

Highlights of Bihar Start-up Policy- 2022

Policy Period: - 27.06.2022 To 26.05.2027

1. Eligibility Criteria:-

- i.** Up to a period of ten years from the date of incorporation/ registration, 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).
- ii.** Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.
- iii.** Entity 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.
- iv.** Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Start-up'.
- v.** Provided Start-up must be incorporated or registered in Bihar and having office in Bihar.
- vi.** Provided further applicable taxes from the operations of the company are payable in Bihar.

2. Start-up Support Unit (SSU):-

A Start-up Support Unit (SSU) under Department of Industries shall be created for effective implementation of this Policy. SSU shall be responsible for creating a conducive policy environment for sustained growth of Start-up ecosystem in the state.

It will act as single point of contact for engagement with ecosystem stakeholders such as mentors, incubators, angel investors, venture capitals etc.

To manage the operations of SSU, department of industries may depute adequate manpower from the department or through a Project Management Agency (PMA). SSU may also be placed in Corporation or Company of the Government for effective functioning.

3. Role of Start-up Support Unit (SSU):-

- i.** Work as single point of contact for start-ups in the state for providing information as well as hand- holding support.
- ii.** Process applications through an online portal, their screening and approval by competent authorities.
- iii.** All communications with start-ups
- iv.** Providing hand-holding support to start-ups through various stages
- v.** Act as single window system for getting all statutory clearances for start-ups
- vi.** Act as Secretariat for implementation of Start-up policy.

4. Application Process and Certification of Start-ups:-

- i.** The Start-ups shall submit their application online along with detailed description of idea in the prescribed form through the Online Start-up Portal.
- ii.** Online applications received shall be scrutinized and processed by SSU. The SSU will short list the eligible start-ups as per criterion approved by the Startup Fund Trust. The SSU will also provide hand holding support to the Start-up applicants to improve their proposals.
- iii.** The short-listed applications will be approved by the “Preliminary Scrutiny committee” headed by Director to be notified by the Department of Industries for referring them to the incubators.
- iv.** After preliminary examination the shortlisted applications shall be tagged to the Incubators. The Incubators will provide hand-holding support and after the incubation process shall prepare a proposal for Start-upon the following issues:
 - a.** Business Plan
 - b.** The amount of funding assistance required at various stages
 - c.** Any requirement of common infrastructure or other infrastructure created under this policy
 - d.** Any assistance as envisaged under this policy

- v. The list of such recommendation / Proposals received from incubators shall be evaluated by the Third Party Agency and a rating will be provided as per the approved rating criteria.
- vi. Start-up Monitoring and Implementation Committee (SMIC) shall examine these recommendations and certify Start-ups as per the rating criterion.
- vii. Financial incentives and other support shall be provided to start-ups based on their categorization through rating mechanism. The detailed guidelines in this regard will be finalized with approval of BSFT.

5. Funding Support to Start-ups:-

Funding support shall be provided to Start-ups in various stages of its business cycle.

Validation Stage:

i. Seed Funding Support :-

A Seed Grant of up to Rs 10 Lakhs per Start-up as interest free loan for 10 years shall be provided to start-ups. This financial assistance shall be released on achieving milestones/phases and performance parameters as defined in the rating system. The financial assistance may also be provided to start-ups for validation of idea, prototype development, and assistance towards travelling costs and carrying out field / market research / skill training / marketing and initial activities to setup Start-up etc. The actual amount of funding shall be based on the assessment made by rating agency. The loan shall be returned after 10 years.

Commercialization Stage:-

i. Early Stage Funding Support:-

- Free of cost valuation for start-ups.
- Facilitate access to angel investors.
- A success fee @ 2% of investment shall be provided to start-ups for mobilizing investments from state registered angel investors towards early stage funding

- **Matching Support:** A financial assistance up to an amount equal to the amount invested in start-ups by the Angel Groups and Category- I Alternate Investment Funds may be given as loan to the Start- up. The rate of interest and terms and conditions of the loan shall be notified by The SMIC from time to time
- **Assistance to enroll and participate for Acceleration Program:** Assistance up to Rs. 3 Lakhs per Start- up to enroll and participate for National/ International recognized acceleration program. The fees/charges paid for attending the same will be considered eligible for getting assistance.

6. Additional incentives to SC/ST / Women / Differently- Abled :-

- Incentive listed below shall solely be applicable to Start-Ups which are fully owned by any one person of this category or a group of persons defined in this category. Efforts shall be made to identify persons belonging to the Scheduled Caste and Scheduled Tribe and promote entrepreneurship among them.
- SMIC may set up Project Management Units to specifically handhold them in setting up their ventures.
- Entrepreneurs under this category will avail additional grant / exemption / subsidy than the limit fixed
- Women Enterprise- additional 5%
- SC / ST – additional 15%
- Differently abled- additional 15%
- Additionally 22% of the total corpus for funding start-ups shall be reserved for SC / ST beneficiaries.

7. Exit Conditions:-

- If a company is found guilty on any charges of fraud or if the company is found to have made any false declarations to claim any benefits from or derived under this policy. Legal actions shall be initiated to recover all financial assistance provided to such an entity.

- Once an entity ceases to be recognized as a start-up; the Government or entity through which the Government makes its investment will be eligible to exit its investment in the Start-up and guidelines for exit will be framed by SMIC for channelizing investments into the start-up. When the Government or its representative entity exits its investment; the right to nominate a representative director on the board of the Start-up will also be extinguished

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