



Funding Support available
to Startups under

Scheme for assistance for
Startups/ Innovation –
Gujarat Industrial Policy –
2020

2. Assistance for Seed support

2.1. Eligibility and conditions

- The eligibility and conditions for startup/innovator and Nodal institutions before availing this assistance are as follows:
 1. The startup/innovator should be citizen of India. An Indian citizen is defined as one who is in possession of a government approved proof of nationality such as a valid passport, voter's id Aadhar card, election card etc.
 2. The startup/innovator must be registered and have substantial operations based in Gujarat during the time of the assistance and a significant part of operations in Gujarat after the tenure of the assistance. The significant part of operation means Registered Office Certificate (ROC) must be of Gujarat. Major operations of Startup should be focused in Gujarat for an initial period of 3 years from the date of approval/sanction under the Scheme for assistance for Start Ups/ Innovation of Govt. of Gujarat.
 3. Startups must be registered as Partnership / LLP / Private Company.
 4. The innovators should not treat this support as an interim arrangement to support them in their academic pursuits or transition between jobs.
 5. If any Startup/innovator is engaged in any concurrent business/ occupation/ profession/ fellowship which translates into remuneration for him/her, he/she is expected to disclose it at time of application to the respective Nodal Institute.
 6. Startup/innovator seeking the support should demonstrate action plan to build a scalable business.
 7. Startup/Innovator cannot be the promoter or significant (>10%) share holder / beneficiary of another company/ startup at the time of applying for and receiving the approval for the assistance.
 8. The startup/innovator should be registered for the pre-incubation or incubation program at the NI for 1-2 months before becoming eligible to apply for the assistance.
 9. The startup/innovator must be incubated full time at the NI during the entire duration of assistance.
 10. Preference shall be given for product/ process/ service-based innovation with intellectual property and unique product/ service/ business model with significant commercial potential.
 11. Startup/innovator seeking support should have a formal business plan for the idea it intends to pursue and a business presentation.

The Startup/innovator and Nodal Institute have certain obligations to the Office of Industries Commissioner, Government of Gujarat as given below if approved for the assistance:

1. Startup/innovator once approved for the Government of Gujarat assistance will not quit mid-way during the tenure of the scheme, except under special circumstances (see below) such as startup being acquired, startup operations have been wound down and the nodal institute is in agreement that since due to infeasibility/ lack of traction for product/ service/ business model closing down operations is a prudent option and/ or a force majeure event.

2. Startup/innovator will acknowledge the support provided by the Office of the Industries Commissioner, Government of Gujarat on their website, any marketing communications and also in interactions with investors/ partners and other related stakeholders down the road.
3. Startup/innovator will uphold highest standards of integrity, professionalism in their behavior, dealings and operations.
4. The assistance for the seed funding to the approved/ sanctioned startups shall be provided through approved Nodal Institutions.
5. The assistance should be exclusively utilized for the specified purpose for which it has been sanctioned within the stipulated time.
6. Nodal Institutions should update on utilization status on quarterly basis, for the respective approved/sanctioned startups.
7. Nodal Institute will provide utilization certificates for the amount received within financial year for the purpose for which they have received, on yearly basis to the Office of Industries Commissioner. Assistance for the next financial year shall not be released till Nodal Institute submits utilization certificate for the current financial year.

Exiting from the incubation program:

1. **Acquisition:** Startup is acquired by a strategic company/investor while incubated at the nodal institute. In the case of this event, both the NI and Office of the Industries Commissioner, Government of Gujarat has to be notified in writing and due details provided.
2. **Winding down Operations (Both parties agree):** If both the NI and the startup promoters agree that due to infeasibility or lack of traction of product/ service/ business model, it is prudent to shut down operations. The startup and NI will propose the same in writing to Office of the Industries Commissioner, Government of Gujarat with all supporting documents related to product/ service/ business model/ operations/ financials/ HR etc. regarding the reasons for the same and the closing of operations can be solemnized only if agreed upon to by Office of the Industries Commissioner, Government of Gujarat. Upon decision to close operations, if new management is brought in, the equity of the original founders will be as determined by a mutually acceptable arbitral.
3. **Startups cannot exit automatically upon attaining subsequent large round of funding:** A startup/innovator must complete the Office of the Industries Commissioner, Government of Gujarat approved product/process/service development/ marketing activities as planned in a timely manner, even in the event of raising large round of funding. Moreover, the startup/innovator is also bound by obligations to the scheme (as listed above), including acknowledging Office of the Industries Commissioner, Government of Gujarat / NI support and maintaining operations in Gujarat.
4. **Debarred/ removed due to unethical practices:** If the NI determines there is concrete proof of unethical practices (related to incorrect reporting/ accounting/ illegal activities/ serious violations of code of conduct etc.) related to the startup/innovator, it will report the same to Office of the Industries Commissioner, Government of Gujarat along with its recommendation, including initiating steps for termination of incubation at NI and suspension from the Office of the Industries Commissioner, Government of Gujarat startup/innovation scheme. The Office of the Industries Commissioner, Government of Gujarat could give its verdict upon studying the evidence submitted and/ or appoint a 3 person ethics committee to look into the same, if needed. The

recommendations of the committee, including debarring the promoters/startup/innovator, will be binding and final. If only one Promoter among multiple co-founders is guilty, the rest of the co-founder could be allowed to carry forward the enterprise.

- Startup/innovator will follow the guidelines listed above and display basic integrity and professionalism, a breach of which will contribute to discontinuation of disbursement of assistance and debarment from scheme.

In circumstances wherein the startup/innovator wants to change its Nodal Institute, upon furnishing relevant information (non-confidential) by startup/innovator, Office of the Industries Commissioner, Government of Gujarat may look into such requests on a case to case basis. This shall be done in consultation with 3-member expert committee, formed by the office of the industries commissioner to make a determination if the startup's transfer request to another NI can be granted. Startup/innovator will have to provide No Objection Certificate (NOC) issued by both the Nodal Institutions involved in the process, to the Office of the Industries Commissioner, Government of Gujarat.

3. Sustenance allowance

3.1. Eligibility and conditions

- The eligibility and conditions for startup/innovator and Nodal institutions before availing this assistance are as follows:
 1. The startup should be approved/sanctioned under State Level Empowered Committee (SLEC).
 2. Sustenance allowance of INR 20,000 per month per startup shall be provided to the startups for a period of one year up to INR 2,40,000. In case of startups having at least one- woman founder/co-founder, INR 25,000 per month per startup shall be provided for a period of one year up to INR 3,00,000.
 3. Startup/innovator once approved for the Government of Gujarat assistance will not quit mid-way during the tenure of the scheme, except under special circumstances such as startup being acquired, startup operations have been wound down and the nodal institute is in agreement that since due to infeasibility/ lack of traction for product/ service/ business model closing down operations is a prudent option and/ or a force majeure event.
 4. Startup/innovator will acknowledge the support provided by the Office of the Industries Commissioner, Government of Gujarat on their website, any marketing communications and also in interactions with investors/ partners and other related stakeholders down the road.
 5. The assistance should be exclusively utilized for the specified purpose for which it has been sanctioned within the stipulated time.
 6. The assistance for the sustenance allowance to the sanctioned/approved startups shall be provided through approved Nodal Institutions.
 7. Nodal Institutions should update on utilization status on quarterly basis, for the respective approved/sanctioned startups. Assistance for the next financial year shall not be released till Nodal Institute submits utilization status for the current financial year.

Startup/innovator and Nodal Institution will follow the guidelines listed above and display basic integrity and professionalism, a breach of which will contribute to discontinuation of disbursement of assistance and debarment from scheme.