



Goa Start-up Policy-2017



Key Statistics about Goa

Statistics	Value
Area	3702
Population	1458545
Literacy	1165487
Number of Undergraduate & Postgraduate students graduating in Technical streams	1520 B.E Undergraduate & 25 M.E Postgraduate
Local Engineering Colleges	GEC, PCCE, RIET, Don Bosco, AITD
National Engineering colleges	IIT, NIT and BITS
Per Capita Income	5
Number of IT Companies	3
Per capital income 2014-15	Rs. 3,17,809
Number of IT companies	65

***Source of above information: Department of planning and statistics*

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1. Preamble

- a) Demographic dividend is one of India's biggest strengths. However, our demographic dividend can be leveraged only when a suitable eco-system is made available for the youth to meaningfully deploy their energies, skills and talents towards the nation building and economic development processes. Hence facilitating entrepreneurship, which in turn leads to value creation and job creation, is a governance and a moral imperative which the Government of Goa is unflinchingly committed to. Hence the Government of Goa has released this start-up policy, which pertains to proliferation of technology start-ups and unleashing of economic opportunities across the state of Goa.
- b) Goa is a popular urban state with the highest per-capita GDP and enviable human development indices. Goa's cosmopolitan culture, impressive infrastructure, quality manpower, picturesque landscape, clean environment and development orientation, not only makes Goa an ideal base for entrepreneurs to realise their dreams, but will also play a key role in facilitating an environment that is supportive and makes the start-ups both technologically innovative and globally competitive. It is towards this objective that this policy has been drafted.
- c) One of the transformative factors of technology start-ups is its matchless potential to exponentially scale up, leading to large scale job creation. While the Government is committed to promoting entrepreneurs from Goa and generating employment for Goans, the Government is equally committed to inviting the best and the brightest entrepreneurial and technology minds from outside Goa in order to build a robust start-up eco system within the state.
- d) The Government recognises that education and skill development that is aligned to the requirements of the industry are vital for a robust start-up eco-system. Hence the Government is committed to continuously improving the Goan education system, and promoting aspects such as Do-It-Yourself, as part of the school curriculum.
- e) In order to incentivise promising start-ups to be registered in Goa, the Government of Goa, on a case to case basis, can grant any exemption beyond the scope of this policy, to start-ups operating in the following areas with a special focus on areas such as smart cities, urban

management, waste management, renewable energy, education, health care, communication, and entertainment:

1. Internet of things
 2. Artificial intelligence
 3. Machine Learning
 4. Interaction Design
 5. Big Data Analytics
 6. Robotics
 7. 3-D Printing
 8. Data Sciences
 9. Drones
 10. Virtual Reality/ Augmented Reality/ Merged Reality
- f) Building a lasting institutional framework that changes the start-up landscape of Goa, and makes the state an attractive start-up base for technology entrepreneurs, involves a concentrated strategy and robust implementation. Based on the changing dynamics of the technology industry, entrepreneurs, human capital, and other aspects related to the start-up eco-system, this policy will keep evolving and remain proactively responsive to put Goa on top of the start-up game.

2. Definitions

The definitions stated below are only applicable to the contents of the Goa Start-up Policy 2017, and shall be void beyond the scope specified herein.

- a) IT Industry means and includes development, production and services related to Information Technology products and software.
- b) Information Technology (IT) / Information Technology Enabled Services (ITES) include the services detailed in Annexure A to this policy.
- c) ESDM means Electronics System Design and Manufacturing.
- d) Cell means Start-up Promotion Cell, a Goa government appointed governing body.
- e) State means State of Goa.

- f) Local refers to a person satisfying at least one of the following criteria:
1. Person born in the State of Goa; or,
 2. Person having domicile for 10 years or more in the state; or,
 3. Spouse of a person covered under any of the conditions mentioned in f (1) and f (2), through marriages registered in Goa.
- g) Start-up means an entity meeting the following criterion:
1. Up to seven years from the date of incorporation / registration in the State of Goa; and,
 2. With annual turnover not exceeding INR 25 crore in any of the preceding financial years; and,
 3. Working towards pure-play innovation, development, or improvement of products or services, powered by engineering or internet based software or technology.
- h) Local start-up means start-up in which at least 50% equity/share is held by one or more Goans continuously since the time of inception. Unless and until explicitly mentioned as a local start-up, start-up herein refers to any entity meeting the conditions detailed above (paragraph g).
- i) Freshers means IT professionals who have completed their graduation within the stipulated period of study, and not more than two years have elapsed since the completion of study.
- j) Start-ups need to provide a distinct value addition to the product or service they provide, through commercialization of an innovative idea. Start-ups in Goa would broadly be grouped into three major categories:
1. Product: involves IT/ITES/ESDM based product development.
 2. Service: involves IT/ITES/ESDM based service delivery.
 3. Hybrid: involves combination of the above two categories.
- k) Entities that are into retailing / wholesaling / distributing of software, hardware, and IT peripherals will not be considered as a start-up for availing the incentives under this policy.

3. Vision

- a) To make Goa one of the most preferred start-up destinations of India, and make it feature in the top 25 start-up destinations in Asia by 2025.

4. Objectives

- a) To make Goa an aspirational geographical and human resources base for high value start-ups.
- b) To invite the best entrepreneurial minds to make Goa their professional base, and thereby build a robust start-up eco-system in the state.
- c) To provide assistance to the Goan entrepreneurs and local start-ups.
- d) To endeavour to create at least 100 successful start-ups in Goa in the next 5 years, targeting generation of employment for atleast 5000 Goans.
- e) To develop minimum 2,00,000 lakh sq. ft. area for technology innovation and incubation centers in the next 5 years.
- f) To infuse technology-enabled real-world problem-solving skills into the Goan education system through collaboration between industry, academia, and through the introduction of DIY modules as part of school curriculum, and Massive Online Open Courses as part of University curriculum.
- g) To create an eco-system that makes it easy for Goan students to acquire technical skills required for employability and professional growth in the start-up space.
- h) To ensure continuous evolution of policy measures and creation of a responsive policy framework for accelerating growth of the start-up ecosystem, and incorporating new frontiers of technology enablement on an ongoing basis.

- i) To facilitate creation of dedicated funds for providing various types of support and impetus to start-ups:
 - 1. Idea to P-o-C (Proof of Concept) Fund
 - 2. Seeds Capital Fund
 - 3. Working Capital Fund
 - 4. One-time Grant Fund
 - 5. Research and Development Fund
 - 6. Student Innovation Fund
 - 7. Skill Development Fund

5. State Support

5.1 Start-up Promotion Cell under the Department of IT (Goa)

- a) A Start-up Promotion Cell will be formed, which would serve as the nodal agency to register/recognise/certify, the start-ups established in the state. Secretary IT will be the convenor of the cell.
- b) The cell would report to a high powered start-up promotion committee, comprising of the Chief Minister, IT Minister, Chief Secretary, IT Secretary, and Industries Secretary, and four nominated personnel from the industry.
- c) The cell would be headed by a CEO, and dedicated team of professionals to carry out the following functions:
 - 1. Incubation
 - 2. Finance
 - 3. Operations/Administration
 - 4. Eco-system building
 - 5. Due diligence
- d) The CEO will be responsible for determining the charter of the cell, and setting-up the cell within 3 – 6 months from the date of her/his appointment.
- e) The cell would also engage professionals/agencies for the following functions, who would provide services to the start-ups on a shared services model, at notified rates:
 - 1. Management
 - 2. Human Resources

3. Technical
4. Legal
5. Finance

5.2 Regulatory Compliance Enablement

- a) All start-ups registered in Goa will be allowed to operate 24/7.
- b) Start-ups registered with the Government of India under the Start-up India program, and registered with the cell will be exempted from inspection under the following acts:
 1. Factories Act, 1948
 2. Maternity Benefit Act, 1961
 3. The Contract Labour/Regulations and Abolition Act, 1970
 4. The Payment of Wages Act, 1936
 5. The Minimum Wages Act, 1948
 6. The Employment Exchange Act, 1959

However, start-ups will need to confirm compliance based on self-certification.

- c) As part of the Government of Goa's endeavour to promote EoDB in the state, the cell will set-up an internet based single-window portal exclusively for start-ups.
- d) The portal will enable registration of the start-ups, facilitate two-way communication with the Government for updates and reminders on regulatory matters, and access to the repository of information on all state-level as well as national regulatory compliances that are required for new and existing start-ups. Through the single window portal, the cell will also provide a channel for the start-ups to provide policy inputs to the government.
- e) In addition, each government department having a regulatory or administrative interface with start-ups shall designate a senior officer of the Department as a Nodal Officer, to serve as the single point of contact in respect of all permissions/grievances/queries pertaining to the Department concerned.

5.3. Infrastructure - Incubators and Accelerators

As part of Goa Government's commitment to promoting start-ups and incubators in the state, the Government would strive towards developing world-class infrastructure through the following models:

5.3.1 Government Developed Incubators:

- a) The cell would set up one state-of-the-art, fully equipped, plug-and-play innovation and incubation centre in Goa, of an appropriate size, within the next year from the date of notification of this policy. Satellite centres of an appropriate size would also be set-up across various locations in Goa, based on demand.
- b) Through the incubation centres outlined above, the Government would provide the following at subsidised rates:
 - 1) Fully functional and semi-functional plug-&-play working spaces for start-ups and incubators.
 - 2) High-speed internet connectivity.
 - 3) Shared IT infrastructure such as printers, projectors, fax machines, photo copiers, etc.
 - 4) Other infrastructure like meeting rooms, server rooms, QA/QC labs, etc.
- c) In the next two years, the cell would aim to mentor a minimum of 50 start-ups operating out of such Government developed facilities.

5.3.2 Privately Run Incubators:

- a) The cell would enter into a tie-up with established incubators who would be admitting start-ups registered with the cell. The start-ups will be selected by the incubators as per their extant admission rules. The Cell will subsidize part of the cost per seat provided by the incubator and the rest would be collected from the start-up. The rate charged per-seat, by the incubator, will be as per agreed terms between the cell and the incubator.

5.3.3 Incubation within Government leased space:

- b) The cell may lease fully functional and semi-functional spaces, and appoint an incubator to manage the incubation process in those

spaces. The leased premises and the incubation cost will be borne on a per-seat basis. Funds for the same would be provisioned from the Working Capital Fund.

5.3.4 Incubators within educational institutes:

- a) All educational institutes in Goa, affiliated to a recognized public university, can avail a one-time grant of up to Rs. 10 lacs towards capital expenses, for setting up of an incubator within their institute campuses, for the purpose of nurturing start-ups founded by students enrolled in these institutes. Such incubators will also be provided a grant of up to Rs. 3 lacs per year, for a period of three years, towards operational expenses. Funds for the same would be provisioned from the Working Capital Fund.

5.4. Incentives

- a) Government of Goa intends to actively support the set-up, operations and growth of eligible start-ups based in Goa through various incentives listed in this section.

5.4.1 Financial Incentives:

Through the online single-window, the cell shall receive, process, approve and disburse the following incentives eligible under this policy.

- a) In case of land / developed area purchased / leased by start-ups / incubators / accelerators, the stamp duty for land / built up area lease / sale transaction for start-ups will not exceed Rs. 100/-, and the excess amount paid to the authorities concerned will be reimbursed. This incentive is available only once in the life time of a Start-up. Funds for the same would be provisioned from the One-time Grant Fund.
- b) Development of green field / brown field incubators and accelerators with dedicated facilities either in the form of fully functional or semi functional office spaces for start-ups operating in the areas listed under paragraph (e) of the preamble, would be eligible for loans for infrastructure development through the Economic Development Corporation or banks, equalling the contribution of the promoters, subject to a cap of Rs. 1 Crore.

- c) All start-ups in Goa will be eligible for interest subsidised loan from the Government. The extant norms of the Chief Minister's Rozgar Yojana will be modified for this purpose.
- d) A maximum of 3 projects which show immense promise and potential, as recommended by the cell, will be eligible for grant of 30% of a loan interest amount, for the purpose of repayment of the interest component of a loan availed, subject to maximum amount of Rs. 5 lacs per annum, for an initial period of two years only. Other Start-ups can avail an interest repayment grant of 10% of the interest amount of a loan availed, up to Rs. 2 lacs per year, for a period of two years. This amount and grant will be in addition to any other interest subsidy or loan provided under CMRY Scheme. Funds for the same would be provisioned from the Working Capital Fund.
- e) Start-ups that raise funds from a registered / recognized funding source prior to the product launch phase will be provided 25% of the matching funds, at proportionate ownership of stock, subsequent to due diligence by and subject to discretion of the cell. Funds for the same would be provisioned from the Idea-to-PoC Fund.
- f) Start-ups with a promising Minimum Viable Product can get a one-time grant of up-to Rs. 10 lacs, as determined by the cell. Funds for the same would be provisioned from the Seed Capital Fund.
- g) The cell would also provide a onetime loan of up to Rs. 10 lacs, for start-ups that have developed a Minimum Viable Product. While the loan will be treated as a debt payable by the start-up as per agreed terms, the cell can convert it into an equity of up to a certain percentage of ownership, as determined mutually between the cell and the start-up, at the time of disbursement of the loan. Start-ups availing the one-time grant detailed in paragraph (f) above, will not be eligible for this fund. The loan amounts would be provisioned from the Seed Capital Fund.
- h) For start-ups registering patents at National and International levels, the cell will reimburse up to 50% of the cost incurred by the start-up concerned in fees and all other costs associated with patent application, if the patent is registered successfully, subject to a cap of Rs. 2 lacs for national patents and Rs. 5 lacs for international patents.

Funds for the same would be provisioned from the Research and Development Fund.

- i) For start-ups that have successfully entered the production/service delivery phase, 50% of the cost of trade-mark registration of their company name and logo, will be reimbursed by the cell. Funds for the same would be provisioned from the One-time Grant Fund.
- j) For start-ups hiring local talent, 50% of the salary of freshers will be reimbursed, subject to a cap of Rs. 10,000 per month per recruit. Freshers for the purpose of this incentive provision are defined as professionals who have completed their graduation in the last two years. For start-ups whose work force comprises of 60% of locals, a matching grant of up to 25% of salary of the local workforce will be reimbursed. Funds for the same would be provisioned from the Working Capital Fund.
- k) For start-ups that operate from their own premises or rented premises, and do not use the Government developed facilities, cost towards internet connectivity, software license fees, and cloud services fee, will be reimbursed subject to a maximum limit of Rs. 1,00,000 per quarter. Funds for the same would be provisioned from the Working Capital Fund.
- l) For such start-ups lease rental subsidy of up to Rs. 20 / square feet per month, will be provided for a period of two years. This is applicable only for local start-ups. This incentive is subject to a cap of Rs. 3 lacs per annum. Funds for the same would be provisioned from the Working Capital Fund.
- m) In order to promote innovation amongst the Goan start-ups, 50% of R&D expenses, including salaries of Ph.D holders employed by start-ups will be reimbursed for a period of two years, subject to a cap of Rs. 5 lacs per annum. Salary component must not be in excess of Rs. 2 lacs of this incentive. In order to avail the benefits under this particular scheme, a separate application must be made to the cell and a prior-approval needs to be obtained. Funds for the same would be provisioned from the Research and Development fund.

- n) Adequate budgetary provision will be made and transferred into the respective fund heads, through which benefits/incentives envisaged under this policy will be disbursed by the cell to applicants/beneficiaries, thereby ensuring continuous availability of funds for the smooth and uninterrupted operationalization of this policy.
- o) Requirements of all Government departments for Information and Technology solutions will be routed centrally through an agency nominated for this purpose. The agency so nominated shall necessarily outsource a minimum of 50% of the anticipated requirements in terms of the total estimated contract value, to Goan Start-ups only. In cases where Goan Start-ups are not in a position to provide the product or service, then in such cases, the agency may, subject to other conditions, avail the product or service from any other source.

6. Human Capital Development

- a) The cell will focus on bringing about a targeted transformation in the education system, by ensuring that certain skills (such as Do-it Yourself, coding, interface design, etc.) can be imparted to students studying at primary and secondary school levels. This will ensure that the State builds a highly skilled and technology oriented human capital. For this purpose, a high level committee will be constituted by the Government to suggest curriculum changes for students who need to be skilled to undertake such activity.
- b) Retail educational institutes that impart programming and technical skills will be encouraged in Goa. Institutes registered with the cell and providing courses at pre-fixed rates, will be provided internet subsidy (up to Rs. 5 lacs per year), power subsidy (up to Rs. 1 lac per year), 25% capital investments reimbursement (on all capital procurement for a period of two years), and 10% salary cost subsidy for a period of two years. Funds for the same would be provisioned from the Skill Development Fund.
- c) The cell will determine the standard market rates for the various on-demand and industry relevant programming courses, which will be widely publicised. Students, who are currently pursuing their graduation or are within two years from the time of their graduation within the original stipulated period of study, can enrol for these

programs. On successful completion of the training program, 50% of the fees paid will be reimbursed to the student by the cell. This is available only to students who are enrolled in a Goan educational institute. Funds for the same would be provisioned from the Skill Development Fund.

- d) The cell will seek the services of institutes of excellence such as IITs/IIMs, to review and suggest changes to the curriculum at the Engineering and other graduate level courses in Goa, and make it contemporary and market relevant. The cell would also ensure inclusion of course curriculum pertaining to entrepreneurship, corporate finance, organizational theory and design, with a specific emphasis on founding and running of start-ups.
- e) The cell would also come out with a list of courses that must be imparted through the Massive Online Open Courses format, in all colleges in Goa.
- f) Each year the cell will organize a 'Goa Start-Up Ideas' competition, for students from class VIII up to graduation, from which five promising Start-up ideas will be identified, incubated and fully funded by the cell for a period of three years. Additional incentives including stipend, equity distribution, etc. will be spelt out under a separate scheme for this purpose. Funds for the same would be provisioned from the Student Innovation Fund.
- g) The cell would run a technology fellowship program to identify technology educators in technical educational institutes under Goa University who are keen to further their expertise in the following areas:
 - 1. Internet of things
 - 2. Artificial intelligence
 - 3. Machine Learning
 - 4. Interaction Design
 - 5. Big Data Analytics
 - 6. Robotics
 - 7. 3-D Printing
 - 8. Data Science
 - 9. Drones
 - 10. Virtual Reality/Augmented Reality/Merged Reality

- h) Such selected educators/fellows would be sent to centres of excellence within the country and abroad to undertake summer school and short term training programs to further their learning in their area of specialization. The Department of IT will endeavour to set-up Centres of Excellence/Advanced Maker Labs, in the technologies outlined above, in select technical educational institutes. Such selected educators/fellows will be required to function as Master Trainers/Principal Mentors to students and student start-ups that would be incubated in such facilities. The educators/fellows upon selection would receive an educational grant of Rs. 10 lacs per year, for a period of five years. In case such educators/fellows generate and get any business and value driven patents registered, in her/his area of specialisation, either through individual research or in collaboration with students, such fellows shall be eligible to receive a patent specific grant of upto Rs. 15 lacs, subject to certification by the cell. Funds for the same would be provisioned from the Student Innovation Fun.
- i) The Government will set-up IT labs and Maker-labs, with state-of-the-art facilities for school students to experiment and familiarise with emerging technologies. Funds for the same would be provisioned from the Student Innovation Fund.

7. Other Aspects

- a) This policy shall remain in operation for a period of three years from the date of notification of the policy.
- b) In case of any doubt/ambiguity/lack of clarity regarding the meaning or interpretation of the any of the provisions of the policy stated above, which may arise during the implementation of the policy, the same shall be clarified in terms of the contents of the Preamble, Vision and Objectives stated above.
- c) In case of any disagreement regarding meaning/implementation of any of the provisions of the policy, the same shall be decided by the Government and the decision of the Government in this regard shall be final and binding on all parties.
- d) The Government, through the committee headed by Chief Minister shall be authority in disbursing and deciding the incentives, which will

be done as per schemes and details rolled out pertaining to every incentive detailed in this policy.

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Annexure A

Information Technology and Information Technology Services include the following:

1. IT software
2. IT services
3. Call Centres
4. Medical Transcriptions
5. Back Office Operations
6. Business Process Outsourcing (BPO)
7. Knowledge Process Outsourcing (KPO)
8. Website services and Development
9. AVGC (Animation, Visual Effects, Gaming and Comics)
10. IT System Audit Services
11. Legal Database Processing
12. Bioinformatics
13. IT enabled banking, non-banking services including insurance, pension asset management and market related services,
14. IT solution provider / Implementers (including server data banks, application service provider, internet / web based e-commerce service providers and system integrators) / Visual Effects / Digital Entertainment and IT Engineering Services Companies.

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Comments

