



GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

#startupindia

# Chhattisgarh

Leader

State Startup Ranking Exercise 2018

December 2018

# Table of Contents

1. Overview of State Startup Ecosystem .....	1
2. Snapshot of State Performance .....	3
3. Pillar-wise Assessment .....	5
3.1 Startup Policy and Implementation .....	5
3.2 Incubation Support.....	10
3.3 Seed funding support.....	13
3.4 Angel and Venture Funding.....	15
3.5 Simplified Regulations .....	16
3.6 Easing Public Procurement .....	18
3.7 Awareness and Outreach.....	20

# 1. Overview of State Startup Ecosystem

Chhattisgarh has performed remarkably well in the State Startup ranking exercise 2018. The State has undertaken major reforms in development of Startup ecosystem development after the launch of ranking framework in February 2018. The State of Chhattisgarh has been acknowledged as a **'Leader'** in the **State Startup Rankings 2018** conducted by Department of Industrial Policy and Promotion (DIPP), Government of India.

Some of the key facts associated with the Startup initiative of the State are as follows:

1. Government of Chhattisgarh announced their Startup initiative on 24<sup>th</sup> November 2016 by including Startup package in the State Industrial Policy 2014-19.
2. Nodal department for Startup is **Department of Commerce and Industries, Government of Chhattisgarh** and Nodal officer for Startup is **Director, Department of Industries**.
3. Startup portal is available at <https://industries.cg.gov.in/startupcpg/Home/Index#>
4. **Government of Chhattisgarh** has appointed a **nodal team with 6 members** for supporting the development of Startup ecosystem in State. The team composition is as follows:
  - Director, Department of Industries,
  - Managing Director, Chhattisgarh State Industrial Development Corporation,
  - Chief Executive Officer, Chhattisgarh Infotech Promotion Society,
  - Chief Executive Officer, 36INC,
  - DGM State Bank of India, and
  - Joint Director, Department of Industries



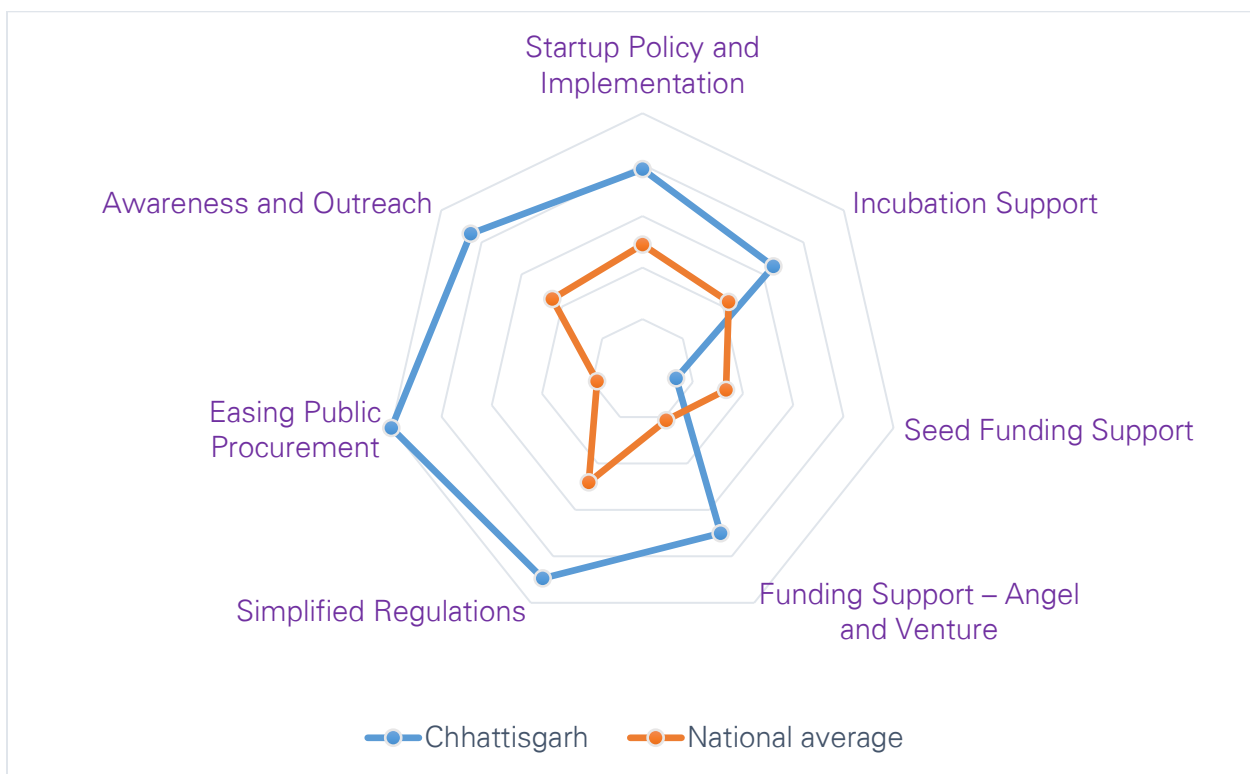
## KEY HIGHLIGHTS OF THE STATE

- ✓ State-of-the-art incubator '36INC' with over 40,000 sq. ft. incubation area is supported by State Government
- ✓ The State has provided relaxation to Startups under 'prior experience', 'prior turnover', and 'exemption from EMD' for public procurement
- ✓ Dedicated Angel fund "36 Angel Fund (36AF)" with corpus of INR 10 crore launched in February, 2018. It is specially announced for early stage investing in Chhattisgarh based Startups.



## 2. Snapshot of State Performance

Following is the spider web graph that details the Chhattisgarh's implementation status on each of the 7 pillars of assessment, in comparison to the national average.



Each of the 7 pillars of the ranking framework form individual axes and the overall performance of the State in each pillar has been indicated on respective axes. Brief analysis of Chhattisgarh on above chart is provided below.

State Government has performed exceptionally well in 5 pillars namely 'Startup Policy and Implementation', 'Angel and Venture Funding support', 'Simplified Regulations', 'Easing Public Procurement' and 'Awareness and Outreach' as compared to national average.

State has performed well in 'Incubation Support' pillar when compared to its peers. Going forward, State may undertake additional efforts as indicated in the following chapters of this report of pillar-wise analysis to improve its performance in 'Incubation Support' pillar.

In 'Seed Funding Support' pillar, State performance is below par when compared to its peers. State performance has not been up to the national average. The State despite performing well in all other areas may prioritize initiatives or policies in providing seed funding to its Startups. Some of the good practices may be referred to improve overall performance in the next round of ranking.

Above performance has contributed to the State's positioning as a 'Leader' in the ranking exercise. Detailed analysis of the State performance in each pillar has been provided in following chapter of this report.



## 3. Pillar-wise Assessment

### 3.1 Startup Policy and Implementation

Startup Policy and Implementation covers the basic information related to Startup ecosystem such as Startup policy, nodal department, nodal officer, information wizard and mentors in the State. Additionally, it also verifies whether such details are available online for Startups. The State is also expected to develop online systems for registering Startups under the State Startup initiative and to allow Startups to avail all the policy incentives online through a single-window.

#### Key Strengths

- **Startup Policy**

Chhattisgarh joined the Startup movement after the launch of Startup India initiative in January 2016. The State announced incentives for State based Startups by including a Startup package in the State Industrial Policy 2014-19. The policy adopts the sector agnostic approach by providing incentives to both manufacturing and services Startups. The policy incentives include:

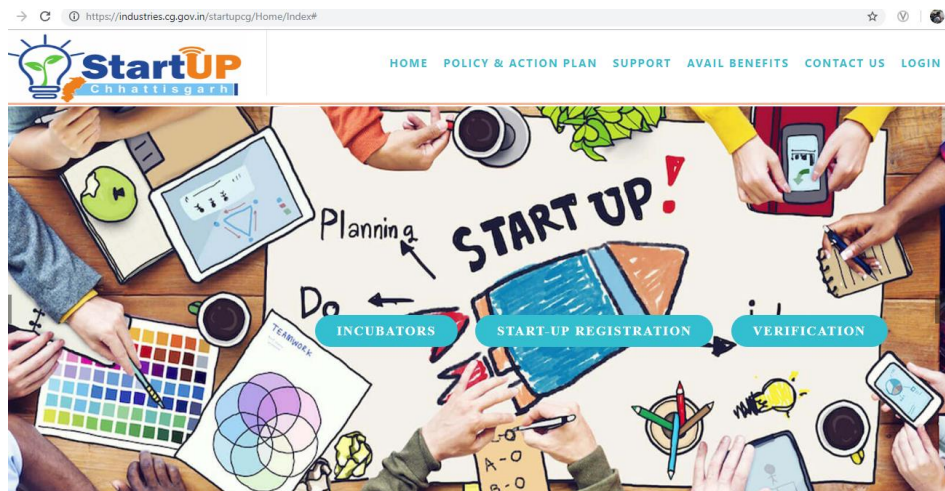
- Capital investment subsidy for Startups
- 100% subsidy on electricity duty and stamp duty
- Subsidy in patent and trademark filing fee
- Self-certification under applicable labour laws
- Reimbursement of monthly lease rental

The State considers DIPP definition of 'Startup' to allow State based Startups to avail incentives.

- **Startup portal**

Startup portal is in place with defined processes for registration and availing benefits and incentives under State Startup policy. The portal is accessible at <https://industries.cg.gov.in/startupcg/Home/Index#>.

The portal provides key benefits of sharing important information on mentors, IP support centers and funding avenues for Startups.



**Startup portal of Chhattisgarh**

The portal also provides functionality of submitting online application for incentives, tracking the status of those application and finally the approvals, which are also provided online. Startups can also verify their registration under the State Startup initiative by accessing 'verification' tab on the home page. Startup can apply for various incentives after completing Single window login through the industries portal.

- **Progress monitoring**

State Government publishes annual progress report on its website to share the development under each Startup initiative. The monitoring mechanism has ensured that the institutional structure to report progress is in place. The reports share status of workshops, bootcamps, events, State partnerships, etc.

- **Query resolution**

The State has implemented dedicated Startup support systems with competent staff to resolve queries related to Startups via:



- **Website:** <https://industries.cg.gov.in/startupcg/Home/Contactus>
- **Call support:** 1800-233-3943
- **E-mail support:** [startup.cg@gov.in](mailto:startup.cg@gov.in)
- **Office:** Startup Cell, 1<sup>st</sup> Floor, Udyog Bhavan, Raipur, Chhattisgarh

The call center also registers the contact details of Startups. The query resolution mechanism also captures customer satisfaction through a sample survey from users.



- **Mentor network**

In order to provide access to business experts and successful entrepreneurs, the State has created a mentor network with diverse individuals. These mentors provide business and technical mentorship to Startups/ entrepreneurs. Currently, the State has 115 registered mentors from various domains including finance, marketing, supply chain, IT, e-commerce, etc. The mentor list provides details about mentor's domain, industry, e-mail contacts and business profile.

- **Intellectual Property (IP) support centers**

Government of Chhattisgarh has mandated all the 31 District trade and industries centers, CSIDC to function as IP Support Centers. Details of all the 31 centers have been provided on the State Startup portal.

State has also established Patent Information Centre (PIC) at Chhattisgarh Council of Science and Technology, Government of Chhattisgarh with assistance from Technology Information Forecasting and Assessment Council (TIFAC), Government of India. These centers provide facilities related to IP services in various domains of science and technology such as patent filing, copy right and trademark registration, technology transfer and commercialization services.

- **Partnerships**

State has formed strategic alliances with different organizations connected with Startups to foster innovation and Startup growth. Some of the key partnerships include:

- **IAMAI Mobile10X** to provide incubation services of mobile10x to digital platform based Startups
- **School for Social Entrepreneurs India** for conceptualization, mobilization of resources and implementation of program for social entrepreneurs in Chhattisgarh
- **Schankaracharya Technology Business Incubator** to provide support and make it forwarding agency for State debt fund
- **Government Engineering College (GEC) Jagdalpur** to create a vibrant and dynamic Startup ecosystem by playing a role of pre-incubator to promote
- **Google Cloud Platform (GCP)** where the nominated Startups will get INR 14,00,000 in credit for 1 year

### Way Forward

- **Women entrepreneurship:** Women entrepreneurs in the State get incentives under Chhattisgarh Industrial Policy 2014-19. The women founders receive 10 percent additional subsidy and 10 percent additional exemption in stamp duty, electricity duty, etc. The exemption is allowed for one more year for women beneficiaries. State may consider including specific incentives in the Startup policy for encouraging women led Startups. Some of the women specific incentives could be in the form of:
  1. Dedicated percentage of seats in incubation centers
  2. Enhanced monthly or sustenance allowance
  3. Dedicated seed and venture funds for women entrepreneurs

Above list of incentives are indicative and only for the reference of State.

- **Online system for Startups:** State has developed a well-functioning Startup portal for Startups to register and avail benefits or incentives. The system currently redirects Startups to different websites such as:
  - <https://industries.cg.gov.in/msme/Reports/Login.aspx> for availing incentives,
  - [https://36inc.in/accelerator/application\\_form.php](https://36inc.in/accelerator/application_form.php) for funding support

As a step towards improving the current system, State may consider building a single window access for Startups to access all application guidelines, eligibility criteria and application

process and approval for incentives. This will help Startups to get required information from a single portal. It will also ease the application process by bringing transparency.

- **Information wizard** has been developed which provides generic information on approvals required at pre-establishment and pre-operations stage in the State. However, State may enhance the current system by customizing information for Startups. The wizard shall provide information on exit approvals required in the State. Also, incentives such as self-certification under labor and environment laws, faster exit, and other State exemptions shall be included in the State information wizard. The wizard shall act as a single source of information for young aspiring entrepreneurs who are unaware of approvals and clearances required while starting up a business.
- **Progress monitoring dashboard:** The State currently has a mechanism of monitoring progress on an annual basis. The current system has been helpful in ensuring reporting mechanism for ease of monitoring various initiatives. Going forward, the State may also develop an online dashboard for monitoring all Startup related activities. The dashboard shall help the department in tracking status of all activities or events real-time.



## 3.2 Incubation Support

Incubation Support covers performance in “setting up incubators for nurturing Startup ideas”. Incubator is a key component of a Startup ecosystem and provides access to essential business resources to enable growth of the Startups. State has a major role in creating infrastructure that promotes innovation and ensures their sustainability. Another important criteria is to ensure that incubators are accessible and affordable for Startups.

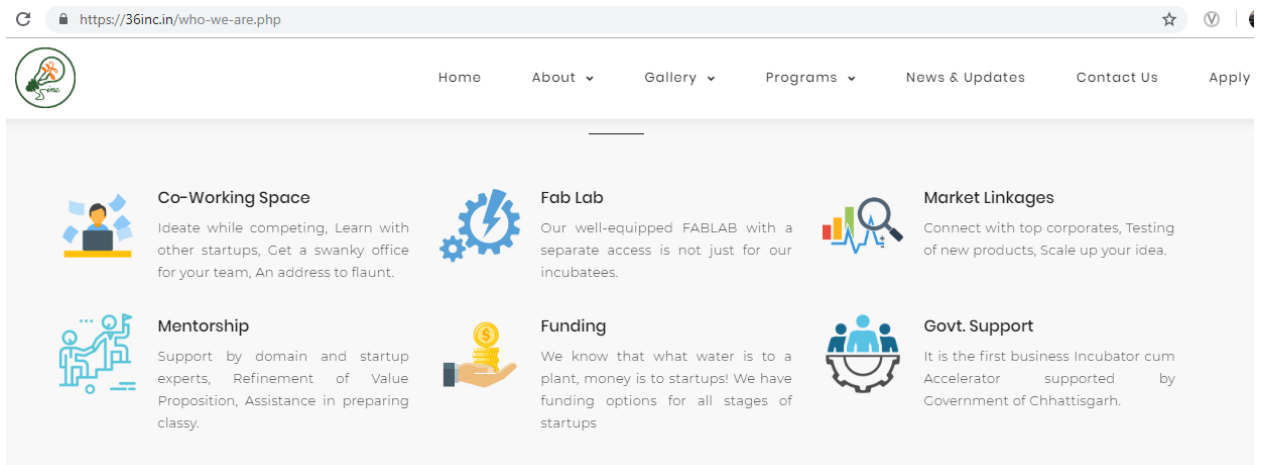
### Key Strengths

- **Incubation area**

Chhattisgarh Startup Package under Industrial Policy (2014-19) and Chhattisgarh Innovation and Entrepreneurship Development Policy, 2015 has an objective to establish and support accelerators and technology business incubators in the State. The State has approved INR 1 Crore as Chhattisgarh Innovation Fund regarding support to be provided to incubators.

State has supported incubation area of more than 40,000 sq. ft. through a single incubator ‘AIM@36INC, Raipur’. This incubator also acts as the nodal agency of Government of Chhattisgarh for entrepreneurship development in the State. The support is provided in the form of financial grant. The incubator provides following services to Startups:

- About 200 workstations, 8 meeting rooms, Auditorium, Cafeteria and other such amenities
- Flexible working space, common business facilities and several other amenities
- Facilitate the Startups with access to mentors, business experts and business networks.
- Fablab for rapid prototyping, an IoT lab and a multimedia lab
- Legal, regulatory and tax compliances, IPR support, technology commercialization, regular meet ups and exposure events, access to network of Startups, mentorship and coaching



## Services at AIM@36INC for Startups

- **Subsidized incubation for Startups**

State Government has made a provision under the State's Startup Package for providing subsidized incubation for Startups. The benefits are provided as below:

**"Rental Subsidy for Incubation:** Valid Startups established in Chhattisgarh for the first 3 years will be eligible for rental subsidy of 40% of seat charges of incubator or INR 8 per sq. ft., whichever is less, maximum up to INR 8000 per month"

### Way Forward

- **Incubators:** AIC@36INC is working on Hub and Spoke model to spread its operation. AIC@36INC is developing incubators across Chhattisgarh to reach local entrepreneurs at different region of Chhattisgarh. It provides the following offerings to the associated institutes:
  - Training and development program, pool of mentors, speakers , incubation to selected Startups of 'spoke incubators'
  - Benefits to Startups incubated with Google Credit, Amazon web services, access to Fab Lab, multimedia lab at subsidized rates and ZOHO one software kits

However, considering the developing Startup ecosystem in the State, it may explore the opportunity of financially supporting incubators in top academic institutes. Corporates may also

be encouraged to setup sector specific incubators on PPP mode with support from State Government.

- **Subsidized incubation:** 15 Startups are currently operating in State supported incubators at subsidized cost. However, to scale up this initiative, State may explore the opportunity to partner with other private incubators and academic institutions by reimbursing the cost of incubation of State based Startups.



### 3.3 Seed funding support

In an evolving Startup ecosystem, many ideas are born and the initial seed support works as a catalyst to transform these ideas into businesses of tomorrow. Seed Funding Support is one the key pillars of the framework. States are expected to:

- Develop seed funding guidelines
- Develop online systems to enable Startups to apply for seed support
- Measure the impact created by State by providing seed funding to Startups

#### Key Strengths

- **Guidelines for seed funding**

Government of Chhattisgarh provides the provision of reimbursement of lease rental under Startup package of Industrial Policy 2014-19.



#### Process for setting up Startup and applying for the incentive (lease rental)

#### Way Forward

- **Online system for availing seed funding:** The State has provision for providing seed funding support to Startup in the form of reimbursement of lease rental. It is important that State introduces modules in its existing Startup portal to let Startups avail the incentive. The system may be developed to ensure Startups can submit application, track status and receive approval online without any physical interface.

- **Other Seed funding models:** State may also explore other direct seed funding models such as Grant-in-aid but limited to a one time grant. Under this model, seed funding is released in tranches as per the Startup project, milestones and utilization. Startup may be asked to pitching their business idea in-person followed by judgment and awarding seed grant.

Seed may also be provided directly through incubators. Government could generate awareness among incubatees to utilize the incentive. This would enable some of these incubatee Startups with to graduate to a level where they will be able to raise investments from angel or venture capitalists. Startups may also reach a position to seek loans from commercial banks or financial institutions.





### 3.4 Angel and Venture Funding

It is observed that once a Startup starts gaining traction there is typically a gap in accessing the growth stage funds to scale up operations. States can play a vital role in bridging the gap by providing incentives for angel investors to attract investments in State based Startups. Another important measure to support growth stage Startups is venture funding where States have been recommended to support or create Venture Fund(s) or Fund of Funds for Startups.

#### Key Strengths

- **Promote angel funding**

Government of Chhattisgarh has notified an angel fund “36 Angel Fund (36AF)” on February, 2018. It is an angel fund specially founded for early stage investing in Chhattisgarh based Startups. 36AF also directly co-invest, along with Angel Funds or angel groups for up to INR 50 lacs in a single Startup registered in Chhattisgarh.

36INC is the nodal agency of the State has also organized an event “Fuelling the ecosystem through Funds and Investment” on 4<sup>th</sup> and 5<sup>th</sup> April, 2018. The event involved discussion around funding models, State Government schemes, ‘36 Angel Fund’ with angel investors and Startups.

#### Way Forward

**Venture funding:** State Government of Chhattisgarh has funded 4 Startups through ‘36 Angel Fund’. The amount of funding in terms of equity dilution ranges between INR 15 lacs to INR 21 lacs. Considering, the venture fund was launched in February 2018, it is expected that the State Government will increase the pace of identification of eligible Startups and funds disbursement. Alternatively, State may also consider participating in other operational venture funds (public or private) working to promote Startups in the State.



### 3.5 Simplified Regulations

Often, new and small firms are unaware of nuances of the regulatory issues and can be subjected to intrusive action by regulatory agencies. In order to make compliance for Startups friendly and flexible, simplifications are required in the regulatory regime.

The framework recommends State to undertake reforms by:

- Enabling self-certification or third party certification for Startups under all applicable labour laws
- Developing online system to facilitate self-certification or third party certification
- Support to Startups working in new or disruptive areas or technologies
- Designing process for publishing policies or regulations regarding adoption of disruptive technologies or business models

#### Key Strengths

- **Self-certification or third party certification for Startups**

Department of Labour, Government of Chhattisgarh has enabled the provision of self-certification for Startups under below mentioned 4 labour laws for five years. The Startups with significant risks shall be inspected only in case of violation through a written application.

1. The Building And Other Construction Workers (Regulation of Employment And Conditions of Service) Act, 1996
2. Inter-State Migrant Workmen (Regulation of Employment And Conditions of Service) Act 1979
3. The Contract Labour (Regulation and Abolition) Act 1970
4. The Industrial Employment (Standing Orders) Act 1961

- **Online system for Self-certification or third party certification for Startups**

The online self-certification process is made available in the Startup portal through <http://cglabour.nic.in/ShramAyuktHome.aspx#>. The Startup portal also provides 'user guide' for the reference of Startups. Online application and self-certification has been provided for following labour laws:

1. The building and other construction workers (regulation of employment and conditions of service) act, 1996
2. Inter-State migrant workmen (regulation of employment and conditions of service) act 1979
3. The contract labour (regulation and abolition) act 1970

- **Support to Startups working in newer disruptive areas or technologies**

Government of Chhattisgarh through a Government order issued on April, 2018 has adopted a mechanism to reach out to disruptive Startups.

1. State has identified 10 disruptive areas of technologies that shall be supported
2. Nodal Officer to conduct meetings with experts or scientists working in the domain
3. Review and Evaluation Committee to approve adoption of Startups working in newer or disruptive areas or technologies
4. Nodal Officer to facilitate those Startups in registering for the benefits such as incubation support
5. Decision on adoption of Startups working in disruptive technologies or new business model to be completed within 3 months after submission of application

State Government also organised Frugal Innovation Summit on 13<sup>th</sup> April, 2018 to discuss importance of disruptive technology through panel discussion.

### Way Forward

- **Online system for Self-certification or third party certification:** State may identify additional labour laws applicable to Startups in the State and create provision for self-certifying compliance. Additionally, State may also integrate its self-certification portal with Shram Suvidha portal under Ministry of Labour, Government of India to ensure seamless exchange of information between State and Central portal.

State may also provide functionality of third-party certification for Startups in the State. This will ensure reduced regulatory burden for Startups working in technical domain.

※※※

### 3.6 Easing Public Procurement

State Government shall provide an equal platform to Startups vis-à-vis the experienced entrepreneurs or companies in public procurement. Typically, whenever a tender is floated by a Government entity or by a PSU, very often the eligibility condition specifies either “prior experience” or “prior turnover” or “EMD”. Such a stipulation impedes Startups from participating in such tenders. In order to promote Startups, the framework recommends action points to States to do away with such conditions.

#### Key Strengths

- **Removing the criteria of prior experience, turnover and EMD from public procurement:**

State Government has amended Store purchase rules 2002 through a submitted Government order (dated 28<sup>th</sup> April 2018). The amendment enumerates “prior experience”, “turnover” and “submission of EMD” criteria will not be applicable to Startups for Government procurement of all State Government Departments and PSUs.

Chhattisgarh State Store Purchase Rules 2002 are applicable to all Government departments including all Public Undertakings, Boards, Jilla Panchayats, Urban Governing Bodies, etc.

- **Grievance Redressal Mechanism**

State Government has appointed Chhattisgarh State Industrial Development Corporation (CSIDC) as the nodal agency to regulate rules and regulation of procurement through a Government order (dated 28.4.2018).

- Startups grievance to be uploaded on CSIDC website
- Executive Director, CSIDC and other three members have been included in a cell to resolve issues
- This cell to coordinate with relevant department involved in the concerned procurement
- Complaint to be resolved in maximum 2 months and concerned Startup will also be informed

- **Preference to Startups in public procurement– April, 2018**

State Government has made amendment to the clause 13 of the State Store Purchase Rules 2002 in order to support Startups by providing adequate preference in public procurement of goods and services. The preference is provided as below:

- Participating Startups who agree to bring their quote on par with the lowest received Bid (L1) and their products meet the required specifications
- Preference will be given for procurement from such Startups to the extent of 1% of the total procurement cost, up to a maximum limit of INR 10 lakhs per year, within a period of 3 years from the start date of their commercial production

### Way Forward

- **Ensuring compliance of incentives for Startups in public procurement:** State Government has performed exceedingly well in this pillar of the ranking framework. State has pro-actively included all the key exemptions including 'prior experience', 'turnover', 'submission of EMD' and 'preference in procurement' for Startups. However, the next challenge is to ensure adherence of revised guidelines by all State Departments or agencies.

State Government may also setup a monitoring mechanism in the State to track the impact of easing public procurement guidelines. Ensure all State Government tenders include the revised guidelines for Startups. The grievance resolution mechanism may be monitored closely.



### 3.7 Awareness and Outreach

State Government plays an important role in human capital development and thus the framework in this area evaluates efforts taken to promote entrepreneurship among students. Also, it encourages State to directly outreach to ecosystem components through events, hackathons, bootcamps, etc.

#### Key Strengths

- **Organizing outreach events**

Department of Commerce & Industries, Govt. of Chhattisgarh actively organized and participated in dedicated events to provide a platform to Startups for showcasing their ideas or products or services. The State has organized 7 outreach events for Startups.

#### **Alphapreneur Startup Conference and Expo'17** in Raipur –

- Startup Exhibition,
- Talk sessions on Fundamentals of Starting up and
- Leveraging AI and Deep Tech to solve problem for masses,
- One to one Fast mentoring session,
- Fire side chat on Scaling up, etc.

**Frugal Innovation Summit-** The summit was a forum for discussing affordability-driven innovations and investigating how Startups can effectively reduce market uncertainty and technology uncertainty of product innovation. One to one connect session and pitching session providing an opportunity for the Chhattisgarh Startups to connect with other stakeholders

- **Organizing bootcamps**

Government of Chhattisgarh organized district level bootcamps as part of the Startup Chhattisgarh Grand Challenge. These bootcamps were targeted to create awareness on Startups, promote innovation among students and faculty members of educational institution and to bring out the ideas from the youths and entrepreneurs from the developing and backward regions. Details of bootcamps conducted in the State are as follows:

1. Rajmohani Devi Bhavan, Manendragarh Road, Surguja
2. District Employment and Self Employment Center, Rampur, Korba

3. Government Polytechnic, Rudri, Dhamtari
4. Veer Savarkar Bhavan, Kawardha
5. Auction Hall, Forest Depot, Kondagaon
6. Town Hall, Dalli Road, Balod
7. Forest Auction Hall, Gariyaband

- **International partnerships**

State has facilitated international partnership through State supported incubation AIC@36 INC.

List of partnerships is as follows:

- Spinta Global Accelerator, California, to run a global accelerator program in Chhattisgarh
- Stanford Medicine to offer opportunities for both the parties to foster development through various programs and initiatives
- Wadhvani Foundation (WOF), California to develop city based Startup and SME Ecosystem by leveraging mentors, inventors and incubators through National Entrepreneurship Network (NEN) by WOF
- Malaysian Global Innovation and Creativity Centre Berhad (MaGIC) to investigate potential avenues of collaboration between GOC and MaGIC's programs and partners in Malaysia

### Way Forward

- **Organizing hackathons:** Government of Chhattisgarh has conducted one tribal hackathon at Pt. Deendayal Upadhyay Auditorium, Raipur on 11<sup>th</sup> December 2017. Going forward, State may use Hackathon as a tool extensively to adopt low-cost, high impact technologies into governance.
- **Facilitating entrepreneurship training programs:** State Government may introduce entrepreneurship and business focused learning and development training programs to support young and creative minds. These entrepreneurship program could be developed online to provide perspectives on entrepreneurship through a series of entry-level and advanced level online learning modules. The online programs may also be scaled up easily in future by introducing them in colleges, universities.

- **Entrepreneurship cells:** The requirement of setting up entrepreneurship cells in educational institutes across all districts in the State was challenging. Nevertheless, State may now prioritize to create a network of entrepreneurship cells across all districts. State is encouraged to scale up the spirit of innovation and entrepreneurship by creating State-wide entrepreneurship cell network.

State Government has been identified as one of the leaders in 'Awareness and Outreach' pillar of the framework. The State is expected to continue the efforts in promotion of Startups through various initiatives. The roadmap ahead is to scale up the Startup revolution in all parts of the State especially in Tier-2, 3 cities.





