



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

#startupindia

Madhya Pradesh

Leader

State Startup Ranking Exercise 2018

December 2018

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1. Overview of State Startup ecosystem

Government of Madhya Pradesh launched the **State Incubation and Startup Promotion Scheme** in 2016. The notified Startup Policy offers benefits and incentives across various areas of intervention. The State IT Policy also focuses on Startups. In addition, 'Rajiv Gandhi Proudgioki Vishwavidhyalaya. State Technical University' has also released a Startup policy. Some of the key highlights of State Startup ecosystem are as follows:

1. The Startup policy envisions to provide support across disruptive technologies such as IoT, 3D printing while also focusing on green energy, social and rural entrepreneurship among others.
2. Nodal department for Startup is **Directorate of Industries** and nodal officer for Startup is **Director, Industries** under the administrative control of the **State Level Implementation Committee (SLIC), Department of MSME**.
3. Startup portal is mpmsme.gov.in and it includes features such as:
 - Startup registration
 - Application for availing benefits and incentives
 - Application procedure
 - Marketing assistance scheme
 - Relevant GOs and notifications
 - Event Gallery
4. **Startup-Incubation Cell** is the nodal agency implementing Startup initiatives in the State and comprises of 5 full time members.

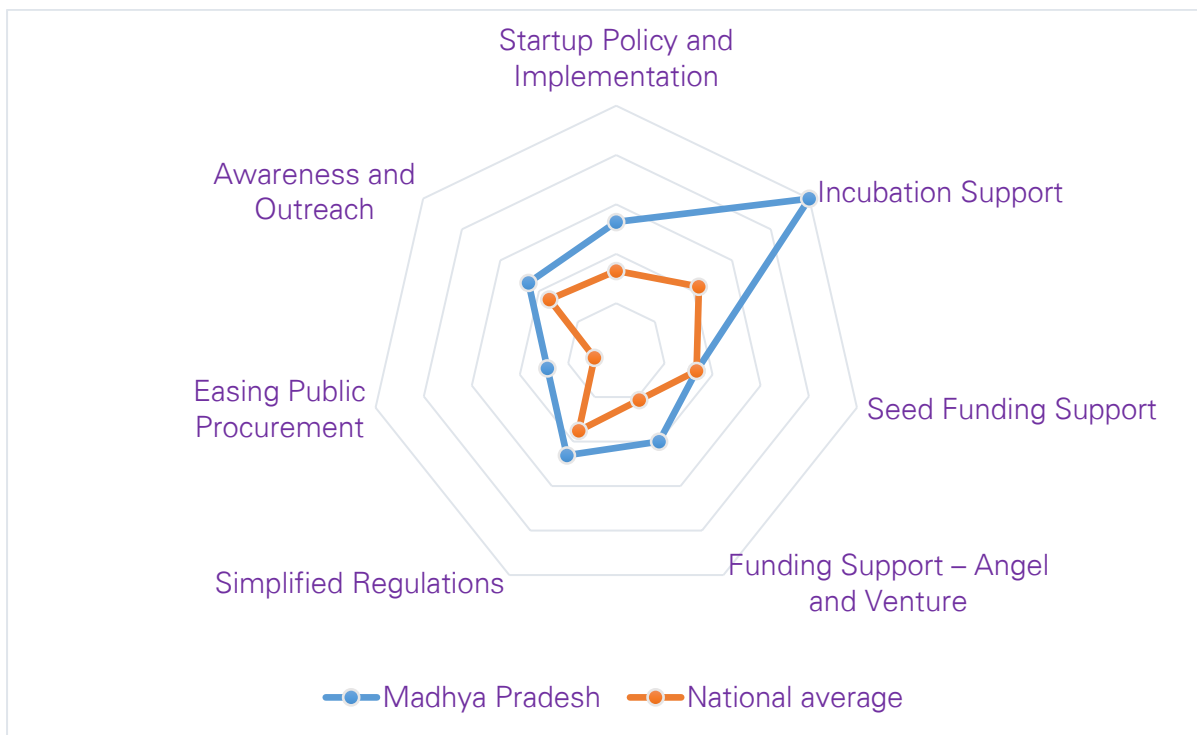


KEY HIGHLIGHTS OF THE STATE'S INITIATIVE

- ✓ State has leveraged a network of over 100 researchers, professors and other academicians, to be a part of the State mentor network
- ✓ Regular monitoring of progress of various initiatives under the Startup policy which is published on the State Startup portal
- ✓ Sector-specific Incubators such as Leather Incubation Centre and MP Bamboo Mission Livelihood Based Incubation Centre

2. Snapshot of State performance

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



Madhya Pradesh has done remarkably well in 'Incubation Support' pillar. However, its performance in pillars such as 'Startup Policy and Implementation', 'Funding Support – Angel and Venture', 'Simplified Regulations', 'Easing Public Procurement' and 'Awareness and Outreach' is just above the nation average and in 'Seed Funding Support' is equivalent to the national average. Hence, State needs improvement in these pillars.

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

Madhya Pradesh is among the few States that have a dedicated notified Startup policy. State has a separate policy released by 'Rajiv Gandhi Proudogioki Vishwavidhyalaya, State Technical University' to emphasise on benefits for young entrepreneurs and innovators from schools, universities and other educational institutions. The policy balances fiscal and non-fiscal incentives for both Startups as well as Incubators. The incentives include mentoring and operational assistance for Incubators, interest subsidy and credential development assistance for Startups. The State considers the definition under Department of Industrial Policy and Promotion for a 'Startup' and necessitates incubation under the State nodal agency to allow Startups to avail policy incentives.

b) Incentives for women entrepreneurs

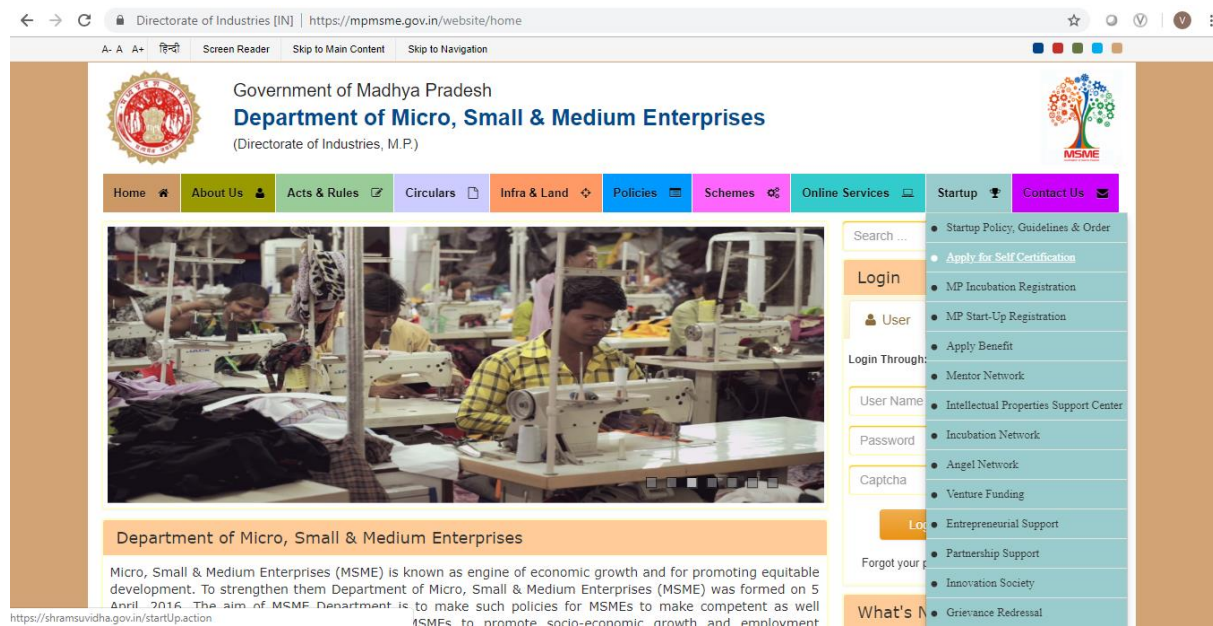
While the original State Startup policy document (notified in 2015) did not state incentives specifically for women entrepreneurs. A policy amendment has now been additionally issued (27th April 2018) for providing **additional benefits to women entrepreneurs** (INR 5 lakh debt funding to women lead Startups vs INR 4 lakh for others; and INR 3.5 lakh lease rental for incubation vs INR 3 lakh for other Startups).

c) Dedicated Startup portal

Single window dedicated Startup portal is in place with defined processes for registration and availing benefits and incentives under State Startup policy. The portal is accessible at mpmsme.gov.in.

The portal provides key benefits of sharing important information and updates of the activities planned in the State Startup ecosystem. It also brings together the entire Startup community on a single platform by providing mentor network, listing Incubators and accelerators, access to IP support centers and Startup outreach events.

The portal also provides functionality of submitting online application for incentives, tracking the status of those applications and providing approvals online.



State Startup portal

d) Progress monitoring

State publishes implementation status of all activities and events against targets set under the State Startup policy. The portal also highlights information on number of Incubators supported, Startups incubated, incubation space created, venture capital mobilized, boot camps conducted, and exhibitions conducted and participated in.

e) Intellectual Property (IP) support centres

The State has set up IP Facilitation Centres under Madhya Pradesh Council of Science and Technology. The State publishes brochures highlighting list of activities undertaken by these centres, especially for Startups and MSMEs.

PIC – Information Brochure

7. Intellectual Property Protection in India:
A practical guide for Scientists, Technologists and other users.

8. Journal of Intellectual Property Rights.

9. Other books and literature

Filing Fees
(Fee decided by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Govt. of India and payable to "Controller of Patents")

IPRs	Registration Fee
Patent (20 years)	₹ 1750
Copyright literary works - (life term of the author)	₹ 500/- for literary, dramatic, musical or artistic work
Design (10 years)	₹ 1000/-
Trademark (Unlimited renewable after 10 years)	₹ 3000/- for goods in one class
Layout Design of Integrated Circuit (10 years)	₹ 5000/-
Plant Variety Protection & Farmers Right (15 years - 18 years)	₹ 5000/-
Geographical Indications (Unlimited renewable after every 10 years)	₹ 5000/-

Where to file Patent Application?
The Designated Office for filing of Indian Patents in Madhya Pradesh and adjacent States is:
The Patent Office Branch
Road No. 18, Sampada Bhawan, S.M. Road, Near Anand Vilas Post Office, Anand Hill, Mumbai: 400 037.
Tel: 022-24137701, 24141008, 24150381
Fax: 022-24130397, E-mail: mumbai-patent@ipc.in
www.ipindia.nic.in

Services and Conditions

- Centre provides technical support (through TIRAC's panel of patent attorneys) for obtaining patents and also for post-patent in respect of patentable inventions emanating from research funded by:
 - Department of Science and Technology
 - An Indian University/educational institution
 - Any other central/state government department/agency.

Scientists and their institutions are expected to keep track of developments in areas related to patented inventions and inform Centre about possible exploitation and also violation of their patents.

- For patentable inventions funded by a university/educational institution, applications for patents will be filed in the name of the university/educational institution with the concerned scientist(s) as inventor(s).
- For patentable inventions funded by Central/State government agencies, applications for patents will be decided by the terms and conditions mutually agreed between the funding agency and the research agency.
- Requests for patent search are entertained from scientists, university/educational institutions, government, industry and PSUs with a levy of nominal charges.
- Queries on IPRA from inventors are quickly responded to.

An inventor should submit a brief write up regarding his/her invention along with keywords to the Patent Information Centre, M.P. Council of Science and Technology, to enable for its national and international search in order to establish the novelty and information about the state-of-the-art of the invention.

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Do not publish your invention before filing patent application

PATENT INFORMATION CENTRE

MADHYA PRADESH COUNCIL OF SCIENCE AND TECHNOLOGY

Way forward

- State may work towards increasing the number of women beneficiaries vis-à-vis the total number of beneficiaries under the State Startup policy
- State may develop a dedicated online information wizard (as per Action Point 8 under the State Startup Ranking Framework 2018) to help Startups gain information on all necessary approvals for setting up, operating and exiting a business in the State
- State may explore partnerships for setting up capacity building activities in emerging technologies
- State may expand mentor network by involving more experts from industry and the Startup ecosystem



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

Madhya Pradesh has supported **over 6 Incubators** during the period 1st January 2016 – 30th April 2018, including

- M/s VASPL Initiatives Pvt. Ltd.
- M/s AIC- Aartech Solonics Pvt. Ltd.
- M/s Space Entrepreneurship Centre Pvt Ltd.
- Srijan/AKVN

The notified State Startup policy highlights specific incentives for supporting Incubators, in the form of capital and operational assistance, along with reimbursement of stamp duty and registration. Overall, the State has facilitated setting up of a total incubation area of over 78,000 sq. ft.

b) Sector-specific Incubators

Madhya Pradesh is among the few States that has supported setting up of sector-specific Incubators. The Leather Incubation Centre and MP Bamboo Mission Livelihood Based Incubation Centre have been provided fund sanction for capital expenditure support.

c) Academic Incubators

Incubators have also been setup across academic institutions like IIM Indore, IIT Indore, Indian Institute of Forest Management, Bhopal etc. to ensure the innovative spirit of young budding entrepreneurs is nurtured and given a platform.

d) Subsidized incubation

Over 25 Startups have been provided subsidized Incubation by the State Government during the period from 1st January 2016 to 30th April 2018. A lot of these Startups are working on disruptive technology solutions and are operating successfully.

Way forward

- State may work towards supporting 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



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 of 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 guideline document

State has provisioned a detailed seed funding guideline document which offers eligible early-stage Startups with seed funding support for:

- Marketing Support
- Product Development
- Mentoring
- Patent filing
- Business Consulting

b) Startups provided seed funding

State has designated a nodal Incubator for disbursement of seed funding support – Srijan Incubation Centre. Over 25 Startups have been provided seed funding during the period of 1st January 2016 - 30th April 2018.

Way forward

- State is recommended to incorporate features such as online application submission, status tracking and online approvals in the portal for providing seed support
- State may conduct dedicated annual events for providing seed grants to Startups
- State may facilitate seed funding support to more number of Startups

3.4. Funding Support – 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) Incentives for angel investors

The initiatives highlighted in the Guideline document include provision of free space, listing of angel investors on State Startup portal, building a common platform for Startup-investor connect, invitation to angel investors for investing in State based Startups etc. that facilitate connect of the angel investors with Startups.

b) Venture fund

MP Venture Capital Fund has been constituted in 2015 with MP Venture Fund Limited as the Investment Manager to channelize equity investments into Startups. The operating guidelines for the same is available on <https://mpmsme.gov.in>

Way forward

- State may consider offering a success fee at a fixed rate to Startups for mobilizing investments from State based angel investors
- State may set up of a dedicated angel fund that can co-invest along with angel groups in State registered Startups
- State is recommended to conduct dedicated workshops, pitching and networking events for promoting angel investments with angel investor networks, HNIs and Startups
- State may look in to the provision of equity funding to State-based Startups across sectors



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

The State is in compliance with the order of Ministry of Labour and Environment providing self-certification to Startups (under 5 applicable Labour Laws for 5 years). Additionally, State has given further exemptions to Startups from inspections under the MP Shops and Establishment Act 1958 and Factories Act 1947 (except Hazardous and Major Hazardous Units). The State has also integrated with the Central Shram Suvidha portal to provide self-certification facility to State based Startups.

b) Support to disruptive technology Startups

MP vendor development program has been designed to create a strong supply base for Government enterprises and large scale industries by developing vendor capabilities and improving supply quality. The State has modified the program to curate a select group of innovative entrepreneurs who can meet the demands of anchor units in new and disruptive areas or technologies.

Way forward

- **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.

Key Strengths

a) Exemption from submission of EMD

State has amended the MP Store Purchase Rules 2015 to exempt MP Startups along with MSMEs from the mandatory submission of EMD for all government procurement by State departments and PSUs.

b) Preferential procurement from Startups

State has amended the MP Store Purchase Rules 2015 to give preference to Startups (at par with MSME)

- UNSERVED ITEMS - This includes placement of supply order to the tune of 50% to first three MSME and Startup which fall within the bracket of L1+15%, provided they match L1 rates
- RESERVED ITEMS - This includes placement of supply order to the tune of 50% to all MSME and Startup which fall within the bracket of L1+15%, provided they match L1 rates

Way forward

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

Startups cannot compete with established players on ‘prior turnover’ and ‘prior experience’ criteria. 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’ and ‘prior turnover’. 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.

- **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.

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) Startup outreach events

State conducts large scale events such as the MSME and Entrepreneurship Convention 2017 with over 100 participants, including Startup ecosystem components such as investors, Incubators, mentors and provides Startups an opportunity to pitch their ideas or showcase their products and services.

b) Bootcamps and hackathons

State has conducted various boot camps in educational institutions such as:

- **CII YI Dream Startup Challenge**
- **Startup Leadership Workshop**
- **Young Scientist Conclave**

These bootcamps foster the spirit of innovation among students and nurture their entrepreneurial initiatives. State also conducted the Bhopal Smart City Hackathon in April 2018, with over 235 participants, wherein Startups ideated solutions on problems related to development of smart cities.

c) Entrepreneurship development program

Madhya Pradesh is one of the few States to have developed a comprehensive online entrepreneurship development program, which is available at robustwellness.in/edpmp. The program includes learning material on setting up a business, marketing, product development etc.



Way forward

• 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 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.

- **Undertake partnership with other countries and/or international agencies**

State Government may undertake partnership(s) with countries and/ or international agencies such as educational, funding institutions, Incubators, accelerators etc. The partnership(s) may be for knowledge and resource exchange and market access for Startups.

