

Maharashtra

OVERVIEW

Policy Name	Maharashtra Startup Policy 2018
Policy Document	Download here Global Fintech Hub and implementation of Fintech policy, Maharashtra
Nodal Agency	Department of Industries & Commerce, Maharashtra State Innovation Society (MSInS); Department of Skill Development and Entrepreneurship
Office Address	Address: 4th Floor, MTNL Building, GD Somani Marg, Ganesh Murti Nagar, Cuffe Parade, Mumbai, Maharashtra 400005

INCENTIVES

FOR STARTUPS

Eligibility Criteria for 1 to 3:

An entity will be considered as Start-up:

- 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
- Start-ups 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 crores; 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.
- Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence.
- Provided also that an entity shall cease to be a start-up if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 7 years and for biotechnology start-ups 10 years from the date of incorporation/registration.

1. Self-Certification

Type of Benefit	Non-Fiscal
Benefit Details	The procedure for conducting inspections will be made simpler and will be on the lines of Start-up India Action Plan. Start-ups shall be permitted to file self-certification in prescribed format for select government compliances. No inspections shall be conducted for a period of seven years. Start-ups will also be able to do the Self-Certification through the mobile app/portal.
Application Procedure	Online through Shram Suvidha Portal
Application Link	Click here

2. Relaxing Norms

Type of Benefit	Non-Fiscal
Benefit Details	<p>Local laws shall be looked into with the view of relaxing some norms to allow easy compliances and gradually the State will progress towards relaxing the full-fledged norms.</p> <p>The Maharashtra Shops and Establishment Act shall be relaxed to allow start-ups with asset-light models to incorporate at a residential address.</p>
Application Procedure	Online application

3. Easier Procurement Norms

Type of Benefit	Non-Fiscal
Benefit Details	<p>In order to promote start-ups in Maharashtra, the GoM shall exempt Start-ups (in the manufacturing sector) from the criteria of “prior experience/turnover” without any relaxation in quality standards or technical parameters. The start-ups will also have to demonstrate requisite capability to execute the project as per the requirements and should have their own manufacturing facility in India².</p> <p>A separate Procurement Policy for start-ups may be drafted by GoM for easing norms of procurement. Various Government departments may also benefit from many innovations in products and services delivery mechanisms. And, thus, an annual get together of various departments and related start-ups may be organised for information exchange as well as opportunities for “proof of concept” for various start-ups.</p>
Application Procedure	Online application

Eligibility Criteria for 1 to 3:

Startups must fulfill the eligibility criteria and should register with the State. Support will be provided to startups across stages i.e. idea, growth, and mature stage. One possibility is to create an organization which may allow different startups to commence operations as an independent vertical and then to spin off after maturity.

Application Procedure: Apply to Nodal Agency

4. Tax Holiday

Type of Benefit	Fiscal
Benefit Details	Start-ups may be reimbursed in lieu of the State Goods and Services Tax (SGST) paid by them, whenever system credit for the same is not available to the customers of these start-ups.

5. Stamp Duty & Registration Fees

Type of Benefit	Fiscal
Benefit Details	For recognized incubators or start-ups that wish to rent space/property, 100% of stamp duty and registration fee may be compensated for first three years and 50% for the second tranche of three years. This may also be done through other innovative mechanisms. Aggregation of business spaces provided by private places through a common platform may also be attempted.

6. Quality Testing Assistance

Type of Benefit	Fiscal
Benefit Details	The GoM may take up 80% of quality testing costs incurred by start-ups at BIS-accredited facilities. This would help start-ups in reducing the costs in their formative years. This may also be done through aggregation of such facility providers and bringing in scales of economy by making a government agency a nodal agency for the same.

7. Patent Filing Assistance

Type of Benefit	Fiscal
Benefit Details	Special one-time incentive of Rs. 5,000 per candidate subject to an upper limit of Rs. 1 lakh per startup for a period of 3 years GoM will ensure that these start-ups sustain by providing assistance in filing of Patents, Trademarks and Designs. Both technical and financial assistance will be provided to the Start-ups to withstand in this competitive world. Start-ups shall be provided with an 80% rebate in patent filing costs up to INR 2 lakhs for Indian patents and up to INR 10 lakhs for international patents. Compensation will be provided in three stages: during Filing, Prosecution and Award.

Eligibility Criteria:

For a Startup to be eligible to apply for the below incentives, Startups should fit in the definition mentioned below:

“FinTech start-ups are establishments that use technology and innovative business models in delivering of financial products and services and having annual turnover up to ₹ 25 Crores”. The FinTech start-ups must have a registered office in the State of Maharashtra to be eligible to avail the benefits under this policy. The incentives provided under this policy will be over and above any other incentives that maybe applicable under the State's Start up and Innovation Policy”

1. Creation of FinTech Corpus Fund

Type of Benefit	Fiscal
Benefit Details	The Government of Maharashtra will create a Fintech corpus fund of Rs. 250 crores over the next three years to fund the following incentives to FinTech start-ups and operational expenses of Industry Sandbox and the Global FinTech hub. CIDCO, MIDC and MMRDA will contribute an amount of Rs. 25 crore each to set up this fund. DIT will make necessary budget provision for the Fintech corpus fund.

2. Development of Incubation Space for Accelerators & Start-Ups

Type of Benefit	Non-Fiscal
Benefit Details	The Government will establish physical infrastructure for providing end-to end support to all its ecosystem players. This will be in the form of a co-working space of minimum 10,000 sq. ft. in one of the central locations of Mumbai, which will be made available to FinTech companies at reasonable rates.

3. Reimbursement of Internet & Electricity Charges

Type of Benefit	Non-Fiscal
Benefit Details	Since Internet and electricity connectivity are absolute necessities for survival of these new age companies, charges towards internet and electricity are other major concerns Government Resolution No.: DIT-2018/C.R-17/D-1/39 4 of start-ups. Over and above the subsidy available to startups and IT/ITeS companies under the IT/ITeS policy, Internet and electricity charges of FinTech startups in the State will be reimbursed up to an amount of Rs. 3 lakhs per year. This will be applicable for a maximum of 3 years for each start-up.

4. Reimbursement of Expenditure Towards Hosting Infrastructure

Type of Benefit	Fiscal
Benefit Details	Expenditure incurred by Fintech start-ups towards availing cloud space (maintained, operated and managed by a cloud storage service provider on storage servers that are built on virtualization techniques) will be reimbursed by State Government subject to an upper limit of Rs. 3 lakhs per year for a total period of 3 years.

5. Reimbursement of State GST

Type of Benefit	Fiscal
Benefit Details	The State GST paid by early stage start-ups with annual turnover up to Rs. 5 crores will be reimbursed to reduce the tax burden on start-ups in their formative phase. It will not only help the start-up in achieving breakeven but also let them focus on their technological innovation endeavour. The tax reimbursement will be applicable for a maximum period of 3 years subject to the annual cap of Rs. 4 lakhs.

6. Creation of Investment Fund

Type of Benefit	Fiscal
Benefit Details	An investment fund of up to Rs. 20 crores will be created in joint venture with banks, industry players and key stakeholders to fund the FinTech accelerators and incubators. This fund will be made available to FinTech accelerators and incubators to catalyze growth opportunities for high potential start-ups through their resources, programs and mentorship.

7. Creation of Maharashtra FinTech Registry

Type of Benefit	Fiscal
Benefit Details	A registry of all the FinTech companies based in Maharashtra will be created to form a community of FinTech companies. All FinTech start-ups incorporated in the state should register and be the member of this common platform. To enable services to the global and local FinTechs, support based model shall be initiated, where FinTechs and investors could come together on the common platform and exchange services.

FOR INCUBATORS

Eligibility Criteria for Incentives from number 1 to 5 are given below:

The incubators will be required to be incorporated as a Special Purpose Vehicle (SPV), either a Section 8 company or a private limited company registered under the Companies Act, 2013. The SPVs will not be allowed to incorporate as trusts or societies.

1. RESEARCH

Type of Benefit	Non-Fiscal
Benefit Details	Three cluster-specific Centres of Excellence (CoEs) will be established in premier research institutions. The State will forge national and global partnerships to ensure the CoEs provide world-class infrastructure, services and guidance to startups at various stages of growth. Each CoE will be connected to an academic and/or private incubator. An Entrepreneur-in-Residence program will be instituted to allow innovators from outside the institution to commercialize existing IP or build their own products. Guidance would be provided by experts from relevant industrial establishments from both India and abroad.

2. ACADEMIC

Type of Benefit	Fiscal
Benefit Details	Universities, colleges, polytechnics and ITIs with a demonstrated history of innovation on campus will be identified and business incubators will be established within their premises. These incubators will have an independent board to oversee its functioning and existing incubators at premier academic institutions will mentor the upcoming facilities.

3. RURAL & SOCIAL

Type of Benefit	Fiscal
Benefit Details	<p>The State will play a facilitative role between entrepreneurs and innovators in the social enterprise space. This is to bridge the gap between innovators that invest energy in improving products and/or services and entrepreneurs who will take these innovations to the market.</p> <p>To further support rural and social sector startups, the State will provide scholarships to promising social and rural startups by providing rental rebates of up to 50% at incubators/co-working spaces.</p>

4. ESTABLISHMENT OF INCUBATORS

Type of Benefit	Non-Fiscal
Benefit Details	<p>The State will provide support to leading companies and industry associations to establish incubators specializing in their domain. Private firms will be encouraged to establish sector agnostic co-working spaces. Whenever a Government department or agency allocates any land to any industry or provides extra FSI on the land owned by any industry, it shall be mandated that the industry promote and mentor startups and undertake minimum 10% product or service procurement from these startups.</p>

5. STAMP DUTY & REGISTRATION FEES

Type of Benefit	Fiscal
Benefit Details	For recognized incubators or start-ups that wish to rent space/property, 100% of stamp duty and registration fee may be compensated for first three years and 50% for the second tranche of three years. This may also be done through other innovative mechanics.

6. VIRTUAL INCUBATION CENTRE

Type of Benefit	Non-Fiscal
Benefit Details	<p>In today's dynamic world facilitating only physical incubators is not sufficient. For certain industries, physical space and physical anchoring is important, whereas for others, financial support and advice is far more important and hence the need for virtual incubators. This policy lays equal emphasis on both physical as well as virtual incubators. Virtual incubators help every founder learn at a different pace depending on the idea.</p> <p>The State will set up the Maharashtra Virtual Incubation Centre to provide value-added services including legal, financial, IP, cloud and mentorship to startups across Maharashtra.</p>
Eligibility Criteria	All Government-supported incubators are expected to have a virtual presence to incubate startups outside their geographies. This will also act as aggregator for service providers like net cloud services, co-working space providers, IT parks etc. Standard resources such as server databases, memory, SDKs, licensed software for HR, management, accounting etc. may be made available. An attempt to collate resources (Inc. physical) through means of scheduling and sharing, may be undertaken.

FOR TINKERING LABS

Eligibility Criteria

1. Establishment of Tinkering Labs

Type of Benefit	Non-Fiscal
Benefit Details	Nurturing talent at school-level is essential for the holistic development of the startup ecosystem. Young minds buzz with ideas but lack a mechanism to develop them. The State will set up Tinkering Labs in schools as per Government of India guidelines, to create an environment that would facilitate idea generation for enterprise development. Tinkering labs in schools will be connected to incubators to provide mentorship and host of other facilities to students in schools.