

Gujarat Industrial Policy 2015  
Scheme for assistance for Start Ups/  
Innovation

Government of Gujarat  
Industries & Mines Department  
Resolution No. MIS-102014-924909-I  
Sachivalaya, Gandhinagar  
Dated: 27.1.2015

**Read:-** Gujarat New Industrial Policy – 2015

**Preamble**

In the last decade, India spent less than 1% of the GDP for R&D and Innovation. R&D in India is still largely financed by the government sources. There are around 5,000 start-ups world over, in which 2000 are in United States and 1000 are in China. India has only 65 incubators. Countries like Netherlands, Singapore, Sweden, etc. have been giving more importance to R&D and Innovation. India is poised to become the youngest country by 2020 with an average age of 29 years, accounting 28% of the world's work force. In view of this, the State needs to explore scientific and technology ecosystems through Start ups & incubators that would further empower the youth.

More than 60% of Gujarat Population is in the age group of 15-59. A young population means a young workforce, which, in turn, implies a more innovative and entrepreneurial mind set. The Government is focussed strongly not just on the employability but also on initiating the start ups incubators/ centers for developing entrepreneurial skills in the youth.

Start-ups in an economy's technology sectors is an important indicator of technological performance for several reasons: first, the formation of new firms that focus on the development and introduction of new technology is a major source of innovation and technological advance. Many of these start-ups transfer new knowledge or new ideas into products and processes into commercial applications. Start-ups are likely to bring in new solutions and challenge established by individuals/companies that enter these new markets.

The primary mission of the Industrial policy includes innovation, start ups & technology transfer. As per the State Government, start ups will create opportunities for young population in near future. The recommendations have been incorporated in the New Industrial Policy 2015. 2500 persons will be supported for the period of 5 years

**Resolution**

In view of the strategy under New Industrial Policy the Government is pleased to introduce a "Scheme for Assistance for Start ups / innovation" which will come into force from the date 1.1.2015 and will remain in operation for a period of five years.



## 1.0 Definitions

### 1.1 Innovative Project:

Innovation is the process of introducing new or making changes with updated technology, large and small, radical and incremental, to products, processes, and services that results in the introduction of something new and innovative products.

### 1.2 Nodal Institution:

Nodal Institution means the institution which would like to undertake start ups. The institution includes Universities/ educational institutions, Incubation Center / PSUs / R&D Institutions / private and other establishments.

## 2.0 Eligibility

- I. Any Individual / group of individuals having innovative idea/ concept will be eligible
- II. Universities/ educational institutions, Incubation Center / PSUs / R&D Institutions / private and other establishments will be eligible as an institution to support and mentor to innovators as approved by Committee

## 3.0 Quantum of Assistance

### 3.1 Assistance for Innovation

- a. Institution will support to the innovator by providing mentor services.
- b. Institution will allow the innovator to use facilities available in the institution for Start ups
- c. Rs. 10,000 per month will be provided to the innovator as sustenance allowance for one year whose project is recommended by institution as approved by Committee
- d. Upto Rs. 5 lakhs assistance will be provided to the institution for mentoring service
- e. Upto Rs.10 lakhs assistance will be provided for Cost of Raw material / components & other related equipment required for the innovative process for the new product development based on approval of the Committee
- f. Govt. will support selected innovator to get free access to University/ Libraries/ Govt. Laboratories/ SDCs (GIDC) / Center of Excellence / PSUs to have more clarity on his innovative ideas/concept.

### 3.2 Assistance once the Idea/ Concept get commercialized

- ( ) Marketing / publicity assistance of upto Rs.10 lakh will be provided for the introduction of innovated product in the market
- (a) Project of Innovated Product will be assisted in getting Venture Capital.
- (b) VAT Related Incentive:-
  - (1) The eligible unit shall pay the net VAT payable under the provisions of the Gujarat VAT Act, 2003 in the Government treasury.

- (2) The eligible unit will be allowed reimbursement to the extent of 80% of the net VAT paid excluding the following: (a) Additional Tax, and (b) Reduction of ITC as per the provisions of the GVAT Act, 2003.

It is clarified that the amount paid on account of additional tax and the reduction of ITC as per the provisions of the GVAT Act, 2003 shall not be reimbursed.

- (3) Only 70% of eligible fixed capital investment of eligible unit will be considered for reimbursement.
  - (4) The reimbursement will be available for a period of five years from the date of production or the completion of limit of 70% whichever is earlier.
  - (5) The eligible unit shall be entitled for reimbursement upto 1/5<sup>th</sup> of eligible limit in a particular year.
  - (6) Restrictions will be made to ensure that the amount reimbursed is not again claimed by the subsequent dealers by way of tax credit for interstate sales, branch transfer, consignment and export.
  - (7) The eligible unit shall manufacture the goods in its own unit for which it is eligible for incentives.
  - (8) The eligible unit shall not transfer its business during the incentive period, nor assign its rights and responsibilities to any other agency.
  - (9) The eligible unit shall remain in production during the incentive period.
  - (10) The scheme shall be reviewed under the GST regime, but the total of assistance shall not exceed that available under this scheme.
- (c) The project will be eligible for other benefits available under MSME schemes

#### 4.0 Procedure:

- (a) The institution which intend to promote the start ups, will submit its proposal to Industries Commissioner for approval of Committee as Nodal Institute.
- (b) The innovator will approach institution with his proposal of innovative idea/concept for recommendation.
- (c) The Committee will approve idea/ concept of an individual or group of individuals duly recommended by institution.
- (d) The institution will submit proposal to Industries Commissioner to avail assistance for providing mentoring services and the committee will sanction the assistance based on number of innovators.
- (e) The institution will submit proposal to Industries Commissioner to avail assistance for Cost of Raw material / components & other related equipment required for innovation of new product/process development based on number of innovators.



- (f) The selected candidate whose project is approved by the committee will be eligible for sustenance allowance for one year and it will be paid by Director, CED.
- (g) Assistance to the Nodal Institution will be released by Industries Commissioner.
- (h) Once the idea get commercialized, the Innovator will apply to Industries Commissioner to avail benefits such as venture capital assistance, marketing/ publicity support, and apply to DIC for assistance under MSME scheme and Net VAT reimbursement etc.

## 5.0 State Level Implementation Committee

- 5.1 A Committee of following members is constituted for sanction of assistance under the schemes.

Principal Secretary	Chairman
Industries Commissioner	Member
Commissioner /Director of Technical Education	Member
Financial Advisor, Industries & Mines Dept.	Member
Deputy Secretary, Industries& Mines Dept.	Member
Dean of any two Universities (To be nominated by other members of this Committee)	Members
Additional Ind. Commissioner (Ext.)	Member-Secretary

One technical Expert of concerned subject will be invited as Invitee Member of the Committee.

## 6.0 Budget Provision

- 6.1 The expenditure on this account will be met from the sanctioned grant of the respective financial year under the following budget head:

Sr. No.	Budget Head	Para No. & Scheme
1.	Demand No. 49 Major Head 2852, 80(800) other expenditure (24) IND-5 Promotion Efforts for Industrial Development	Start ups

This issues with the concurrence of Finance Department dt. 30.12.2014, received on the even number file of this Department.

By order and in the name of Governor of Gujarat,

*B.S. Mehta*  
(B.S.Mehta)  
Deputy Secretary  
Industries and Mines Department

Copy to  
1 Secretary to Hon'ble Governor of Gujarat\*  
2 Principal Secretary to Hon. Chief Minister\*

- 3 Personal Secretary to all Hon. Ministers
- 4 Advisor to Hon. Chief Minister
- 5 Under Secretary to chief secretary
- 6 Principal Secretary. Finance Department
- 7 Personal Secretary to P.S. I&M.1)
- 8 C.E.O. GIDB
- 9 V.C & M.D. G.I.D.C., Gandhinagar
- 10 Industries Commissioner, Gandhinagar
- II Accountant General Rajkot/Ahmedahad.
- 12 Select File.



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