

CASE STUDY 2: TELANGANA

Background/ Initiatives Undertaken

- The State has notified an Innovation Policy, offering various incentives for incubators and Startups. They are provided marketing support, subsidy on lease rentals and internet charges, exemption of VAT/CST, relaxed norms in government procurement, among others.
- The State allows self-certification based compliance under Labour and Environment Laws identified by DIPP.
- The State has a dedicated website, helpline and email id for all communication between Startups and Government.
- The State has a startup engine - T-Hub, which provides incubation services, funding support and works towards developing a robust innovation ecosystem. It is a unique PPP between the Government of Telangana, 3 of India's premier academic institutes (IIIT-H, ISB & NALSAR) and key private sector leaders.
- T-Hub, organises up to 200 events every year, including AugustFest which is India's largest Startup conference.
- CatalysT, T-Hub's incubator is a state-of-the-art 70,000 sq. ft building.
- The State also has an innovation cell which focuses on idea stage startups and the activities of the cell feed into T-Hub.
- The State has setup sector specific incubators as well and has the first of its kind rural livelihood incubator.

Key Achievements/ Impact:

- T-Hub has become one of the largest startup ecosystem builders in India, with over 2000 startups in its database clustered into various stages of growth.
- CatalysT, T-Hub's incubator currently hosts 206 startups out of which 23 have successfully raised funding of 3.5+ million USD in the past year.
- T-Hub has been supporting startups to raise funds from private investors and a senior management executive (known as Investor Liaison) is dedicated for this purpose.
- T-Hub, with Anthill Ventures, conducted Global Mobile Challenge (National Finals) and selected winners to represent India at The Global Mobile Challenge Asia Pacific in Singapore.

Background:

Telangana, the newest state of India, has been a hot bed of technology innovation owing to its rapid growth in IT. The State has traditionally been highly entrepreneurial and aims to put Telangana and its capital, Hyderabad, on the global innovation map.

Approach Adopted Innovation Policy 2016

The Government of Telangana launched Innovation Policy on 4th April 2016, to boost the startup ecosystem in the State. A multitude of initiatives have been announced

along with a slew of incentives for startups and incubators, including marketing support, subsidy on lease rentals and internet charges, provision of server space, exemption of VAT/ CST. Special benefits and exemptions are given to startups to help them compete with larger players in government procurement.

Incubators:

T-Hub is a unique public-private partnership between the Government of Telangana, three of India's premier academic institutes (IIIT-H, ISB and NALSAR) and key private sector leaders. T-Hub is one of the largest startup ecosystem builders in India, with over 2000 startups in its database clustered into various stages of growth across seven sectors of specialisation - FinTech, Analytics, HealthTech, AgriTech, SmartCity, Transportation & Logistics, IoT, Sustainability and SocialTech capturing Big Data, Sensors, Cloud and Mobility. T-Hub has also partnered with 11 incubators and 18 co-working spaces across Telangana. T-Hub's vision is to position Hyderabad amongst the top 10 startup ecosystems in the world by 2020.

A number of incubators have been set up in the state, viz. IMAGE, T-Works, Rural Livelihood Incubator and Technology Entrepreneurship Program to provide handholding support to the startups.

State Innovation Cell

State Innovation Cell has been formed with one Chief Innovation Officer who has following roles:

- Maintaining relationships with universities and corporates to support innovation through partnering incubators and centres of excellence.
- Enabling e-Cells of various colleges of the State to scale
- Maintaining a dynamic network of all the co-working spaces, incubators, accelerators etc.
- Structuring programs to collectively enable co-working spaces and incubators.

Telangana Approach:

The State has adopted a very innovative model, wherein State Innovation Cell and T-Hub work hand-in-hand to foster innovation and entrepreneurship in the State. State Innovation Cell focuses on entrepreneurship education at idea and early stage startups, ensuring that T-Hub has a steady flow of highly potential startups. T-Hub focuses on startups from seed stage and above to help them scale and script a success story. Such a unique model enables investors and corporates to plan programs and capacity building initiatives in a targeted and organised manner.

T-Hub Phase II is being planned to be constructed by June 2018. It will host all the startup ecosystem players under one roof i.e. startups, mentors, incubators, accelerators, corporate

innovation centers, investors etc.

Funding to Startups:

Telangana aims to mobilize ₹2000 crore for startups across different sectors and growth stages, providing financial assistance through Fund of Funds for both Seed & Growth stage companies. A separate fund for distressed ventures has also been announced. T-Hub has a systematic process in place to ensure access to various investment entities for supporting startups at various stages of maturity. It is in the process of setting up an ₹100 crore fund (T-Fund) to directly invest in startups and will be operational in 2017. It has been actively supporting startups to raise funds from private investors.

Dedicated Portal and Helpline:

The State has set up a dedicated portal providing end-to-end services for startups across the state and beyond. There is a helpline number for answering queries pertaining to startup initiatives and incentives in the state. Single e-mail id for all communication between startups and the government: startup_cell@telangana.gov.in is also made available to connect with public.

Events:

54 events were organised at T-Hub in 2015-16.

- T-Hub, with Intel India and Department of Science & Technology (DST), hosted the Innovate For Digital India Challenge 2.0. Top 10 startups participated in a USMAC boot camp and pitched to a panel of corporates and investors at T-Hub for a grant of ₹20 lakhs.
- Global Mobile Challenge was conducted to select startups to represent India at Global Mobile Challenge Asia Pacific, Singapore. The selected startup won the event and will now pitch their startup at the Mobile world congress in Barcelona.
- AugustFest, India's largest Startup conference, was conducted in partnership with Government of Telangana, T-Hub and ISB.

IMPACT (upto 31.12.2016)

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About Telangana Innovation Policy

Telangana has also notified its Innovation Policy on 4th April, 2016 to boost the startup ecosystem



Slew of incentives for incubators & startups including marketing support, subsidy on lease rentals and internet charges, provision of server space, exemption of VAT/CST



GO on procurement of services from startups – special benefits and exemptions given to startups to help them compete with larger players in government procurement

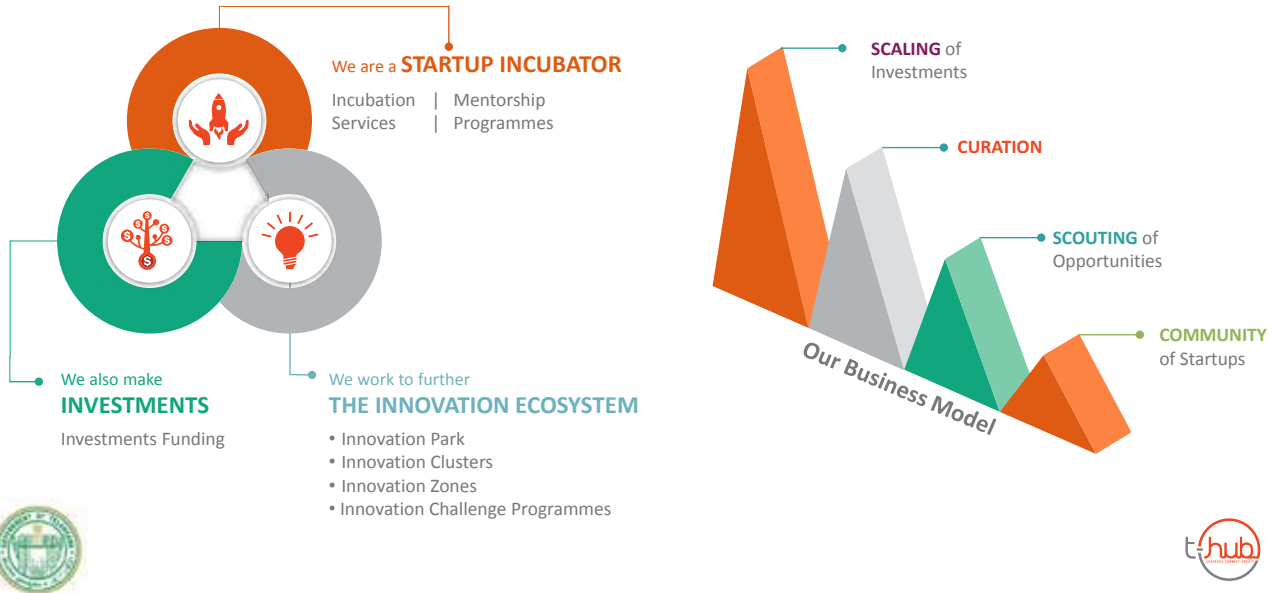


Initiatives promised in the policy include Innovation Cell, Rural Incubators, T-Fund, Startup Council, IP Cell, Chief Innovation Officer, Entrepreneur in Residence, etc.



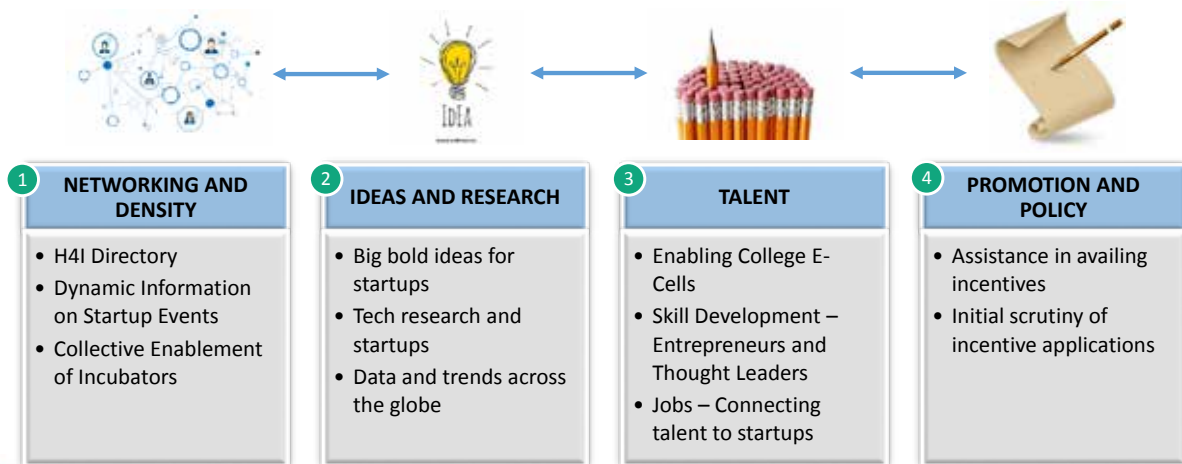
Presentation by the State

What is T-Hub?



The Telangana Approach

- The main focus of the *State Innovation Cell* will be on Idea Stage Startups and '*City as a whole*' Approach

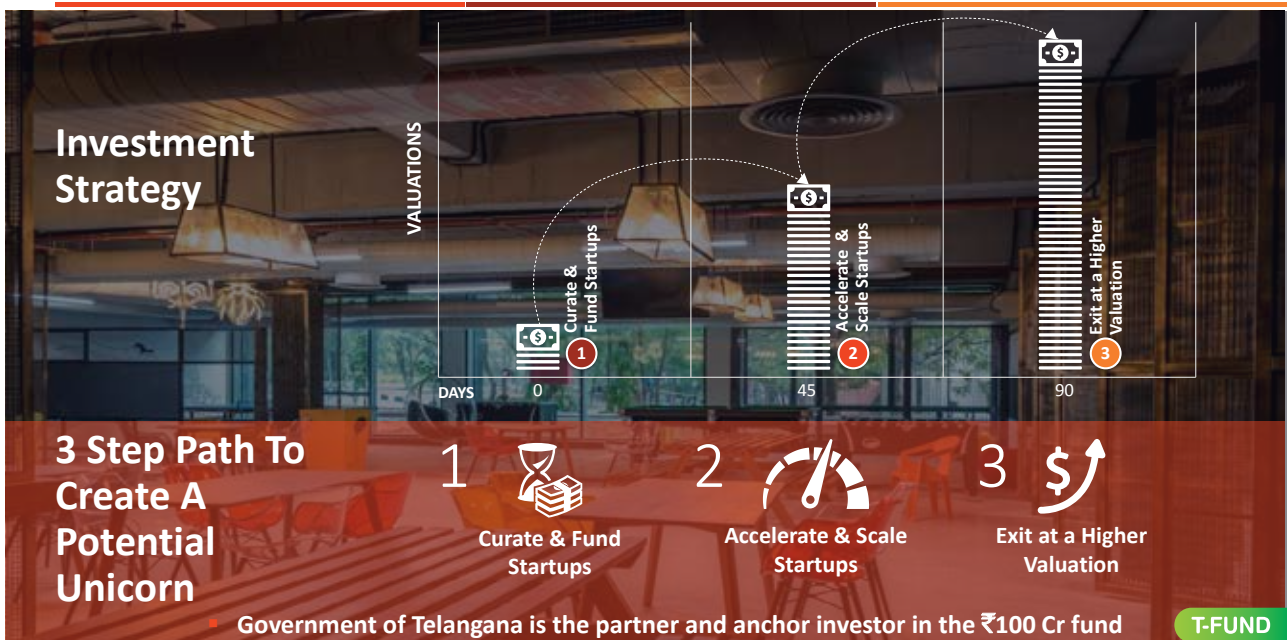


Presentation by the State

The Innovation Cluster-based Approach



T-Fund



Presentation by the State

Events at T-Hub – 54 events in 2015-16



- T-Hub, with Intel India & DST, hosted the **Innovate For Digital India Challenge 2.0**
- The top 10 startups participated in a USMAC bootcamp and will be pitching to a panel of corporates and investors at T-Hub on 9th February for a grant of ₹20 lakhs



- T-Hub, with Anthill Ventures, conducted **Global Mobile Challenge** (National Finals) and selected winners to represent India at The Global Mobile Challenge Asia Pacific in Singapore
- The winner of the National Finals – Hug Innovations, has also won the Global Mobile Challenge Asia Pacific event and will now pitch their startup at the Mobile world congress in Barcelona



- **AugustFest** - India's largest Startup conference, a yearly event brings the Hyderabad startup ecosystem together
- IT was conducted in partnership with the Government of Telangana, T-Hub and ISB



Presentation by the State

Raising a Capital



To financially support ventures within a startup ecosystem, increased access to funds facilitated by boarding of Venture Capital Funds (VCFs) and investors is requisite. A proper setup ensures that funds committed by State, Government and other institutions are accumulated and disbursed effectively. Further, a credit guarantee scheme should also be formulated to enable the flow of venture debt from formal banking system.

To take measures in this regard, the Government of Uttar Pradesh has supported setting up of eight incubators including IITBHU, IIM-Lucknow (Noida campus), IIT-Kanpur, KNIT Sultanpur and iB Hubs- UPDESCO, Lucknow) in the state. Under the support facilities, State Government provides capital expenditure grant of up to ₹1 crore and operational expenditure support of up to ₹5 lakh per year for five years.