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TRIPURA GAZETTE

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PART--I-- Orders and Notifications by the Government of Tripura,
The High Court, Government Treasury etc.

GOVERNMENT OF TRIPURA
DIRECTORATE OF INFORMATION TECHNOLOGY
IT Bhavan, ITI Road, Indranagar, Agartala – 799 006, Tripura.

F.No.17(24)/DIT/IT/2018/3932-50 Dated, Agartala, the 25th October, 2019.

NOTIFICATION

With a vision to create support eco-system for setting up of IT Start-up Industries in the State to encourage the youths of the State to become entrepreneur and to create employment avenues, the Governor is pleased to make the following scheme, namely:

1. **Short Title of the Scheme:**

The Scheme shall be called the Tripura IT/ITeS Start-up Scheme, 2019 (hereafter referred to as "IT Start-up Scheme 2019") for IT/ITeS industrial enterprises (hereafter referred to as "enterprises") to be set up in the State of Tripura.

2. **Commencement and Duration:**

Unless specifically mentioned against the respective items of incentives sanctioned under IT Start-up Scheme 2019, it shall come into effect from the date of its notification in the whole of Tripura and shall remain in force for a period of five years ending on the thirty-first day of March, 2024.

3. **Definitions**

3.1 ***Accelerator:*** Accelerator is an organization or program that enables rapid growth of new Start-ups by providing specific services like: mentoring, training, resources and networking to help Start-ups increase their customer base, generate more profits, prepare for funding and professionalize their organization.

3.2 ***Angel Investor:*** Angel Investor is (also known as business angel/informal investor) an individual or group of investors who invest in start-ups at an early commercialization stage in return of convertible debt/equity.

3.3 ***Commercialization Stage:*** Commercialization Stage refers to an integral stage in lifecycle of start-up wherein start-ups scale up their business and commercialize product/ services.

3.4 ***Fund Manager:*** Government shall appoint one or more fund managers for managing the Start-up Tripura Fund and also activities mentioned under this policy.

3.5 ***Government:*** Government means the Government of Tripura.

3.6 ***Incubator:*** An organization that creates Technology Business Incubation facility to provide space for the Startup Industries recognized by Central or State Government.

3.7 ***Innovation:*** The process of translating an idea or invention into a good or service that creates value for which customers will pay. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources.

3.8 ***Mentoring***: Mentoring is generally a pool of industry experts/ academicians that help start-ups by providing unbiased guidance, strategic support and thinking and help them build their network.

3.9 ***Nodal Agency:*** Nodal Agency shall mean reputed Government institutions as approved by the State Level Implementation Committee as Nodal Agencies for certifying Start-ups for all categories.

3.10 ***Registered***: Registered refers to an entity registered with Registrar of Companies (RoC) of India.

3.11 ***State supported Incubators:*** means incubator(s) supported by Government of Tripura and/or Government of India.

3.12 ***TBI***: a Technology Business Incubator (TBI) as recognized by Department of Science and Technology, Government of India.

3.13 ***Venture Capital:*** Venture Capital is the fund invested in start-up at commercialization stage upon critical appraisal of the project undertaken by venture capital companies. The capital is generally invested in return of equity shareholding.

4. **Preamble**

4.1 Tripura has several strengths to enable the growth of IT Industries. It has good network of Universities/Institutions, and every year, around 400 B.Tech/M.Tech students in Computer Science/IT are passing out from different Institutions in Tripura and around 1,000 candidates are undergoing various IT courses. These IT resources can be utilised effectively within the State.

4.2 A number of potential IT Star-up companies have innovative products/business ideas in IT Sector. The products/ideas may require minimum R&D process and marketing support to emerge as successful commercial products. Start-up companies can create huge employment opportunity for the IT Resources of the State.

4.3 Government of Tripura plans to create conducive environment for Start-ups in IT sector, empower Start-ups to grow through innovation and development, create an ICT ecosystem and enable its youth to pursue their dreams within the State. Realizing the high potential for IT/ITeS industry, Tripura will be promoted as one of the favourable destinations for high-tech industries including eCommerce and IT enabled platform for the targeted sectors like Handloom, Handicraft, Horticulture, Agro & Food Processing based industries, Civil Construction Industry, Healthcare/Life Sciences, Fisheries and Logistics etc. through setting up dedicated Industrial Clusters across geographical locations in the state. This industrial growth will result into the demand of Incubation, Plug & play facilities for young and budding entrepreneurs within the state.

5. Strengths of Tripura for IT Industries

5.1 Tripura is strategically located between Bangladesh and South East Asia.

5.2 Tripura is the only Power surplus state in NE, having uninterrupted power supply across the state. Surplus power generated is being supplied to Bangladesh and other states.

5.3 Power tariff in Tripura is low as compared to other major cities in India. Further, power tariff subsidy at the rate of 25% of the actual power charges is also available for IT/ITeS companies under Tripura IT Incentive Scheme 2017.

Power Tariff in Major Cities (Rs. /kWh)

	Tripura	Delhi	Hyderabad	Bengaluru	Guwahati	Pune
Commercial	6.18 to 7.25	7.25 to 8.00	7.50 to 10.00	7.75 to 8.75	7.90	6.09 to 12.97
Domestic	4.17 to 7.20	3.00 to 7.75	5.00 to 9.50	4.95 to 7.65	5.45 to 7.70	2.98 to 12.45

5.4 Tripura achieved first position in literacy with 94.65%, more than Kerala (93.91%) and jumped from 4th position in 2011 census (87.75%). The State has good network of schools and colleges spread across the State, including Central University, Engineering Colleges, Polytechnic Institutes and ITIs. Large companies like Infosys, WIPRO, IBM, L&T Infotech, Oracle, Samsung, Maruti etc. are recruiting manpower from Tripura.

5.5 Tripura has favorable climate condition. Maximum temp. is 33°C, hence cost for power consumption for cooling is much less compared to Chennai, Hyderabad, Delhi, Mumbai, Bengaluru etc.

5.6 Tripura offers an environment free from air pollution/water pollution.

5.7 Agartala has daily to-and-fro direct flights to major cities like Delhi, Bengaluru, Hyderabad, Chennai, Kolkata and Guwahati and the Airport is being upgraded to an International Airport by Ministry of Civil Aviation, Govt. of India. Rail link to all major cities in India via Guwahati. Direct buses to Kolkata via Bangladesh, Guwahati and Silchar ply regularly.

5.8 The state is especially attractive for foreign investment as it is close to Myanmar, the gateway to the ASEAN countries. South East Asia is one of the fastest growing potential markets. Proximity to the SAARC countries of Bhutan, Bangladesh and Nepal gives foreign investors the advantage of international trade through SAPTA (South Asian Preferential Trading Agreement).

5.9 With the vision to promote IT/ ITeS Industries in the state and to create employment avenues for the IT educated youths, the State government has introduced IT Policy & IT Incentive Scheme 2017. In IT incentive schemes

the State Govt. has given subsidy on fixed capital investment (30%), floor space rental (30% - 50%), power charges (25%), bandwidth cost (30%), certification charges (100%), EPF contribution (50% - 100%) etc.

5.10 The 3rd International Internet Gateway (IIG) at Agartala has been commissioned on 23rd March 2016 extending 10 Gbps International Internet Bandwidth expandable upto 40 Gbps from Cox Bazar, Bangladesh to Agartala. Broadband data of entire North-eastern region and occasionally internet traffic from Kolkata is being routed through Agartala International Internet Gateway.

5.11 Tripura is the most peaceful state in North-East India without any insurgency activity. People of various religions and communities reside in harmony. State Government is proactive and committed to extend all possible supports to the investors/entrepreneurs.

5.12 The Tripura Government has set up the ₹ 16 crore immigration and cargo handling facility under the erstwhile ASIDE (Assistance to States for Development of Export Infrastructure and Allied Activities) scheme of the Centre at Belonia, South Tripura. This will give immense boost to export oriented business in Tripura through Chittagong and Mogla Port of Bangladesh.

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6. **Objective of the Scheme**

6.1 To make Tripura one of the top IT/ITeS start-up destinations in the North East by creating a culture of an entrepreneurship and Start-up ecosystem thereby transforming Tripura into a leading IT/ITeS Start-up Hub of North East by 2024.

6.2 To create enabling IT/ITeS environment and supporting eco-system that facilitates and sustain about 100 Start-ups in next five years in the State.

6.3 To provide appropriate ICT infrastructural support required to enable start-ups to set up and grow rapidly.

6.4 To strengthen the start-up culture in the State by fostering greater social acceptance and recognition of promising start-ups, through strategic investment, policy interventions and such other programmes.

6.5 To encourage and inspire the youth of Tripura to actively consider entrepreneurship as a career choice by including appropriate learning modules, developing relevant entrepreneurship development programs in vocational institutions, and supporting outreach programs, interactions with entrepreneurs, e-cells and entrepreneurship development centres across educational institutions in the State.

6.6 To encourage setting up of new IT/ITeS business incubators in the State in collaboration with private sector.

6.7 To continuously provide enabling mechanisms to start-ups, through training and skill development, capacity building, networking, access to knowledge & support services etc.

6.8 To create a strong institutional framework for effective implementation, monitoring and evaluation of this scheme.

6.9 To facilitate development of new and support expansion of existing Incubators/common infrastructure spaces.

6.10 To setup and provide a one stop comprehensive portal for start-ups to access financial support (SEBI registered- Alternate investment funds, Empanelled Angel Investor etc.), regulatory support, Network of mentors and Empanelled Project Management Consultants.

6.11 To encourage all major companies operating out of Tripura to include IT/ITeS skill and infrastructure development for Start-ups as an integral component of their CSR activities.

6.12 Growth of start-ups would be largely IT based sector-agnostic, it would be appropriate to give added focus to areas particularly suitable for Tripura.

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7. Definition of a Start-up & Eligibility Criteria

7.1 Area of Coverage

The facilitation under this scheme is intended for only information technology/service-based start-ups, i.e. one that creates an information technology-based service or product or uses information technology for enhancing functionality or reach of an existing product or service.

7.2 Location

The start-up industries must be set-up in Tripura.

7.3 Partners/Owners of Start-up

Minimum 50% of the Partners/Owners of Start-up must be graduated within 4(four) years period or final year graduation student on the date of submission of the proposal.

7.4 Exclusions

A start-up in order to qualify as a start-up under this scheme should not have been formed by the demerger or reconstitution of a business already in existence.

8. Supports under IT/ITeS Start-up Scheme of Tripura

8.1 Physical and Software Infrastructure support

State of the art support infrastructure that will help entrepreneurs perform cutting edge research and come up with disruptive ideas. These facilities shall also be used for the global innovation meets, hackathons and youth festivals that Tripura will host.

8.1.1 The government will work with major internet players to provide 512 MBPS internet connection to all incubation facilities. These services will be upgradable on peak utilization of 75%.

8.1.2 The government shall allocate cloud space in its State Data Center (SDC) which will be connected to all government incubation facilities and can be used by start-ups. For first 3 (three) years, start-ups will get 100% subsidy.

8.1.3 In case of unavailability of required infrastructure in SDC, the Start-up may avail the facility from Meghraj or MeitY, GoI empanelled Cloud Service Providers (CSPs). Government will reimburse 100% of the charges in initial 3 (three) years.

8.1.4 Incubation Rental charges: Govt. will develop plug & play incubation facility for start-ups and will provide maximum 5(five) incubation seats per Start-up industry for initial 3 (three) years free of cost. Start-up may operate from the govt. developed incubation facility for further 1 (one) year on payment of 70% rental. In case, start-ups take space/incubation facility from private incubators, then Govt. will reimburse 100% space rental/ service charge for incubation facility to start-ups for 3 (three) years subject to the maximum 5(five) incubation seats. For 4th year Government will reimburse 70% of the space rental with a ceiling of Rs. 2 Lakh.

8.1.5 Several citizen databases are maintained by various department e.g, ePDS, eJami, eDistrict, eRoR etc. Start-up companies would be allowed to access the said databases through API or XML for authentication and other service to build their application.

8.1.6 Preferential Market Access: Access to e-Gov space. (i) No entry barrier in Govt tenders for pre-cleared products developed by Startups (ii) Direct purchase by Govt for innovative products cleared by Council.

8.2 Management Support

8.2.1 Program Management - Ease of doing Business

To reduce the time to set-up a business in Tripura. Single window clearance system is being implemented by the State Government under Ease of Doing Business (EoDB) initiative.

8.2.2 **Assistance / Hand-holding**

Start-up cell would be setup to provide necessary assistance to start-up industries.

Start-up portal shall be established, integrating the national start-up portal, investor organizations, trade organizations, regulatory environment, policies, programs, events and service providers.

State Government will liaise with Angel and Venture Capital investors to provide funding assistance to the incubated start-ups.

NASSCOM/TiE (Silicon Valley) would be tied up for promoting start-ups, providing mentorship and facilitating flow of angel investment and venture capital.

8.3 **Incentives for start-ups**

8.3.1 **Patent Filing Cost reimbursement**

The cost of filing and prosecution of patent application will be reimbursed to the incubated start-up companies subject to a limit of Rs. 2 lakh per Indian patent awarded. For awarded foreign patents on a single subject matter, upto Rs. 10 lakhs would be reimbursed. The reimbursement will be done in 2 stages, i.e., 50% after the patent is filed and the balance 50% after the patent is granted.

8.3.2 **Internet Bandwidth cost subsidy**

Start-up will get reimbursement 100% of band-width cost till the starting of commercial production with a maximum ceiling of Rs. 40,000 per year.

8.3.3 **Reimbursement of Power Charges:**

Start-up will get reimbursement of 100% of the actual Power Charges paid to the TSECL till the starting of commercial production or till 3 years whichever is earlier.

8.3.4 **Support for POC**

The Start-up need to demonstrate the POC (Proof of Concept) within three months. Once the POC is approved then the Start-up council will provide Subsidy upto 80% of the total cost of project but not exceeding Rs.10 Lakh. The Start-up council will review the progress on quarterly basis.

8.3.5 **Marketing Development Support**

Any entrepreneur who already has an innovative IT/ITeS product or a service which generates revenue but need the guidance & funding to scale-up business can apply for the scheme. The investor needs to provide the product road map and the revenue potential plan to the Start-up council. State Government will provide market development support through FICCI (Federation of Indian Chambers of Commerce and Industry), IITF (India International trade fare).

8.3.6 **Recruitment Assistance**

To promote Start-up industries, the government shall offer one time recruitment assistance of Rs. 30,000 per employee of IT background involved in the core area of the project. This assistance will be applicable for recruitment during the first year only and limited upto 5 employees per Start-up.

8.3.7 **Assistance for Start-up Funding**

The Government shall encourage banks and other financial institutions/Angel Investors/ to extend and enhance their lending facilities to Start-ups and set up dedicated desks for Start-ups in select branches for easy funding for commercialization and business expansion. The Government shall also encourage Angel Investors Network and various seed capital funding agencies to forge strategic partnership with industry/Start-up associations in the State.

8.4 **Capacity Building**

Inculcating the habit and embedding the idea of innovation among all the citizens in every aspect of economic activity is essential for promoting the culture of innovation in the people. This can be achieved through strong educational support to bring out innovators and technopreneurs among the youth. The Government would work with universities, educational institutions and the industry to provide pre-trained manpower in emerging technologies and to foster a culture of entrepreneurship.

8.5 **Update Syllabus**

The Universities will be advised to change the course curriculum to be in tune with the emerging technologies and align to the requirements of the Industry, and to introduce courses in entrepreneurship development through incubators. Industry experts may be leveraged to teach courses at incubators and students who are interested may elect these courses.

8.6 **Elective Subjects**

The evaluation provided by approved industry experts may be sent by the incubator to colleges / university for inclusion in the electives that students can learn as part of the degree course.

8.7 **IT & Entrepreneurship @ College level**

All Universities in Tripura may give 5% grace marks and 20% attendance every semester for student start-ups teams, which have at least one woman as a cofounder. Students may be permitted to undertake their Industrial Seminar, Project Seminar and Industrial Visit at Technology Business Incubators where additional facilities are being setup. Student Entrepreneurs working on a start-

up idea from first year of college may be permitted to convert their start-up project as their final year project towards degree completion. Mentors assigned by Incubators may be allowed to conduct Viva Voce. Project Reports certified by the Incubators may be sent back to the respective colleges for forwarding to the university.

9. Good Governance and State Level Support

The scheme shall enable proper implementation and smooth functioning of all the provisions to facilitate the Start-ups. The scheme shall be governed by a 2-tier governance structure:

a. Start-up-council / State Level Implementation Committee
b. Task Force and review mechanism
c. Advisory Board

9.1 State Level Start-up Council

To foster innovation in the State, a Start-up council shall be set up. The council shall be responsible to drive innovation, advise prospective Start-ups and guide the innovation eco-system. The council, based on the requirement, may form sub-committees to work in specific areas.

A start-up fund shall be introduced in the state budget. The Start-up Council shall work out a detailed innovation policy operational guideline. The council shall review the progress and make modifications / review on an annual basis.

The council shall have the following members:

1. Secretary (IT) – Chairman
2. Secretary (Finance)- Member
3. Secretary (Industries & Commerce) – Member
4. Secretary (Higher Education) – Member
5. Director (IT) – Member
6. Four Members - from stakeholder including representatives from industry, academia, incubators and Apex Industry Associations, regional Industry Associations, University, training and development institutions etc.

The council shall perform the following functions including but not limited to:

A. Approval of Nodal Agencies
B. Empanelment of Mentor Institution / Incubators / Industry House
C. Monitor performance through periodic review
D. Selection of seed fund/venture fund managers and review of performance
E. Revisit the policy document and suggest modifications from time-to-time
F. Approval of Start-ups

9.2 **Task Force and Review Mechanism**

9.2.1 A task force chaired by Secretary (IT) shall be set up at the State level to monitor disbursal of fiscal incentives proposed in the scheme.

9.2.2 The members of the task force shall have representatives from stakeholder agencies, institutions, representatives from industry, academia, incubators and Apex Industry Associations, regional Industry Associations, training and development institutions etc. Need based members shall be co-opted as and when required.

9.2.3 Specific Performance Indicators (PIs) shall be defined for monitoring the policy objectives. An online system to track the progress on policy objectives in real time will be built, ensuring transparency and accountability in the process of target monitoring and reporting.

9.2.4 The Task Force shall periodically review the implementation process and report the progress to State Level Implementation Committee on a periodic basis.

9.2.5 The Task Force shall also revisit the policy document from time to time to review and suggest recommendations to the State Level Implementation Committee to realign it as per the changing needs of the Start-up business community.

9.3 **Advisory Board**

An advisory board will be constituted with the members from institutes like NISG, NIT-Agartala, Tripura Central University, TIT-Narshingar and ICFAI University etc. The Advisory Board will provide necessary guidance to the Start-ups and also provide technical inputs to the Start-up industries.

10 **Transition from IT/ITeS Start-up Scheme to IT/ITeS Incentive Scheme:**

Once the Start-up company starts commercial production/commercial use of the products, Government will arrange for smooth transition from IT Start-up Scheme to IT Incentive Scheme for the purpose of availing incentives.

11 **Miscellaneous**

11.1 The Scheme will be implemented through Tripura State Computerisation Agency-a society under Directorate of IT, Govt. of Tripura.

11.2 A corpus fund will be created under Tripura State Computerisation Agency for smooth implementation of the scheme. Directorate of IT will arrange for adequate budgetary provision for the same to begin with.

12 **General Terms and Condition**

12.1 Doubts relating to interpretation of any term and/or dispute relating to the operation of any provision under this policy shall have to be referred to the TSCA for clarification / resolution and the decision of Government in this regard shall be final and binding on all concerned.

12.2 No right or claim for any incentive under this scheme shall be deemed to have been conferred merely on the ground of provision in this policy. Implementation of various provisions covering the incentives, concessions, etc. will be subject to the issue of detailed guidelines/statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department.

12.3 The Government may at any time amend any provision of this scheme.

By order of the Governor

25/10/2019

(S R Kumar)
Principal Secretary
Govt. of Tripura.

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