

## **Standard Operating Procedure for Scheme for Assistance for Startup/Innovation – 2015**

- **Mandatory parameters for Nodal Institution:**
  - Separate seating arrangement for 20 persons
  - Minimum separate area of 5000 Square feet
  - Incubation centre must be available 16 hours per day including post office-hours
  - Meeting room, Seminar/AV Conference hall, Computers, Internet Network and basic related infrastructure
  - Concerned Subject experts and mentors
  - 2 full time Incubation Manager
  - Incubation Centre of particular Institutes/Universities/Private Incubation centers must register their incubation centre under Companies Act-2013, rule of Section 8, as ‘non-profit making company’ before their application approval as a Nodal Institutions
  - Applied Institute must have a minimum of 5 to 7 projects having strong business potential and commercial viability under their incubation centre at the time of their application for approval as Nodal Institutions
  - Separate Bank Account must be maintained by the Institute for use of grant issued by the Industries Commissionerate under the Start Up/Innovation Scheme
  - Approved Nodal Institutions have to promote the Start up/Innovation activity from their end; they must display on their official website that the Institute has been approved/recognized as a Nodal Institution under the Start-up/Innovation Scheme of the Government of Gujarat
  - Nodal Institutions will also allow innovators who are not academically associated with them to be a part of their Incubation Centre
  - Nodal Institutions will support the innovator by providing mentor services; if the Nodal Institution does not have mentoring facility, institute has to arrange for availing services of mentors from the industry/other place for the innovator
  - Any Startup/Innovator approaches Nodal Institute; NI will show expression of interest and revert him via email communication within 3-5 working days

- **Procedure for submitting applications to Office of Industries Commissioner:**

- Those who want to start their start up will contact any one of the Nodal Institutions approved by the Industries Commissionerate
- The Nodal Institution will show expression of interest and communicate him via email within 3-5 working days
- Every approved Nodal Institution must form a Screening Committee
- The screening committee of the Nodal Institution will scrutinize the application received from the innovator for further recommendation
- There has to be maximum 2 months of incubation association period spent by selected Startup into selected Nodal Institute (incubation centre)
- After screening of the innovative project/startup done by the screening committee of Nodal Institution; the recommendation will be forwarded to the Industries Commissionerate along with latest progress report and due diligence report
- Startups at ideation stages will not be permitted; NI must see the proofs of concept
- Forwarded projects/startups will be scrutinized by the Sub-Committee for further process
- Projects/startups recommended by the sub-committee will be placed before SLIC for final approval
- SLIC may deliberate and decide the suitability of the project/startup
- Maximum Life span of a startup is considered to be of 3 years and after 3 years under incubation; a startup will automatically cease to avail benefits
  - Under innovation phase during the life span as prescribed above, the startup will be eligible for sustenance allowance maximum upto 1 year and for first 2 years it will be eligible for expenses under prototype development, and after that, the startup will be eligible for assistances under commercialization.

- **Guidelines for forming a screening committee:**

- Every approved Nodal Institution must form a Screening Committee
- Nodal Institution must appoint 2 permanent members from the Institute itself
- As per the subject requirement of particular Innovative project, Nodal Institutions may invite 2 subject Experts and 1 financial expert in the Screening Committee
- The Screening Committee may comprise of minimum 5 members

- **Guidelines for Sustenance Allowance:**

- Sustenance Allowance is being paid to the project/startup not to the Individual Person/Group; and it has to be a registered LLP/PVT
- After generating monthly progress report only, sustenance allowance will be released
- No particular details of expenditure incurred need to be asked; however the Nodal Institution must ensure continuous follow-up to confirm that the Innovator is working on the Idea/Project.
- The Sustenance Allowance amount must be disbursed by the Nodal Institution to the innovator only on a monthly basis (Rs. 10,000 per month only)
- Sustenance Allowance is being paid to those startups whose economic background is weak or they do not have any other source of income. NI must check economic background of startups before recommending sustenance allowance

- **Guidelines for Mentoring:**

- The assistance for mentoring services for innovative projects is being paid to the Nodal Institutions
- The assistance for mentoring services is Rs. 5.00 Lacs which is the amount paid annually to the Nodal Institutions
- The amount must be used for fees paid to the external experts/Mentoring services, not to be used for the salaries/compensation of the faculties of the NIs supervising the projects
- The NI should encourage and pool in services of experts/mentors who are willing to provide services in honorary/voluntary capacity
- The assistance extended to the NI must be utilized optimally and economically based on rational and fair principle

- **Guidelines for Product Development Assistance:**

- The assistance for raw material usage/Product Development/machinery usage is upto Rs. 10.00 Lacs which amount is paid to Nodal Institutions
- The Nodal Institution must maintain a record of the amount spent by the innovator for product development
- Product Development assistance is one time assistance given to any approved startup through Nodal Institution
- An annual audit report must be forwarded by the Nodal Institution to the Office of Industries Commissioner, which must give complete statement of expenses under each project
- The NI will evaluate the invoiced expenses of the startups and will approve them if the invoices and supporting documents are found to be complete, bonafide, appropriate and in line with the startups product development and marketing needs to successfully develop/ commercialize the product. While the NI will have discretionary power to approve the expenses and as such will not impose caps on allowed expenses, it will check if any of the expense line items are explicitly not allowed by GoG guideline. In case, an expense is deemed to be appropriate by the NI but is currently not reimbursable by the GoG guideline, the NI will make a representation to GoG on the startups behalf, but the final decision will be that made by GoG and will be binding on the startup. If the expense policy evolves and a previously un-reimbursable expense becomes reimbursable, the NI will allow resubmission of the invoice, provided the payment has not already been made by the startup to the concerned person/ organization/ commercial entity.
- Product Development Expenses occurred between the date of submitting of startup application to GoG by the NI for consideration for the GoG startup scheme and the date of getting officially approved as a startup accepted/ funded by the Government of Gujarat Startup Scheme, can be submitted for reimbursement with bonafide documents to their respective NI's.
- Until products are approved for marketing expenses, the startups can bill marketing expenses related to initial stages of product development such as proof of concept/ prototypes/ minimum viable product/ alpha/ beta/ pilots under product development assistance recommended to particular Startup.

- **Guidelines for Marketing Assistance:**

- The assistance for Marketing Assistance usage is upto Rs. 10.00 Lacs which amount is paid to Nodal Institutions
- The Nodal Institution must maintain a record of the amount spent by the innovator for product development
- Product development has to at least reach minimum viable product in order to apply for marketing expense approval.
- Marketing expenses incurred before formal written approval of marketing expense, which has not been expensed under product development, can be expensed after approval of marketing expense
- Marketing expenses incurred after approval of marketing expense under the respective categories can be routinely expensed. Similar to product development there is no hard cap on expenses in any of the marketing categories.
- Marketing assistance is one time assistance given to any approved startup through Nodal Institution
- An annual audit report must be forwarded by the Nodal Institution to the Office of Industries Commissioner
- Broad sectors which can be covered are as follows

- **Print, Electronic, Radio Media:**

The most common expense associated with marketing is the cost of placing ads in print media, such as newspapers and magazines, electronic and radio media.

- **Social Media and Website:**

Social media and online advertising are typically the cheapest forms of advertising. Once a website for a company is created, the month-to-month maintenance of it is relatively inexpensive, unless a complete overhaul is required. Social media is one of the newest forms of advertising and can be quite cheap in comparison to print media.

- **Consultancy Expenses:**

The salaries of marketing department and consultancy expense must be considered as marketing expense. If there are several members of a marketing department, such as a content manager, graphic designer and social media manager, the overhead can become extensive.

- **Research and Surveys:**

Market research takes time and energy. Industry magazines, publications and websites must be subscribed in order to stay on top of frequent market updates. Additionally, many companies survey the potential and current customers in order to be sure that their marketing efforts are working. The surveys are typically outsourced to industry experts to avoid the extreme time and effort that a good survey takes on a marketing staff.

A tentative list of components covered under marketing assistance.

1. Out of home Media - marketing to people in public places, hoardings
2. Sales Promotion Expenses
3. Publicity Material Expenses
4. Sales Salaries Expenses ( treated as consultancy fees)
5. Marketing Services Expenses ( treated as consultancy fees)
6. Newspaper Advertising Expense
7. Radio Advertising Expense
8. Magazine Advertising Expense
9. Television Advertising Expense
10. Billboard Advertising Expense
11. Correspondence Expense
12. Printing of Business Card Expense
13. Coupon Development Expense
14. Direct Mail Expense
15. Brochure Printing Expense
16. Pamphlet Printing Expense
17. Other Promotional Item
18. Telemarketing - calling people on the phone with a pitch, usually uninvited
19. Campus marketing - marketing to (and often by) college students, campus ambassadors
20. Catalog marketing — marketing through printed catalogs delivered in the mail
21. Celebrity marketing — use of celebrities as spokespeople, for endorsements or testimonials
22. Data (web) marketing - using data as a marketing channel
23. Informational marketing - providing useful/educational material to nurture audience
24. In-store marketing — promotions based at a retailer's location
25. Long Tail marketing — marketing to many niche segments that aggregate to a huge audience
26. Niche marketing — targeting very specific audience segments
27. Search (engine) marketing — organic and paid promotion via Google, Bing, etc
28. Self marketing — marketing yourself, also known as personal branding
29. Sports marketing — use of sporting events, teams, and athletes to promote products
30. Video marketing — incorporating videos in online marketing, leveraging YouTube
31. Trade show marketing — subset of event marketing, exhibiting and promoting at trade shows
32. Youth marketing — targeting young audiences, often using emerging channels

**Modification of Terms & Conditions:**

- **The above terms and conditions may be modified by the Office of Industries Commissioner through mutual agreement.**
- **Industries Commissionerate has tried to follow the good practices and guidelines; in case of a conflict of interest the guidelines espoused by Office of Industries Commissioner shall hold.**