



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

#startupindia

Haryana

ASPIRING LEADER

State Startup Ranking Exercise 2018

December 2018

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1. Overview of State Startup ecosystem

Haryana has taken several initiatives to create a conducive Startup ecosystem in the State. The initiatives taken by the Haryana Government in implementing the State's Startup policy and setting up Incubators across the State are commendable. These efforts have been well recognized and State has been acknowledged as '**Aspiring Leader**' in the State Startup Ranking 2018 conducted by Department of Industrial Policy and Promotion, Government of India.

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

1. Government of Haryana launched the **Entrepreneur & Startup policy** in October 2017. The objective of the policy is to create conducive ecosystem for encouraging entrepreneurship, innovation and growth of Startups in Haryana.
2. Nodal department for Startup activities is **Electronics & IT department**, State level Implementation agency is **Haryana State Electronics Development Corporation Limited (HARTRON)** and nodal officer for Startup is **Secretary, Electronics & IT department**.
3. Startup portal is **startupharyana.org.in** and following services are available on the portal:
 - Registration for Startups, Incubators, mentors and investors
 - Learning and Development
 - Policy and guidelines
 - Grievance redressal mechanism for public procurement
 - Dashboard for monitoring the implementation of Startup policy
4. Startup cell in Hartron is the nodal agency for implementing Startup initiatives in the State and the core team of Startup cell comprises of four full time members.

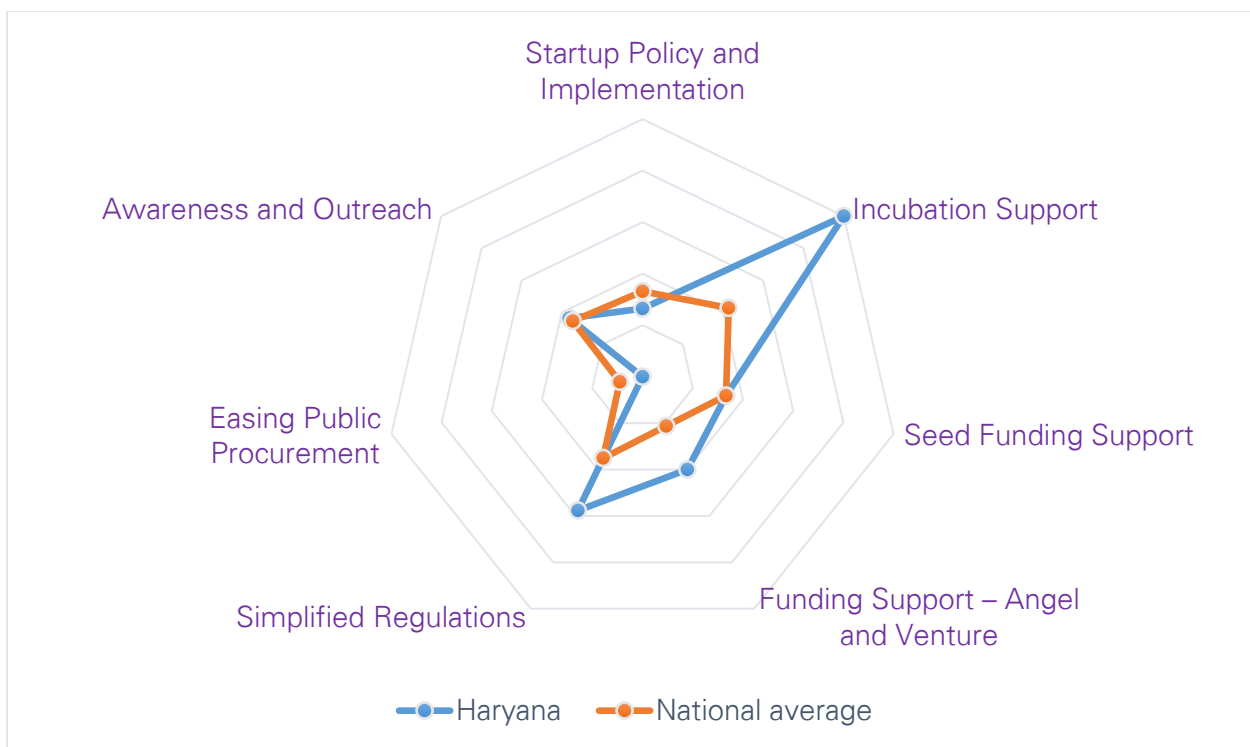


KEY HIGHLIGHTS OF STATE

- ✓ State provides 50% rental subsidy to women entrepreneurs at State supported Incubators
- ✓ State has activated an automated Mentor-Startup connect that is customized on the basis of user profile
- ✓ 38,000 sq. ft. of incubation area is available in State
- ✓ A Provision of self-certification is available to Startups

2. Snapshot of State performance

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



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

State Government has performed exceptionally well in 'Incubation Support' pillar as compared to national average. The performance in 'Simplified Regulations' and 'Funding Support – Angel and Venture' pillars is also better than national average.

In 'Seed Funding Support' and 'Awareness & Outreach' pillars, State's performance is at par with its peers as the data points for both State and national average coincide. However, critical analysis presents that the national average in both the pillars is fairly low. Lastly, State's performance in 'Startup Policy & Implementation' and 'Easing Public Procurement' pillars are well below national

average. The State needs to undertake significant efforts in such pillars to improve overall performance in the next round of ranking.

Detailed analysis of the State performance in each pillar has been provided in following chapters 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

a) Startup policy

Haryana Government launched its Entrepreneurship and Startup policy in October 2017. The objective of the policy is to encourage and promote Startup ecosystem in the State. The State aims to attract investment in incubation and Startup ecosystem thereby establishing Incubators in each district of the State. In order to boost entrepreneurship, State Government has proposed various incentives for Incubators and Startups, such as

- Capital grant of 50% of capital investment subject to max. of INR 50 lakh, for setting up Incubators
- 50% exemption on lease rent and operation & maintenance charges
- 100% Stamp duty registration exemption
- Up to INR 25 lakhs to Incubator for leading a delegation of Startups to national and international fairs
- Reimbursement of 25% of lease rental subsidy to eligible Startup units
- Cost reimbursement of maximum three patent or quality certification per unit upon successfully receiving them

b) Nodal department and officer

The nodal department for Startup activities in the State is **Electronics & IT department** whereas nodal officer for Startup is **Secretary, Electronics & IT department**.

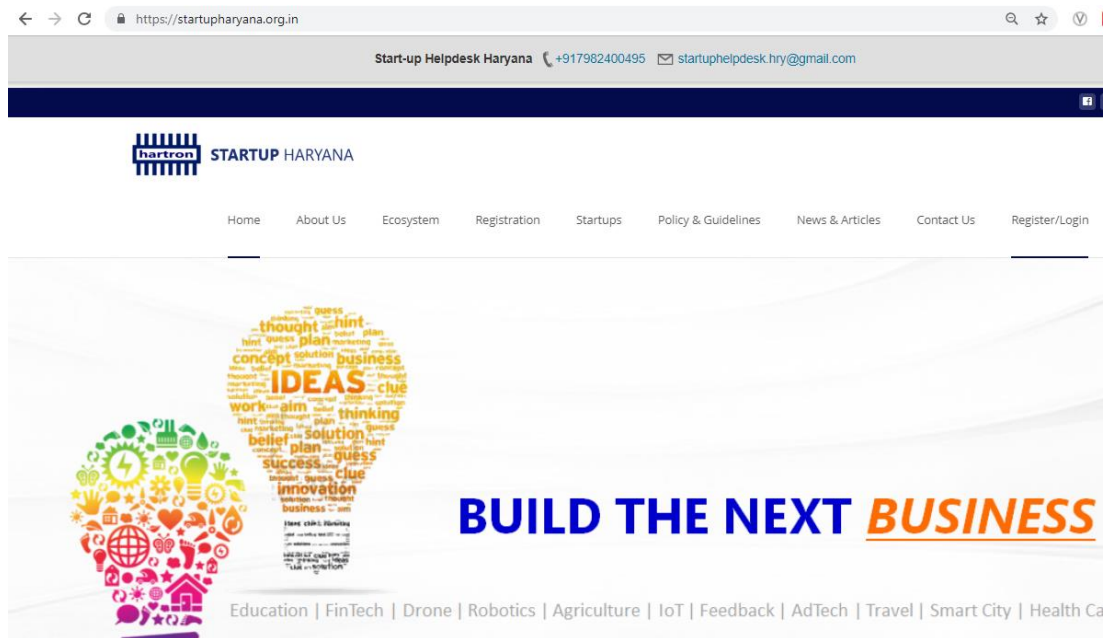
c) Nodal agency

State has nominated **Haryana State Electronics Development Corporation Limited (HARTRON)** as State level Implementation agency (nodal agency) to oversee the implementation of Startup activities in the State.

d) Dedicated Startup portal

State has a dedicated portal for Startup where details related to Startup ecosystem such as policy & guidelines, Startup ecosystem, Government notifications, learning material, registration of Startups, list of partners, and detail of Hartron Innovation campus are available. The portal is accessible at **startopenharyana.org.in**.

Startups can register and apply for incentives online. Once registered, acknowledgement is sent on email. State also accepts DIPP registration certificate, which needs to be uploaded while registration. Approved Startups can then apply for incentives online.



Startup portal of Haryana

e) Partnership

State has formed corporate partnerships with NASSCOM, United Nations, IAMAI, Jio, Nagarro, Incedo and Hughes Systique to provide industry exposure to State Startups. Services provided by partners include mentoring, knowledge exchange, networking, technology transfer, and funding facility.





← → ↻ 🔒 https://startupharyana.org.in/partnership/ 🔍 ☆ 🌐

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Partnerships

The Government of Haryana has collaborated with the United Nations to set up the UNTIL Lab, in Gurugram on an area of 5000 sq. ft.(for UNTIL) to promote women entrepreneurship & digital literacy in the State. The MoU for the same is attached.

Corporate Partnerships

#	LOGO	NAME	CONTENT
1		Reliance jio	<p>The Government of Haryana has partnered with corporates to support Startups in Haryana to gain relevant exposure to the overall industrial eco-system of the State, which will help them to develop a better understanding of State industrial dynamics and accordingly reinforce their business model if necessary. Support will be offered in the following ways:</p> <ul style="list-style-type: none"> • Mentorship • Knowledge exchange • Networking • Technology transfer • Facilitation of market linkages • Fund availability for scaling up • Any additional and relevant support required to scale up existing businesses
2		Nagarro	
3		Incedo	
4		Hughes Systique	

Screenshot of Corporate partnership

Way forward

- **Women entrepreneurship:** State provides 50% rental subsidy to women entrepreneurs in State supported Incubators (UNTIL, Startup warehouse, IoT and IAMAI). In addition to it, State may consider following women specific incentives such as:
 1. Enhanced interest subsidy in loans
 2. Enhanced monthly or sustenance allowance
 3. Dedicated seed and venture funds for women entrepreneurs
- **Innovation society:** An innovation society may be established in the State to foster a culture of innovation and entrepreneurship in the State. State may nominate any agency through a Government order. The society would coordinate with all the State Departments and collaborate with Startup ecosystem stakeholders to conduct activities driving innovation.
- **Online Information wizard:** State has in place an online information wizard to provide approvals required based on user's input. However, State may improve its system and provide customized sector specific approvals, exit approvals and Central Government approvals.
- **Track and publish progress monitoring:** Nodal department is encouraged to develop a mechanism for monitoring the progress of implementation of Startup policy on a regular basis. State may publish reports on progress made against each policy objective (such as funding, incubation support or any other support provided) in public domain. State can also track, monitor and publish the status through a dynamic dashboard on the Startup portal. Some of the good practices adopted by other States to monitor progress of their Startup initiative are highlighted in the national report for reference of all States.

- **Develop a query resolution system:** State has shared a contact number and email-id for addressing the query of Startups. State may improve its system by monitoring the redressal of the grievances of Startups in timely manner. In addition, State may address the concerns of Startups through online application or mobile application.
- **Mentor network:** State has activated an automated mentor-startup connect that is customized on the basis of user profile. Going forward, State may like to add more mentors who specialize in various domains so that State Startups get feedback and inputs from various experts.
- **Intellectual Property Facilitation Center (IPFC):** IP Support Centres include setting up of Patent Information Centres (PICs) and Intellectual Property Facilitation Centres (IPFCs). These centres can be set up at educational institutions and R&D Labs, etc. The facilities related to IP Services in various domains of science and technology such as patent filing, copy right or trademark registration and technology transfer and commercialization services are provided by the center. Descriptive list of activities that may be undertaken by the IP support centers include:
 1. Patent Services
 2. Technology Transfer to Start-ups or MSMEs in State
 3. Trademark & Copyright Filing
 4. Providing Technological information services to the Entrepreneurs
 5. Providing Patent Search reports to inventors or Start-ups
 6. Conducting IPR, Innovation and Academia-Industry Meet workshopsThe details of IP support centres along with contact details (along with name of contact person) should be made available on the State Startup portal.

3.2 Incubation Support

Incubation Support covers State's performance in supporting or 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

a) Number of Incubators and incubation area

Haryana has supported five Incubators during the period 1st January 2016 – 30th April 2018, details of which are mentioned below:

- **Startup warehouse** in collaboration with **NASSCOM**: It is an 80 seater Incubator which is spread over an area of **10,000 sq. ft.** and offers plug and play infrastructure to entrepreneurs)
- **Mobile App development center** in collaboration with **IAMAI**: A space of 10,000 sq. ft. has been provided in Gurugram by HARTRON
- **Center of Excellence** for Internet of Things with space of approx. 10,000 sq. ft. for Incubator.
- **Startup Accelerator Chamber of Commerce (SAAC)** – Incubator in Panchkula
- **Seven universities** have been shortlisted for setting up incubation facilities in them. Universities are Chaudhary Bansi Lal University at Bhiwani, Indira Gandhi University at Rohtak, Chaudhary Ranbir Singh University at Jind, Maharashi Dayanand University at Rohtak, Chaudhary Devi Lal University at Sirsa, Bhagat Phool Singh Mahil Vishwavidyalaya at Sonapat, and Kurukshetra University at Kurukshetra.

b) Subsidized Incubation to Startups

17 Startups have received incubation support from State Government supported Incubators during the period 1st January 2016 – 30th April 2018.

Way forward

- State is encouraged to support more Startups through provision of subsidized incubation
- State may explore alternative models of incubation support such as provision of rent free space (on lease) for setting up of Incubators
- State may provide matching grants that complements grants by corporates, academic institutions or Central Government

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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 and under this pillar, States are encouraged 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

a) Seed funding support

Seed funding in the form of one time support (up to INR 3 lakh) is provided for validation of idea, prototype development, assistance towards travelling costs and carrying out market research, skill training, marketing and initial activities to set up a startup etc. Startup can apply on the online portal via a Startup Registration Form along with self-certification for a set of documents & proof of innovation.

Way forward

- Going forward, State may encourage Startups to apply for this incentive
- State may conduct dedicated annual event for providing seed grants to Startups
- State may explore alternative model for seed fund such as loan interest subsidy



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

a) Provision of Fund of funds

State in its policy has mentioned the provision of INR 115 crore Fund of funds with venture capital to be a part of this. Furthermore, State has signed an MoU with HDFC for creating a Startup fund of INR 100 crore.

Way forward

- **Angel funding:** State may undertake steps to promote angel funding by consulting and partnering with existing angel networks in the country. As a first step, State may identify few leading angel investors and HNIs from the local region to discuss the benefits of angel investing. State may facilitate such discussion through workshops or networking events. Additionally, State may design special fiscal or non-fiscal incentives to incentivize angel investors for their investments in Startups. Some of the good practices illustrated in the national report may be used for reference.
- **Venture fund(s) or fund of funds for Startups:** State may explore the opportunity of creating a venture fund or Fund of funds with an appropriate corpus for funding State based Startups. In this regard, State needs to prepare clear operating guidelines for the fund and hire fund manager for managing the funds.

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3.5 Simplified Regulations

Often, new and small firms are unaware of the 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 and/or third party certification for Startups under all applicable labour laws
- Developing online system to facilitate self-certification and/or third party certification
- Supporting Startups working in new or disruptive areas and technologies
- Designing process for publishing policies and regulations regarding adoption of disruptive technologies and business models

Key Strengths

a) Self-certification for Startups

Labour department of Haryana has issued notification for self-certification scheme under relevant State labour laws. However, self-certification is not applicable to high risk and hazardous units.

b) Support to Startups working in new or disruptive areas and technologies

State has identified e-Pharma as upcoming and new technology that it has supported by issuing draft guidelines.

Way forward

- **Online platform for self-certification and/or third party certification**

In addition to provision for Self-certification, an online system to submit self-certification or third party certification may also be developed. The system shall provide information on application process and functionality of filing certification in respect of all applicable labour laws.

- **Policies or regulations regarding adoption of disruptive technologies and business models**

State may also publish draft regulations or policies to support Startups in disruptive areas. The due process as described may be followed to design futuristic policies.

1. Invite public comments and feedback and hold stakeholder consultations
2. Policies or regulations should be made considering long term impact of the technology and business model
3. Stakeholders should be consulted and feedback may be incorporated
4. Duration for inviting public comments should be at least 30 days
5. The decision of State Government should be published in public domain

3.6 Easing Public Procurement

State Government shall provide an equal platform to Startups vis-à-vis the experienced entrepreneurs and 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.

Way forward

- **Do away with criteria of ‘prior experience’, ‘prior turnover’ and ‘submission of EMD’ for Startups in public procurement**

Startups cannot compete with established players on ‘prior turnover’ and ‘prior experience’ criteria. Similarly, ‘submission of EMD’ is another big hurdle for Startups. Hence, Startups lose out on delivering superior and cost effective solutions to Government. The end objective of floating a public tender is to identify an organization that can provide best solution at a low cost. Startups can fulfill the objective provided they are allowed to participate in the Government tenders with no deterrent of ‘prior experience’, ‘prior turnover’ and ‘submission of EMD’. State Government may consider removing such criteria completely for Startups from all the public tenders. The amendments may be brought to State General Financial Rules or Procurement rules which apply to all the State Departments, PSUs and agencies.

Furthermore, Startups like MSMEs shall be given preference in percentage terms in the total State procurement. The preference may be given in price or in value of procured goods or services. Some of the good practices illustrated in the national report may be used for reference.

- **Grievance Redressal Mechanism for Startups on public procurement issues**

In addition to above relaxations and preferences, State Government may develop an online or offline mechanism in the nodal Department for resolving the procurement related grievances of Startups. State Government can assign a dedicated officer to liaise with other Government Departments concerned and complainant to resolve issues in a time-bound manner.

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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 reach out to ecosystem components through events, hackathons, bootcamps, etc.

Key Strengths

a) Organized outreach events

State conducted outreach events such as Startup Competition and Startup Konnect programs. These events provided a platform to Startups to showcase their ideas to ecosystem players. Startup competition was conducted at Guru Jhambheshwar Institute Of Science And Technology, Hisar on February 2016 and Startup Konnect was conducted at Hartron Innovation and Startup Hub, Gurugram on 28th April 2018.

b) Organized bootcamps

State organized five bootcamps across the State to encourage students to think about entrepreneurship. Details of five boot camps are mentioned below:

- Manav Rachna International University on 28th Jan 2016
- Kurukshetra University on 3rd Feb 2016
- Northern Institute for Integrated Learning in Management (NIILM) on 8th Feb 2016
- Haryana Agriculture University on 10th Feb 2016
- Maharshi Dayanand University on 11th Feb 2016

c) Supported International partnership

State Government has signed an MoU with United Nation to set up UN Technology Incubation Lab in Gurugram on an area of 5000 sq. ft. to promote women entrepreneurship & digital literacy in the State.

Way forward

• Organize Hackathons

Hackathons are challenges in which participants come up with technological solutions to given problem statements in a stipulated time window. State Government through its nodal agency Hartron organized a hackathon in NIT, Kurukshetra. State is encouraged to organize more Hackathons to identify innovative technological solutions and for supporting entrepreneurs in building these solutions as viable product or service offering.

• Facilitate training programs in entrepreneurship development

Students or aspiring entrepreneurs require basic understanding of ideation, business planning, finance, legal and pitching before they venture out to run a Startup. Entrepreneurship development programs may be organized by the State Government in colleges and universities. These programs can be designed in the form of (Massive open online course) MOOC which can

be accessed by students across the State. One such programs is available with Startup India i.e. Startup India Learning and Development program.

- **Set up Entrepreneurship cells in State**

Entrepreneurship cell provides a platform to students to organize seminars, workshops, get-together and other Startup related events at college and university level. The activities helps in fostering innovation and developing managerial skills among students. State has setup 3 E-cells at educational institutes. State Government is encouraged to develop at least one e-cell in college or university in each district in the State.

- **Support Startup participation in national and international events**

State Government may support Startups to participate in national and international events. The support may be in the form of grants or reimbursements for travel, accommodation, registration or sponsorship to organizers to allow Startups to participate in events. In order to simplify the process and keep it transparent, application procedure for availing the assistance may be provided online.

