

# Telangana

## OVERVIEW

Policy Name	Telangana Innovation Policy 2016
Website	<a href="http://it.telangana">it.telangana</a>
Policy Document	Download here
Nodal Agency	Information Technology, Electronics and Communications Department
Office Address	Information Technology, Electronics & Communications Department Government of Telangana, D-Block 2nd Floor Room No. 315A, Telangana Secretariat Hyderabad -500022
Contact Details	Email: <a href="mailto:startup-cell@telangana.gov.in">startup-cell@telangana.gov.in</a>

## INCENTIVES

### FOR STARTUPS

#### 1. Self-Certification

Type of Benefit	Non-Fiscal
Benefit Details	<p>Startups and Incubators will be permitted to file self-certification for the following:</p> <ul style="list-style-type: none"><li>• The Factories Act, 1948</li><li>• The Maternity Benefit Act, 1961</li><li>• The Telangana Shops &amp; Commercial Establishments Act, 1988</li><li>• The Contract Labour (Regulations &amp; Abolition) Act, 1970</li><li>• The Payment of Wages Act, 1936</li><li>• The Minimum Wages Act, 1948</li><li>• The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959</li></ul>

## 2. 3-Shift Operations

Type of Benefit	Non-Fiscal
Benefit Details	General permission shall be available for 3-shift operations with women working in the night for startups, subject to such units taking the prescribed precautions in respect of safety and security of employees in addition to providing the required welfare and health amenities as prescribed under applicable labour laws and obtaining the necessary approvals from the competent authority of the Government under the Telangana shops and commercial establishments act and rules or the Factories Act 1948 and rules, there under as the case maybe.
Eligibility Criteria	Startup must be incorporated in Telangana.

### Application Process of Incentives for Start-ups Listed below:

- Fill all the columns and enclose the relevant documentation to avoid rejection.
- Apply only for eligible & entitled benefit/incentive to avoid rejection.
- The veracity on information/figures furnished in the application by startups and incubators, on investment/employment/turnover is subject to scrutiny and verification by the competent statutory authority.
- Filled application forms should be mailed to startup-cell@telangana.gov.in with a copy to secy\_itc@telangana.gov.in along with all the required documents.

## 3. Reimbursement of SGST

Type of Benefit	Fiscal
Benefit Details	The Startup can pay SGST to the relevant department and avail reimbursement on a yearly basis for a maximum total turnover of Rs. 1 Crore per annum for the first three years of operation.
Eligibility Criteria	The startup should have annual turnover of less than Rs. 1 cr. per annum.

## 4. Marketing Cost Reimbursement

Type of Benefit	<b>Fiscal</b>
Benefit Details	The Government shall reimburse 30% of the actual costs including travel incurred in international marketing through trade shows, with a maximum limit of Rs. 5 lakhs per year per company.
Eligibility Criteria	The trade show/event should be listed in the calendar of events issued by the ITE&C Department in a separate memo.

#### 5. Patent Filing Cost Reimbursement

Type of Benefit	Fiscal
Benefit Details	The cost of filing and prosecution of patent application will be reimbursed to the incubated startup companies subject to a limit of Rs. 2 lakhs (0.2 million) per Indian patent awarded. For awarded foreign patents on a single subject matter, upto Rs. 10 lakhs (1 Million) 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.
Eligibility Criteria	Startup must be incorporated in Telangana.

#### 6. Recruitment Assistance

Type of Benefit	Fiscal
Benefit Details	To promote idea stage companies, the government shall offer recruitment assistance of Rs. 10,000 per employee for the first year.
Eligibility Criteria	<ul style="list-style-type: none"> <li>• The startup should be in its first year of operation in Telangana.</li> <li>• 50% of the employees should be of Telangana origin.</li> <li>• The employees for whom recruitment assistance is availed for should work for the company for a minimum period of 8 months from the date of appointment.</li> </ul>

#### 7. Performance Grant

Type of Benefit	Fiscal
Benefit Details	Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Turnover, subject to a limit of Rs.10lacs within a period of three years from the date of incorporation.
Eligibility Criteria	Startup must be incorporated in Telangana.

## FOR INCUBATORS

### 1. AVAIL RENEWABLE ENERGY

Type of Benefit	<b>Non-Fiscal</b>
Benefit Details	The incubator will be permitted to avail renewable energy under open access system from within the state after paying cost component to DISCOMs as fixed by ERC (subject to a maximum of one third of their total power requirements).
Eligibility Criteria	<ul style="list-style-type: none"> <li>Industrial Power Tariff is admissible to all the incubators as per eligibility and as indicated/defined under Innovation Policy.</li> <li>The Startup Council will consider the applications of those eligible incubators after one.</li> <li>Financial year from the date of commencement of commercial operations of the applicant company/unit.</li> <li>All power connections should be in the name of the incubator applying for concessions.</li> </ul>
Application Procedure	<ul style="list-style-type: none"> <li>The Incubator should submit duly filled up application form to <a href="mailto:startupcell@telangana.gov.in">startupcell@telangana.gov.in</a> along with the copy of the Power bills on the name of the company, Memorandum &amp; Articles of Association, Annual Reports and any such other document required.</li> <li>A Certificate/Memo would be issued by ITE&amp;C Department to the effect that the respective incubator is eligible for Industrial Category Power Tariff upon the approval of Startup Council.</li> <li>The Incubator granted Power Certificates/Memo, as per their eligibility, shall claim the benefit from their respective Discom, i.e., TSSPDCL/ TSNPDCL/ TNREDCL etc.</li> <li>Basing on the Power Certificate/Memo issued by ITE&amp;C Department, the respective Discoms i.e., TSSPDCL/ TSNPDCL/ TNREDCL etc., will automatically effect the Industrial Power Tariff Category Conversion from the date of issue of the said Power Certificate/Memo to the Incubator.</li> </ul>

### **Application Process of Incentives for Start-ups Listed below:**

- Fill all the columns and enclose the relevant documentation to avoid rejection.
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- The veracity on information/figures furnished in the application by startups and incubators, on investment/employment/turnover is subject to scrutiny and verification by the competent statutory authority.
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## 2. REIMBURSEMENT OF STAMP DUTY AND REGISTRATION FEE

Type of Benefit	Fiscal
Benefit Details	Incubators and Host Institutes shall be eligible for 100% reimbursement of the Stamp Duty and Registration Fee paid on sale/ lease deeds on the first transaction and 50% thereof on the second transaction.
Eligibility Criteria	<ul style="list-style-type: none"> <li>• This concession would be available only to those who have executed the sale/lease-deed after the announcement of the Innovation Policy and subject to the approval of the Startup Council.</li> <li>• Lease deed should be in the name of the incubator.</li> </ul>

## 3. MATCHING GRANT

Type of Benefit	Fiscal
Benefit Details	The State Government would match the funding raised by the Incubator from the Government of India on a 1:1 basis as matching grant.
Eligibility Criteria	<ul style="list-style-type: none"> <li>• The incubator should have raised funds from Government of India.</li> <li>• The focus areas of the incubator should be distinct from those of other state supported incubators. The startup council shall establish this.</li> </ul>

## 4. INTERNET REIMBURSEMENT

Type of Benefit	Fiscal
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Benefit Details	The Government will reimburse 25% of the internet charges of the incubator, with a maximum limit of Rs. 2.5 lakh for the first 3 years of operation.
Eligibility Criteria	Incubator must be incorporated in Telangana.

#### 5. LEASE/RENTAL SUBSIDY

Type of Benefit	Fiscal
Benefit Details	In case of Government-owned buildings leased to technology incubators, no lease rent or O&M charges will be levied for a period of five years or until the incubator is self-sustainable, whichever is earlier. In case where private premises are taken on lease / rent basis, a rental reimbursement @ Rs. 5 per sq. ft per month or 25% of the actual rent paid, whichever is less, shall be reimbursed for a period of 3 years. This shall be limited to the incubation space only.
Eligibility Criteria	The incubator can apply for reimbursement after a minimum of 1 year since commencement of operations and have a minimum of 10 employees on the date of application.

#### 6. REIMBURSEMENT OF CAPITAL EXPENDITURE

Type of Benefit	Fiscal
Benefit Details	The State Government would match the funding raised by the Incubator from the Government of India on a 1:1 basis as matching grant. An investment subsidy of 20% of the value of the Capital Expenditure, other than land and building, shall be provided to Incubator. This subsidy shall be limited to a maximum of Rs. 30 Lakhs.
Eligibility Criteria	The focus areas of the incubator should be distinct from those of existing government recognized/supported incubators.