and exhibitions.
- 7.4.2.4 Priority in allotment of industrial plots in industrial estates for women startups.
- 7.4.2.5 Support for setting up crèche in startups/incubators/co-working spaces with more than 50 employees.
- 7.4.2.6 Startups addressing issues related to women shall also be eligible for above support.

### **7.4.3 Transgender**

- 7.4.3.1 Promote and assist startups where the founder or co-founder is transgender.
- 7.4.3.2 Training and sensitization programmes on entrepreneurship for transgender entrepreneurs.
- 7.4.3.3 Support under the New Entrepreneur-cum-Enterprise Development Scheme (NEEDs).
- 7.4.3.4 Priority in procurement & marketing assistance.
- 7.4.3.5 Startups focusing on transgender empowerment shall also be eligible for the above support.

### **7.4.4 Differently-abled**

- 7.4.4.1 Promote and assist startups where the founder or co-founder is differently-abled.
- 7.4.4.2 Training and sensitization programmes on entrepreneurship for differently-abled entrepreneurs.
- 7.4.4.3 Priority in procurement & marketing assistance.
- 7.4.4.4 Startups working in the field of differently-abled shall also be eligible for support.

## **7.5 Establishing global accessibility, connections and partnerships**

- 7.5.1 Startup Mission will organise meets, webinars and Video conferences on startup/entrepreneurship with, NRI/PIO, Indian startup experts, global investors, other leading ecosystems to create a global connect for the local startups to identify and adopt best practices. Efforts will also be made to attract NRI/PIO investors to set up local VCs and angel funds.
- 7.5.2 The Mission shall partner with International governments and global networks to promote exchange programmes. 100 outstanding startup entrepreneurs will be exposed to global best practices with the help of global accelerators/startup hubs/ academic & research institutions.

- 7.5.3 Startup Summits will be organised every year at regional and State level to showcase startups and business innovations and to provide a platform to stakeholders for collaboration in the startup ecosystem. Innovation awards for high growth startups and stakeholders making outstanding contribution to the startup ecosystem.
- 7.5.4 Regional level innovation contests / hackathons /Grand Challenges will be organized/financially supported with final culmination events in Chennai every year.
- 7.5.5 Support shall be extended for startup focused programmes, workshops and internship drives organised by Incubators, educational institutions, startup networks/communities/groups, organisations and other reputed startup ecosystem partners.
- 7.5.6 An Open Innovation portal shall be set up by Mission for posting governance, societal and industrial challenges needing innovative solutions in public domain to find solutions. Funding support shall be given to the crowd sourced innovative solution for further refining and development.
- 7.5.7 The Government will partner with leading organizations such as World Bank, WHO etc. to fund and support projects with social impact.
- 7.5.8 Tamil Nadu shall also be marketed as an ideal test-bed for students, youth and social entrepreneurs across the world to come and work on live projects in the State.
- 7.5.9 TANSIM will take measures to attract global talent and resources to foster innovation and enrich the local ecosystem with events, job opportunities, courses, exchanges etc.

## **8. General Support**

The Mission shall implement the following welfare measures to encourage startups in the State:

- 8.1. Support for services like IPR, Legal, Auditing, Accounting etc. through fee credits. Entrepreneur Redeeming Card shall be introduced.
- 8.2. Financial support shall be extended for attending trainings, tech conferences and trade shows. Entrepreneurs recognised by the State or Startup India will be eligible for a one-time training grant of 75% of the training cost subject to a maximum of Rs 1 lakh for undergoing high impact entrepreneurship training with any reputed agency of their choice.
- 8.3. Benefits/exemptions available under the IT/ITeS policy of Tamil Nadu Government shall be available for all startups, investors, incubators and research parks.
- 8.4. Startups will be given priority in allotment of plots in the SIDCO industrial estates and also on concessional lease or rent.



**9. Exclusions:**

An entity in order to qualify as a startup under this policy should not have been:

- 9.1. Formed by a demerger or reconstitution of a business already in existence.
- 9.2. A subsidiary of a firm in the State, except subsidiary of a startup itself which also qualifies as startup and the combined entity also satisfies the startup criteria.
- 9.3. A franchisee of an existing business in the State.
- 9.4. Promoted or sponsored by or related to an Industrial group in the State whose group turnover exceeds Rs. 300 crore.
- 9.5. The holding company deriving more than 50% of its income from investments and loans.

**10. Implementation**

- a. Operational guidelines and clarifications will be issued from time to time.
- b. The performance of this policy will be reviewed by the TANSIL every six months based on KPIs to be fixed by the council. Among other metrics, the Compass World Ecosystem Ranking methodology would be used to benchmark cities like Chennai and Coimbatore.
- c. The Mission will also arrange for annual evaluation of the policy and the report shall be placed before the State Startup and Innovation Council for review and direction.
- d. This Policy is valid for a period of 5 years from the date of its notification or till a new policy is formulated. However, amendments in this policy could be made with the approval of the cabinet without affecting the beneficiaries already covered under the policy. The policy shall be reviewed every 5 years.

**DHARMENDRA PRATAP YADAV**  
**SECRETARY TO GOVERNMENT**

**//TRUE COPY//**

  
22/01/19  
**SECTION OFFICER**