



सत्यमेव जयते

Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade

STATES' STARTUP RANKING 2019

MAHARASHTRA

LEADER





Table of Contents

1. Overview of State Startup Ecosystem	05
2. Snapshot of State Performance	07
3. Pillar Wise Assessment	08
3.1. Institutional Support.....	08
3.2. Simplifying Regulations	11
3.3. Easing Public Procurement.....	13
3.4. Incubation Support.....	15
3.5. Seed Funding Support.....	18
3.6. Venture Funding Support.....	19
3.7. Awareness and Outreach.....	20

01

OVERVIEW OF STATE STARTUP ECOSYSTEM

The spirit of entrepreneurship has gained considerable traction in the state of Maharashtra after the state government launched its startup policy in 2018 named 'The Maharashtra State Innovative Startup Policy (hereinafter mentioned as 'the policy')'. This initiative towards establishment of a robust startup ecosystem through the defined policy aims to drive economic growth and job creation by encouraging entrepreneurs to design novel solutions in new age sectors such as biotechnology, artificial intelligence, internet of things, clean energy etc. Additionally, the initiative aims to revamp traditional sectors by the year 2023

Overall, the state has a comprehensive ecosystem for startups that focuses on focused on the fintech sector, the ecosystem in Maharashtra aims at robust incubation and a seed funding mechanism. The state has witnessed a paradigm shift from being a uniquely metropolitan phenomenon having grabbed the opportunity to get incubated to succeed in their journey from idea to enterprise.

KEY OBJECTIVES OF THE STARTUP POLICY LAUNCHED BY THE STATE'S SKILL DEVELOPMENT & ENTREPRENEURSHIP DEPARTMENT (SDED) ARE:

The startup policy aims to achieve the following objectives



To provide a platform and nurture entrepreneurial aspirations amongst the citizens of Maharashtra



To empower startups to contribute significantly to the state's economic growth and create employment opportunities for all sections of society



To develop robust infrastructure and ease the regulatory framework to spur development of the startup ecosystem



5 YEARS
(2018 – 2023)



INR 5,000
CRORES



15
INCUBATORS



10,000
STARTUPS



500,000
OPPORTUNITIES



SOME OF THE KEY HIGHLIGHTS OF THE LEAPFROG ARE

LESSEN REGULATORY COMPLIANCE

For recognised incubators that wish to rent space/ property, 100% of stamp duty and registration fee may be compensated for the first three years and 50% for the second tranche. The state government may take up to 80% of quality testing costs incurred by startups BIS accredited facilities.

AUGMENT INFRASTRUCTURE

Development of virtual as well as physical incubators on a public private partnership model. The incubators will be incorporated as special purpose vehicles. The state will support social sector startups that help solve social issues in the state.

FUNDING STARTUPS

Establishing a fund of funds with an initial corpus of INR 100 crore and a total corpus of INR 500 crore over a period of four years.

The state shall provide financial support to social sector and social sector startups may receive grants of up to INR 5 lakh

ORGANISE COMPETITIONS AND EVENTS

The state will organise a two-day startup symposium to bring together innovators, investors and industry associations from across India and abroad. Additionally, a startup week will be celebrated in the first week of every calendar year.



E-CONNECT THE ECOSYSTEM

The state will set up LEAPFROG Maharashtra to create a single point of contact for the entire ecosystem. The state will also launch a mobile app to assist startups through their life cycle.

PARTNER WITH INDUSTRY

Tie-up with leading angel investor networks and organise learning workshops to guide aspiring investors and other high net worth individuals (HNIs) on investing in startups.

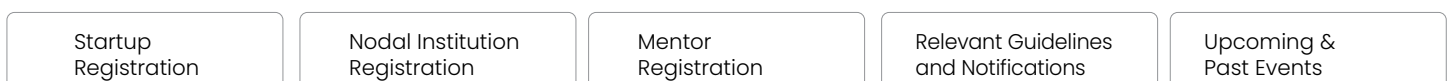
REALISING HUMAN CAPITAL

The state will focus on equipping students at school and college level as well as faculty members to enhance skills through MOOC's and partnering with recognised online education (Ed-tech) platforms.

GOVERNANCE

Maharashtra state innovation society (MSiNS) has been established to foster innovative approaches and create a conducive environment for innovative businesses to operate in the state.

THE STATE'S STARTUP PORTAL IS "MSINS.IN " ITS FEATURES INCLUDE



02

SNAPSHOT OF STATE PERFORMANCE

The following representation details the status of Maharashtra's implementation on each of the 7 pillars of assessment. Data presented below is the percentile score.



Maharashtra has been evaluated on 7 distinct pillars which largely contribute to the growth of the startup ecosystem in Maharashtra. The representation as expressed above depicts the relative performance of Maharashtra in each of the seven pillars in comparison to the performance of the best state in that pillar.

As shown above, Maharashtra has shown impeccable performance in 'Seed Funding Support' by being in the 100th percentile. The range of impact generated through 'Venture Funding Support' and 'Awareness and Outreach' are significantly noticeable through this representation. Although significant efforts have been made to enhance the startup ecosystem, the initiatives undertaken towards 'Incubation Support' require improvement since the results have been negligible in this pillar.

Detailed analyses of this snapshot can be viewed in the subsequent section, with extensive insight into the initiatives taken by Maharashtra to uplift its startup ecosystem.



1. INSTITUTIONAL SUPPORT

Institutional support envisages provisions and execution of the state's startup policy including information on the nodal team within the state, online implementation system, registration of mentors and their listing on the state startup portal. The states are evaluated based on the laid provisions along with parameters of availing benefits through state intellectual property rights portal, establishing partnerships with institutions, providing special incentives for women led startups and entrepreneurship.



KEY FACTS

The government of Maharashtra has committed to provide institutional support to startups in the state. The state has introduced the Maharashtra State Innovative Startup Policy in 2018 with a focused vision to transform the state by fostering the growth of an innovation-driven entrepreneurial ecosystem. The policy provides benefits to startups in the form of tax and GST holidays, compensation and reimbursements for stamp duty and registration fee, along with financial assistance in patent filing.

The nodal agency for state's startup is the Maharashtra State Innovation Society (MSINS) with a responsible team of 17 members managing all startup related matters.



KEY STRENGTHS

COMPREHENSIVE STARTUP POLICY

- The policy is comprehensive and spells out the definition of a startup. According to the policy, an entity will be considered a startup 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 Maharashtra; and
 - Up to seven years from the date of its incorporation/ registration; however, in the case of startups in the biotechnology sector, the period shall be up to ten years from the date of its incorporation/registration
 - If its turnover for any of the financial years since incorporation/ registration has not exceeded INR 25 crore and
 - If it is 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.



KEY STRENGTHS

- The policy provides benefits and incentives across sectors, with special emphasis on the startups in the social sector which includes but not restricted to education, skill development, health, clean energy, water sanitation and conservation, waste management, agriculture, food security and financial inclusion.
- The policy aims to reduce long drawn processes by easing the regulatory regime and enabling startups in keeping compliance costs to a minimum. The initiatives are in the form of reimbursement for stamp duty and registration fee, support in quality testing and patent filing and tax holidays in lieu of GST paid.

DEDICATED TEAM FOR SUPPORTING STARTUPS

The state has a dedicated nodal agency named 'Maharashtra State Innovation Society' (MSInS) that intends to foster innovation-driven entrepreneurial ecosystem in the state. MSInS is the governing council for implementation of the policy. The society provides a platform to entrepreneurs, researchers, academics and fosters a culture of innovation with the following objectives :

- To prepare the innovation roadmap of the state
 - To provide an innovation promotion platform to academics, entrepreneurs, and researchers as well as enabling the government from drawing upon national and international experiences to foster a culture of innovation in the state
 - The platform would promote a network of world-class innovation hubs and grand challenges for the state
 - The society would act as an umbrella advisory body to boost innovation driven performance and efficiency in every sector
 - To create a smart ecosystem to boost and nurture innovation
- Along with the nodal agency, the state has a robust team of officers to provide assistance to startups.
- Contact details of the nodal agency and officers along with the profiles of the dedicated team assigned for any startup are made available on the startup portal (<https://www.msins.in/>)

STRENGTHENED INTELLECTUAL PROPERTY (IP) SUPPORT

- The policy holds readiness for IPRs and provides both financial and technical assistance to startups in filing of patents and trademarks thereby illustrating the state's competitiveness in strengthening their IP framework.
 - The policy entails rebate of 80% in patent filing, up to INR 2 lakh for Indian patents and up to INR 10 lakh for international patents to strengthen the innovative output of the startups.
 - The state has issued guidelines with clear directions to state's startups to avail IPR benefits under the policy.
 - In addition, Rajiv Gandhi National Institute of Intellectual Property Management has been established at Nagpur that conducts IP training, awareness, management and research to improve the performance of startups and increase investments in IPRs and technology development.

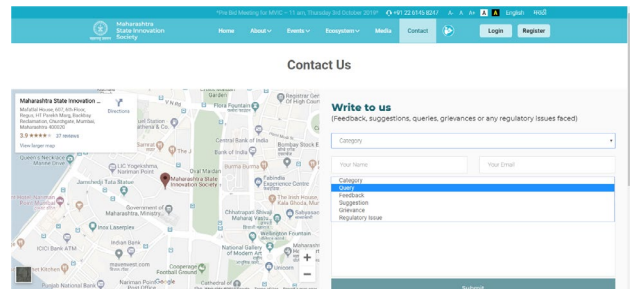
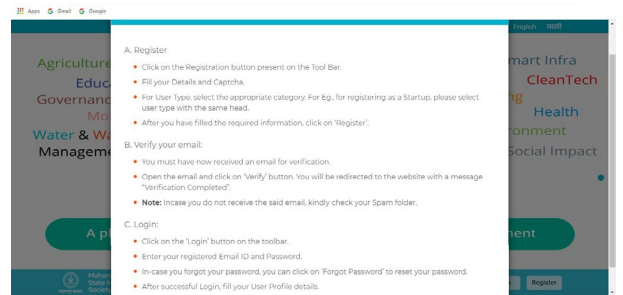
INCENTIVES TO PROMOTE WOMEN ENTREPRENEURSHIP

- The state provides incentives to women founders of startups under its detailed Fintech Policy 2018 and promotes fintech startups with women as entrepreneurs. The state has taken profound initiatives and earmarked a certain portion of the total funds to benefit the women startups in the state.
 - An incentive fund of INR 10 crore has been created to encourage such women led fintech startups wherein women are encouraged to be the founders of startups and can avail the preferential funds from the state.
 - The state has provided seed funding support to the unique women led startups wherein approximately 500 such beneficiaries have been benefitted.



ONLINE INTERACTIVE SYSTEM FOR STARTUPS

The state has a dedicated online portal (msins.in) for startups. The portal has a user-friendly registration process and is also equipped with an online resolution of queries. The screenshots of the same is shared below:



- The details of incubators and mentors registered with the state are displayed in public domain on the online system
- The online system also has a dashboard detailing the number of registered startups, seed funded startups, venture funded startups, incubators supported, number of incubatees and number of purchase order awarded
- The state also has a call centre facility for all query resolutions

COHESIVE PARTNERSHIPS WITH INSTITUTIONS/ CORPORATES

- The state government currently has partnerships with both institutions and corporates for assistance of professional services, mentorships, lab equipment, knowledge exchange, technology transfer and market linkages.
- The key state partnerships include :



COORDINATED SUPPORT FROM OTHER STATE DEPARTMENTS

- The key departments of the state that have immensely supported and made endeavors in the state's projects/policies are:
 - Department of Agriculture leading the State of Maharashtra Agribusiness and rural transformation (SMART) project
 - IT Department leading the AI innovation challenge and the FinTech Policy 2018
 - Mumbai Metropolitan Regional Development Authority (MMRDA) leading station access and mobility programme (STAMP)



- Department of Industry, Energy and Labour through formulation of the Maharashtra Industrial Policy 2019
- The state has prominently enacted the initiatives towards the state's startups with the ancillary support of the key departments wherein different sectors are encouraged to implement the concept of startups and gain maximum support for the establishment of the same towards overall state's economic growth.



WAY FORWARD

From the list of initiatives carried out or proposed by the state as detailed above; the state has performed well in this pillar. There are additional steps that the state could take in order to build upon the initiatives further.

Towards this end, the state can prioritise actions required in three categories: short, medium and long term. Action required in each of these categories are summarised below:

MEDIUM TERM ACTIVITIES (4-6 MONTHS)

The activities suggested in this category are important and will take relatively more time for implementation. Through dedicated efforts, results can be achieved within four to six months. Activities suggested under this category are as follows:

Online implementation system for startups

- The state could enhance its online implementation system by adding a tracking mechanism to allow real time updates of application status to get registered and avail benefits. The mechanism could also provide application procedure along with functionality of applying for incentives online
- Along with a tracking system, the state is encouraged to provide an online issuance of the registration certificate
- Query resolution feature could be enhanced by adding a feature of online chat or establishing a physical centre for quick resolution
- The state is also encouraged to update the online dashboard on the startup portal to include month to date, and year to date figures/status on the
 - Number of Startups registered
 - Seed funded startups
 - Venture funded startups
 - Incubators supported
 - Number of incubatees
 - Purchase order awarded

LONG TERM ACTIVITIES (7-12 MONTHS)

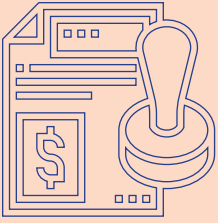
The activities suggested in this category are important and will take relatively more time for implementation. Through dedicated efforts, results can be achieved within seven to twelve months. Activities suggested under this category are:

Building a mentor network

- In order to provide mentorship support to startups, the state could strive to create a pool of mentors for supporting startups in the state.
- Even though the state startup portal lists the name of mentors, the state is encouraged to have contact details along with a brief description on their experience

Partnerships with corporates/educational institutions

- The state is encouraged to focus on increasing partnerships with business houses, corporates, and/ or educational institutions in and outside the region for extending their assistance to state-based startups
- These partners may provide assistance to startups such as professional services, mentorship, corporate social responsibility, co-working spaces, software, hardware tools and other lab equipment, knowledge exchange, technology transfer and assist in market linkages



2. SIMPLIFYING REGULATIONS

Simplification of regulations considers mandatory requisites for state level approvals and clearances for registering and operating a business or startup online. In order to make compliance for startups friendly and flexible, simplifications are required in the regulatory regime. It encapsulates regulatory issues faced by registered startups which have been identified through an interactive online mechanism subject to approving action by regulatory agencies. The states are evaluated based on the support provided to startups by introducing a list of rules, regulations or Acts in the state, including amendments in the Acts and regulations with requisite details to create a conducive environment for the state's startups.



KEY FACTS

The Government of Maharashtra has made endeavours to simplify the regulatory compliance for the state and has established the Maharashtra Industry, Trade and Investment Facilitation Cell – MAITRI portal to serve as an organised online infrastructure for applying, tracking and monitoring of approvals required to operate in the state. The portal functions as a real-time mechanism to address regulatory issues faced by disruptive startups.

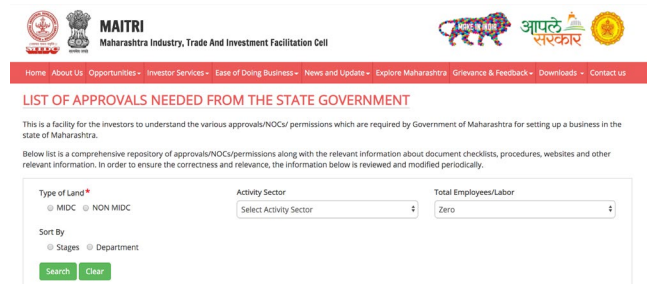
The Electric Vehicle (EV) policy of the state entails incentives for Maharashtra State Enterprises (MSE's) and the well-built Fintech policy 2018 warrants financial incentives in the form of reimbursements of definite expenses. Overall, the state has mobilised an exceedingly broad legislative support for startups.



KEY STRENGTHS

ROBUST AND INTERACTIVE COMPLIANCE SYSTEM

- The Maharashtra Industry, Trade & Investment Facilitation Cell (MAITRI) portal provides an interactive mechanism for all state approvals and clearances required for registering and operating startups across various sectors
- MAITRI single window is a one-stop-shop with the functionality of on-line application submission, payment and download/ receipt of approvals, tracking and monitoring of the approvals required for setting up business in Maharashtra.
- The government has an online portal for inviting and identifying feedback, suggestions, queries and grievances for any regulatory issues faced by startups. MAITRI portal is linked to the state startup portal. The portal has an exhaustive list of approvals and clearances required, across different sectors. A screenshot of the portal is shared.



POLICIES SUPPORTING STARTUPS

- The state has introduced Acts for supporting startups. Key policies/regulations rolled out are :

MAHARASHTRA ELECTRIC VEHICLE (EV) POLICY 2018

- The policy was formed by the state government with a vision to place the state as a globally competitive state for EV and component manufacturing and maximise adoption of EV in Maharashtra
- The key objectives of the policy are
 - To create new employment opportunities
 - To promote export of EVs, components, battery and charging equipment
 - To promote research & development (R&D), innovation and skill development in the sector and to promote sustainable transport system
- The policy provides multiple incentives to manufacturing MSMEs throughout the state

MAHARASHTRA INDUSTRIAL POLICY 2019

Under the Maharashtra Industrial Policy 2019, one of the key policy objectives is to incentivise investments in startups to promote innovative startups. Under the policy, steps would be taken to promote startups right from the college level and ensure coordination between government, industry and academia. Startups in thrust sectors and emerging technologies such as artificial intelligence, robotics, internet of things, nanotechnology etc. would be provided with mentors from industry/business houses.

FINTECH POLICY 2018

Under the Maharashtra Fintech Policy 2018, the government has approved incentives that will apply to all Fintech startups. These startups are eligible for reimbursement of internet and electricity charges, reimbursement of expenditure towards hosting infrastructure, reimbursement of state GST and reimbursement of exhibition/global event participation fee. The total incentive available to every Fintech startup has an annual cap of INR 10 lakh.

INITIATIVES TO PROMOTE STARTUPS

MAHARASHTRA GRAND CHALLENGE

In order to promote innovative solutions and encourage startups, Maharashtra state innovation society (MSInS) conducts Maharashtra grand challenge in collaboration with various government departments and agencies. The top 25 teams receive access to government funding, personnel and data.

KEY OBJECTIVES OF MAHARASHTRA GRAND CHALLENGE ARE AS FOLLOWS

- Promote innovative solutions to address key challenges faced by the state
- Encourage and support innovators and early stage start-ups who brings changes in the lives of people
- To have focused and mission mode approach to identify and remove specific barrier which prevent the progress of the state of Maharashtra.
- To develop, nurture and strengthen the communities of innovators/start-ups of the state of Maharashtra
- To make use of the Maharashtra Grand Challenge as a platform for collaborating innovators, academia, investors, industry and state government.

KEY STRENGTHS



WAY FORWARD

From the list of initiatives carried out or proposed by the state as detailed above; the state has performed well in this pillar. There are additional steps that the state could take in order to build upon the initiatives further.

Towards this end, the state can prioritise actions required in three categories: short, medium and long term. Action required in each of these categories are summarised below:

MEDIUM TERM ACTIVITIES (4-6 MONTHS)

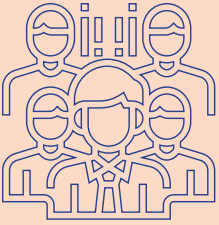
The activities suggested in this category are important and will take relatively more time for implementation. Through dedicated efforts, results can be achieved within four to six months. Activities suggested under this category are as follows:

Invitation or identification of regulatory issues

- The state is encouraged to develop an online institutional mechanism to connect with disruptive startups and understand their regulatory issues

Launch of additional policies/regulations regarding adoption of disruptive technologies

- State is also encouraged to issue additional policies/regulations for startups. These policies or regulations could be made considering the long-term impact of the technology and business model. Stakeholders could be consulted, and feedback must be incorporated



3. EASING PUBLIC PROCUREMENT

Ease in public procurement simplifies criteria to ensure participation of startups in government tenders. The states are evaluated based on the support provided to startups in resolving issues related to state public procurement as norms of Earnest Money Deposit (EMD), prior experience, and prior turnover which prove to be barriers for participating startups. Easing of such norms enable startups and entrepreneurs to avail exemptions and share an equal platform with established organisations.



KEY FACTS

The state government has taken a giant leap towards easing government norms for public procurement. Provision of 100% exemption to startups for having 'prior turnover' and depositing 'earnest money' is a step by the state. The encouragement to the preferential treatment for startups in public procurement is gauged by the initiative of the state government to give orders worth 10% of the total purchase value to startups on an experimental basis.



KEY STRENGTHS

The state has created a favourable environment for startups to participate in the public procurement ecosystem by removing major hurdles faced by startups

RELAXATION IN 'PRIOR TURNOVER CRITERIA' FOR STARTUPS

- The state has provided 100% exemption to startups in the manufacturing sector from the criteria of 'prior turnover'.
- The state government provides relaxation in case a participant participates in the bid for priority in the purchase policy.
- The above startup component will be given exemption from the terms and conditions of annual turnover of 5 years from the date of registration of the Department for Promotion of Industry and Internal Trade (DPIIT) as per the rules set by the Central Government.
- Also, such components will be exempted from payment of tender fee.

RELAXATION FOR SUBMISSION OF EMD FOR STARTUPS

- Submission of EMD is a big hurdle for startups and the government has provided 100% exemption applicable as per the policy to ease the way forward for startups from all public tenders.
- Thus, the startups in the state can fulfill objectives as they can participate in government tenders with no deterrent such as that of 'submission of EMD' criteria



KEY STRENGTHS

PREFERENTIAL TREATMENT FOR STARTUPS IN PUBLIC PROCUREMENT

- The state gives preference in terms of providing orders for procurement to all registered startups in the state. Preference is provided in price or in value of procured goods or services.
- It also states that, if the startups participate in the tender for startup elements, purchase orders up to 10% of the total purchase value should be given on an experimental basis and the total order should be divided into multitudinous startup elements. If such successful startup components are to participate in the tender in the next year then they would be ordered to purchase 20% of the total purchase price

ONLINE GRIEVANCE REDRESSAL MECHANISM FOR STARTUPS

- The state has developed a robust time bound online mechanism for receiving grievances and provide resolution on matters related to public procurement
- The CEO of the MSInS has been appointed as a dedicated officer for resolving grievances



WAY FORWARD

From the list of initiatives carried out or proposed by the state as detailed above; the state has performed well in this pillar. There are additional steps that the state could take in order to build upon the initiatives further.

Towards this end, the state can prioritise actions required in three categories: short, medium and long term. Action required in each of these categories are summarised below:

MEDIUM TERM ACTIVITIES (4-6 MONTHS)

The activities suggested in this category are important and will take relatively more time for implementation. Through dedicated efforts, results can be achieved within four to six months. Activities suggested under this category are as follows:

Relaxation in 'prior-experience criteria'

- The state may consider removing criteria like 'prior experience' completely. Startups having the potential to deliver superior quality output and cost-effective solutions stand to lose out while competing with established players on account of this 'prior experience' criteria
- The state could prioritise providing a sample RFP for applicable exemptions and list all startups along with their registration number to ease the process of purchase and work orders under public procurement.





4. INCUBATION SUPPORT

Incubation support is an integral element of the startup ecosystem that supports entrepreneurs to grow their businesses and assists new startups to succeed. In order to promote startups, the state governments collaborate with organisations, corporates or industry associates to establish incubators, to support startups in the form of capital expenditure or operational expenditure. The evaluation is based on setting up of incubators supported by the state governments to release funds to the startups, thereby creating a unique mechanism to provide subsidised incubation and operate acceleration programmes in partnership with the industry.



KEY FACTS

The Government of Maharashtra has laid business ideas to support and guide startups in the state. The startups are provided with requisite financial incentives wherein business incubators recognise the need to nurture and promote startups.

The state makes efforts to scale up the businesses of the incubators so that they assist startups with professional support and expert team mentoring.



KEY STRENGTHS

SUBSIDISED INCUBATION FOR STARTUPS

- Subsidised incubation entails provision of subsidy or rebate for startups (this excludes support provided as capital/operational expenditure)
- State has issued a government order which provides fintech startups operating out of co-working spaces to adjust the co-working space rent at source, if the co-working site has partnered with Mumbai Fintech Hub
- The rent for office space paid by early stage fintech startups will be reimbursed by the state government subject to an upper limit INR 4 lakh year for a total period of three years.

ORGANISING ACCELERATION PROGRAMMES

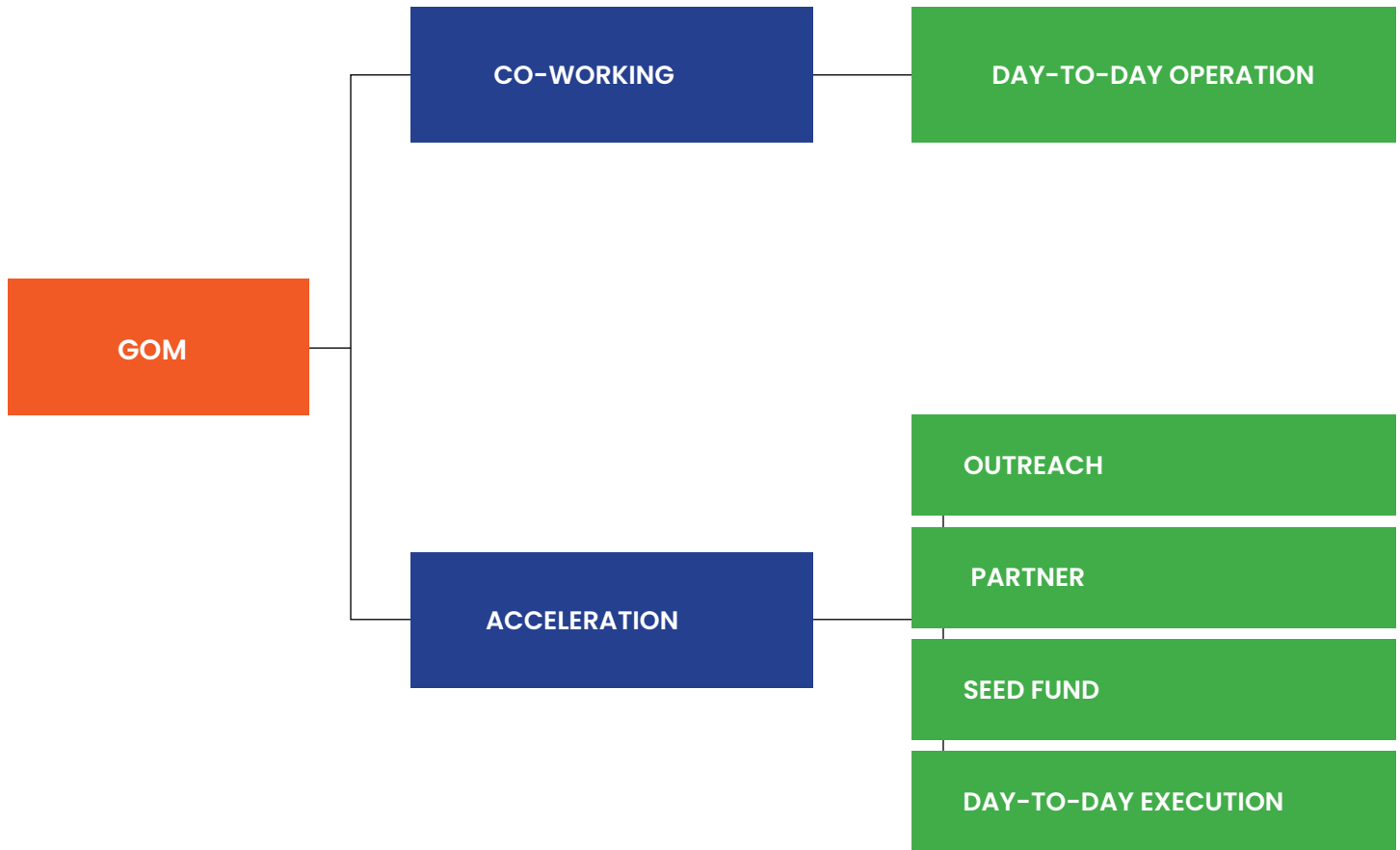
- In December 2019, the Government of Maharashtra conducted India's first public private partnership fintech accelerator programme in Mumbai which was held for 187 days
- The Fintech Yatra (Fintech Meetup) entered in an engagement with the government of Maharashtra and built the acceleration programme from idea to execution. Key responsibilities of Fintech Yatra included:
 - Bringing institutional partnership onboard (10 institutional partners were a part of the acceleration programme)
 - Identifying startups for the accelerator
 - Taking care of day-to-day operations
 - Bringing mentors onboard and conducting advisory meetings



KEY STRENGTHS

- Conducting workshops - legal, compliance, marketing, branding, design, social media, web design, audit, tax Compliance
- As a part of the acceleration programme, the state government supported 13 startups across India (Mumbai, Pune, Delhi, Chennai, Kochi, Bangalore, Ahmedabad) at different stages of their life cycle. The startups were supported for product guidance, distribution and branding
- 12 startups became part of the final cohort that graduated on demo day
- No programme management fee was paid by the government in operating the accelerator. All resources outside infrastructure support were arranged by the Fintech meetup from other partners.
- Government of Maharashtra was the nodal agency and provided seed funding to the startups on graduation (as a part of the grant programme)
- Government of Maharashtra (GOM) entered into a bilateral agreement with "ISME DiCE" as a co - working space provider for the 1st cohort run by Mumbai Fintech Hub
- Post the programme, the government continued to support the startups in business development

THE ACCELERATOR STRUCTURE IS SHOWN BELOW





WAY FORWARD

The state needs to give importance to this pillar in order to further strengthen the startup ecosystem. The state could prioritise actions required in three categories: short, medium and long term. Action required in each of these categories are summarised below:

SHORT TERM ACTIVITIES (1-3 MONTHS)

The activities suggested in this category are important and will take relatively less time for implementation. Through dedicated efforts, results can be achieved within one to three months. Activities suggested under this category are:

Subsidised incubation to startups

- State is encouraged to provide subsidised incubation to assist startups
- State may explore the opportunity to partner with additional private incubators and support them by reimbursing the cost of incubation
- Startups could also be requested to provide an official document showcasing subsidised incubation extended to startups

MEDIUM TERM ACTIVITIES (4-6 MONTHS)

The activities suggested in this category are important and will take relatively more time for implementation. Through dedicated efforts, results can be achieved within four to six months. Activities suggested under this category are as follows:

Setting up of incubators

- The state is encouraged to set-up up new incubators or upgrade existing incubators
- State could also support incubators by providing financial grant for capital expenditure for covering the initial cost
- Additionally, the government could explore alternative models of incubation support, such as, provision of rent-free space (on lease) for setting up incubators

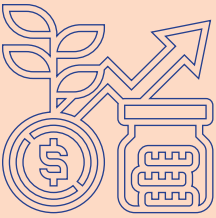
Allocating Seats to Startups

- The state could focus on allotting seats to startups across incubators. The government could publish acknowledgement letters or certificates from incubators specifying the number of seats allocated to startups in order to encourage private incubators to pursue the same approach

Conducting additional acceleration programmes

- The state is encouraged to conduct additional programmes in association with industry to promote innovation and ensure sustainability
- In addition, the state could encourage enrollment of startups in acceleration programmes to provide startups with the opportunity to connect with investors, leverage years of cumulated experience, skill development, provide direction and knowledge support





5. SEED FUNDING SUPPORT

Seed funding can be in the form of a direct grant, subsidised loan, product development and marketing financial assistance, monthly sustenance allowance or even equity seed funding. With seed funding, the evaluation is based on the states' endeavor to help a business grow and generate its own capital by establishing a guiding document. The states need to ensure that startups scale with the right velocity in order to achieve leading positions, through state investment and startup's entrepreneurial knowledge.



KEY FACTS

- The Government of Maharashtra has encouraged innovators to commercialise their inventions through seed funding support to startups in the state. The seed funding assistance has strongly positioned the state to bridge the gap between development and commercialisation of startups.
- The government of Maharashtra has constituted the 'Hirkani Maharashtrachi' scheme and the 'Fintech Corpus Fund' which have defined the eligibility, application process and extent of funding support available for startups in the state.
- The Hirkani Maharashtrachi scheme has been implemented in 20+ districts across the state with a total budget of INR 25.19 crore per annum and more than 5,000 self-help groups (SHGs) and entrepreneurs have benefited from this initiative. Thus, the state has provided tremendous seed support assistance for startups present in the incubator to incubate innovative technological ideas and graduate to successful commercialisation.



KEY STRENGTHS

WELL-DEFINED SEED FUNDING GUIDELINES

The state considers seed funding to be essential for a startup which further encourages aspiring entrepreneurs to graduate to a certain level whereby investments are raised through angel or venture capitalists.

- The state has well-defined seed funding schemes namely "Hirkani Maharashtrachi" scheme and Fintech Corpus Fund that outlines the eligibility criteria, the extent of seed funding and application procedure for startups in the state.
- Seed funding support has enabled startups to receive essential support from commercial banks and other financial institutions.



ESTABLISHED ONLINE INFRASTRUCTURE FOR SEED FUNDING

- The state has a robust online application system for startups to avail seed funding wherein the state has an online tracking system, coupled with email communication for approvals for seed funding; thereby, simplifying the disbursement process.

SEED FUNDING BENEFICIARIES

- The state has provided seed funding support to 60+ unique startups through grants and reimbursements. The startups were supported by Mumbai Fintech Hub between 1st May 2018 – 30th September 2019.



WAY FORWARD

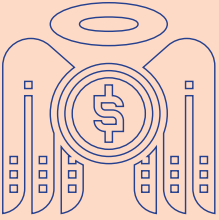
The state needs to give importance to this pillar in order to further strengthen the startup ecosystem. The state could prioritise actions required in three categories: short, medium and long term. Action required in each of these categories are summarised below:

MEDIUM TERM ACTIVITIES (4-6 MONTHS)

The activities suggested in this category are important and will take relatively more time for implementation. Through dedicated efforts, results can be achieved within four to six months. Activities suggested under this category are as follows:

Seed funding beneficiaries

- The state could consider increasing the size of capital for each funding in order to encourage more technological innovations.
- The state could consider conducting dedicated annual events for provision of seed funding to early stage startups.



6. VENTURE FUNDING SUPPORT

Venture capital funding support is provided to the startups from state supported funds. The states are evaluated based on the establishment of the Fund of Funds (FoF) with approved operating guidelines and signing a memorandum of understanding (MoU) with the fund manager along with a concrete budget allocation. Venture funding provides strong growth potential to startups wherein the fund is used for the all-round development of startups and to levitate the startup ecosystem of the states.



KEY FACTS

The Government of Maharashtra has presupposed definite investments for disbursement to startups under the ambitious policy. The state endeavours to set up incubators in order to foster an overall conducive environment for the startup ecosystem.

Maharashtra State Social Venture Fund was established an Alternative Investment Fund ("AIF") in 2015 with the objective to identify and invest in profitable and scalable business ventures including innovative business model or new products & technologies which would have the potential to provide social benefits.



KEY STRENGTHS

STARTUPS FUNDED FROM VENTURE FUNDS

- The state has been proactive in its initiatives and actions to help startups grow and scale-up. The government has sanctioned state social welfare fund with a corpus of INR 116 crores to promote state entrepreneurial talent and to provide them with a vigorous startup ecosystem.
- Nine unique startups ventures have received funding between May 2018 to September 2019.



Maharashtra State Social Venture Fund (MS Fund)
West Bengal MSME VC Fund (WB Fund)
TEX Fund (TF)
Sansidhi Fund (SF)
India Opportunities Fund (IOF)
SME Growth Fund (SGF)
National Venture Fund For Software and IT Industry (NVFST)

Maharashtra State Social Venture Fund (MS Fund)

Maharashtra State Social Venture Fund (MS Fund), an Alternative Investment Fund (AIF), was established on September 15, 2015 as a close ended unit scheme of Maharashtra Lagna Vias Trust ("Lagna"). SIDBI Venture Capital Limited ("SVCL/Investment Manager") is the Investment Manager and SIDBI Trustee Company Limited ("SVCL/Trustee") is the sole Trustee of MS Fund. The Fund announced its Initial Closing on January 04, 2016. The tenure of the Fund is 7 years. The Fund is registered with Securities & Exchange Board of India (SEBI) under the SEBI (AIF) Regulations, 2012 as a Category-I AIF under the sub category of Social Venture Fund.

Investment Criteria

The primary investment focus of MS Fund is to identify and invest in profitable and scalable business ventures including innovative business model or new products & technologies which would have potential to provide social benefits (economic and/or societal and/or environmental) to the people of Maharashtra.

The investee companies of the Fund are expected to:

- be socially relevant
- economically viable and sustainable and
- to provide access to market to the common people as consumers, producers, employees or as entrepreneurs

Social ventures generally offer a triple bottom line in ways that they create enterprises with novel business models, create positive impact on the lives and living conditions of the general population of the society and have positive environmental impact.

The Fund's investment objective is to generate superior returns by investing start-up, early & growth stage capital primarily in MSMEs based in India which social and economic or social or environmental value to the state of Maharashtra.



WAY FORWARD

The state needs to give importance to this pillar in order to further strengthen the startup ecosystem. The state could prioritise actions required in three categories: short, medium and long term. Action required in each of these categories are summarised below:

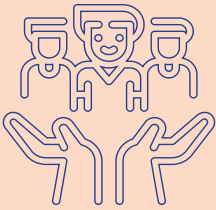
MEDIUM TERM ACTIVITIES (4-6 MONTHS)

The activities suggested in this category are important and will take relatively more time for implementation. Through dedicated efforts, results can be achieved within four to six months. Activities suggested under this category are as follows:

Support to venture funds

Venture funding is an important measure to support growth stage startups in the state.

- The government could issue operational guidelines for designed and approved venture fund
- The state is encouraged to appropriately facilitate the reporting of supporting documents that includes MoU with fund manager (public/private) as well as budget allocation



7. AWARENESS AND OUTREACH

It is the endeavor of state governments to raise awareness about the Indian startup ecosystem and increase its outreach throughout the state. The states are evaluated based on awareness of startups created through workshops, national and international events including bootcamps and hackathons/ grand challenges. In order to promote startups, the state encourages participatory and inclusive processes for linking startups with angel investors and high net worth individuals. Maximum participation is encouraged for exchange of valuable knowledge amongst startups, and pitching sessions for angel investments with widespread propagation.



KEY FACTS

The Maharashtra Startup Week is a determined effort to encourage, engage and enable the state's entrepreneurial ecosystem. It has provided the state's startups with a platform to showcase their innovative solutions to the government. Here, the state has performed well in supporting startups through various events.

The government has aimed to tap the considerable potential in the state through the Maharashtra Startup India Yatra scouting for promising entrepreneurs where they can pursue their entrepreneurial aspirations through incubation and mentorship.



KEY STRENGTHS

A total of
18 BOOTCAMPS
were organised in
36 DISTRICTS
of the state with
14 OF THE BOOTCAMPS
being part of the Startup Yatra.

The Nagpur innovation fest in 2019 saw participation of over 1000 students. The state has also taken the initiative to support startups for various events with support provided for four events in the form of grants and reimbursements. With support from the Maharashtra government, innovative fintech startups participated in the Singapore Fintech Festival.

Further, 24 winning startups in the Maharashtra Startup week were awarded work orders by the state government of upto INR 15 Lakh

ORGANISING BOOTCAMPS

- Bootcamp workshops are conducted in schools and colleges to foster innovation among students. The state has claimed to support 18 bootcamp events
- A few highlights were the Akola district business plan competition in March 2019 with 70+ startups and incubators, the Nagpur innovation fest in August 2019 which saw participation of over 1000 students, sessions for Startup Yatra winners at e-Summit, IIT Mumbai and the Mumbai Fintech Hub Bootcamp series
- 14 of these bootcamps were a part of the Startup Yatra campaign. 36 districts in the state were a part of the bootcamp initiative highlighting the widespread adoption of the initiative by the Maharashtra government



HACKATHONS AND GRAND CHALLENGE CONDUCTED

- The state has organised one hackathon/ grand challenge to identify innovative technological solutions and for supporting entrepreneurs in building these solutions as viable products or service offerings
- The Mumbai fintech 'HackM' was organised as a part of the Mumbai Fintech Festival in 2018 to bring together students, developers and designers to develop innovative solutions for emerging technology adoptions in Fintech, Govtech, and Regtech

SUPPORT FOR NATIONAL AND INTERNATIONAL EVENTS

- The state has encouraged its startups for participating in four national/international events. The support to startups has been in the form of grants, reimbursements for travel, accommodation or registration.
- In addition, the national/international events include knowledge exchange, seminar or workshops, pitching sessions helping in fostering innovation and developing skills among the entrepreneurs.
- Additionally, with support from the Maharashtra government, innovative fintech startups were selected from a list of 60+ startups registered with the Mumbai Fintech Hub to take part in the Singapore Fintech festival which drew close to 45,000 participants from over 130 countries



ORGANISING ANGEL INVESTMENT WORKSHOP

- The state organised an 'Angel Investment Workshop' during Maharashtra Startup week in 2019 attended by 20 VC/angel firms and attended by 50+ startup participants

SINGAPORE
FINTECH
FESTIVAL
www.fintechfestival.sg



WAY FORWARD

From the list of initiatives carried out or proposed by the state as detailed above; the state has performed well in this pillar. There are additional steps that the state could take in order to build upon the initiatives further.

Towards this end, the state can prioritise actions required in three categories: short, medium and long term. Action required in each of these categories are summarised below:

SHORT TERM ACTIVITIES (1-3 MONTHS)

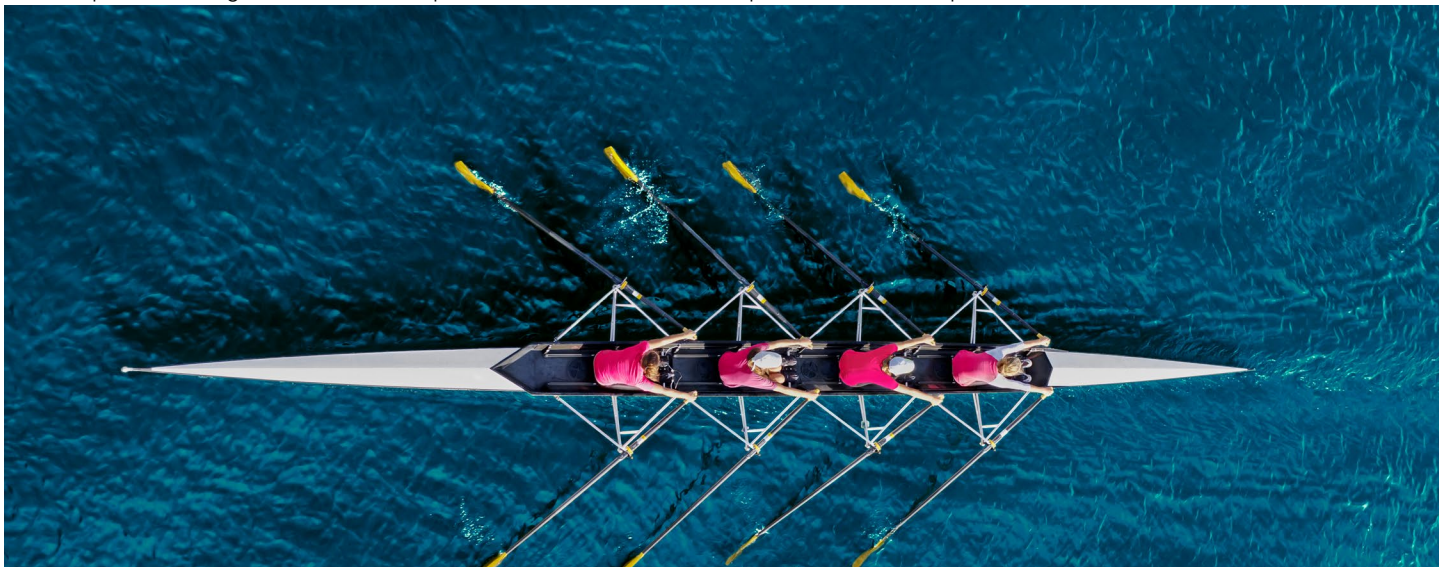
The activities suggested in this category are important and will take relatively less time for implementation. Through dedicated efforts, results can be achieved within one to three months. Activities suggested under this category are as follows:

Increase participation of startups in angel investment workshops

The state could consider offering more incentives to startups to participate in the angel investment workshops. The state could formulate guidelines outlining incentives for angel investors for their investment in startups

Organise more national or international events

The state could focus on initiating national and international events aimed at knowledge exchange and pitching sessions. The inclusion of startups from foreign countries will help inculcate international best practices for startups in the state.




#startupindia

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