

Guidelines and Standard Operating Procedure (SOP)

for Incubation Support to Startups

as per Arunachal Pradesh Startup Policy 2021

1 Introduction

Start-up incubation programmes are specially designed programs to help young startups innovate and grow. They usually provide workspaces, mentorship, education, seed funding and access to investors for startups.

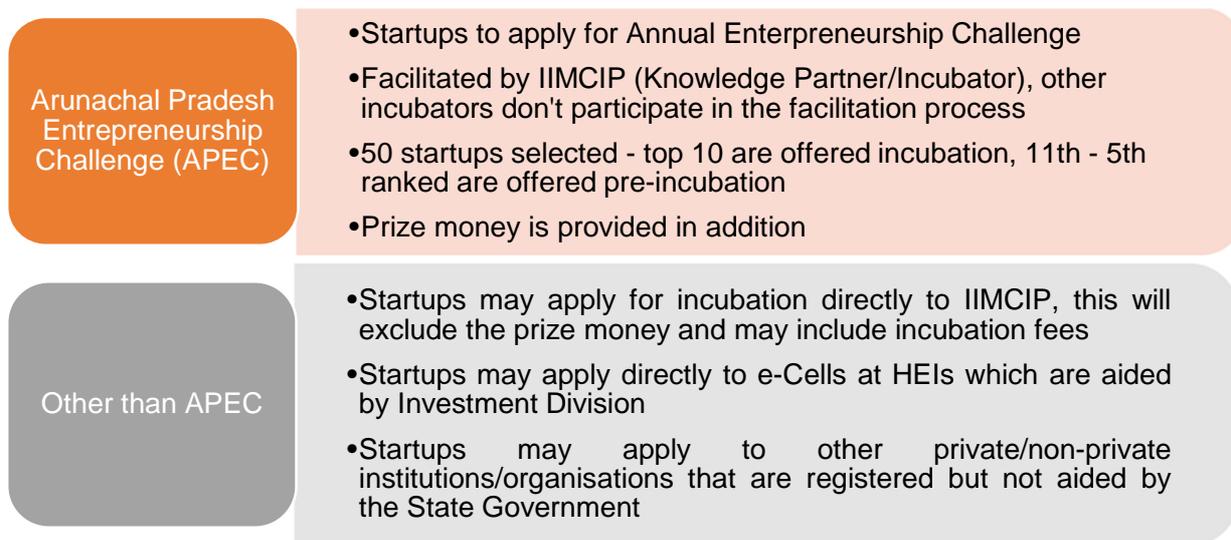
Some of the services of the Start-up incubator are help with business basics, networking opportunities, marketing assistance, accounting assistance, access to bank loans, help with pitching skills, advisory and mentorship, technology commercialization assistance, Intellectual property management etc.

Government registered incubators are necessary for any state's startup ecosystem for access to knowledge, networks and funds. Investment Division of Government of Arunachal Pradesh will facilitate incubation support through registering all incubators into the state startup portal for ready reference and provide financial supports to some of the incubators.

2 Steps towards strengthening the Incubation ecosystem

1. To facilitate the start-ups and entrepreneurial talent of the state, the GoAP has onboarded IIM Calcutta Innovation Park (IIMCIP) as a Knowledge Partner to kickstart the entrepreneurship development in the state. Regarding this, IIMCIP has proposed Arunachal Pradesh Entrepreneurship program consisting of AP Entrepreneurship Challenge, Incubation, Pre-incubation, Livelihood Acceleration. IIMCIP will generally follow the AP Entrepreneurship challenge route to onboard start-ups into the system as incubates.
2. Apart from IIMCIP, the GoAP will also support setting up of Entrepreneurship Cells (e-Cells) in Higher Education Institutes (HEIs) which would be developed into incubators in due course, enabling and promoting entrepreneurs/start-ups in the state. HEI's will tentatively follow the general route (direct application) to onboard start-ups. Ideally, being funded by GoAP, they will deliver their services for free.
3. Also, there would be onboarding of private institutes/organizations which are registered under GoAP but not government aided, as incubators providing value and strategic direction in establishing a start-up ecosystem in the state. They will also tentatively follow the general route (direct application) to onboard start-ups.

The modes to access incubation support is illustrated in the diagram below.

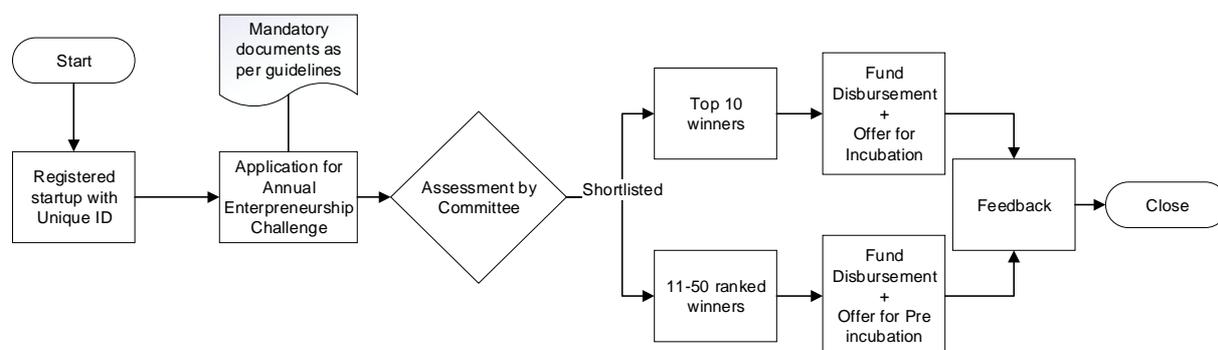


3 Process of Application to Incubators

Application through APEC

1. Registered startups with unique ID will apply to participate in the Arunachal Pradesh Entrepreneurship Challenge and submit mandatory documents.
2. All applications shall be reviewed by the assessment committee set up by Investment Division. The committee will use the Standard Selection Criteria to rank the startups. Startups must score 50% or above to be considered for ranking.
3. Top 10 ranked startups will be given Rs. 5 lakhs prize money and offer for incubation
4. 11-50 ranked startups will be given Rs. 4 lakhs prize money and offer for pre-incubation
5. Each recipient must submit a feedback for future documentation purposes.

The process flowchart for incubation and pre-incubation support through APEC is provided as follows.

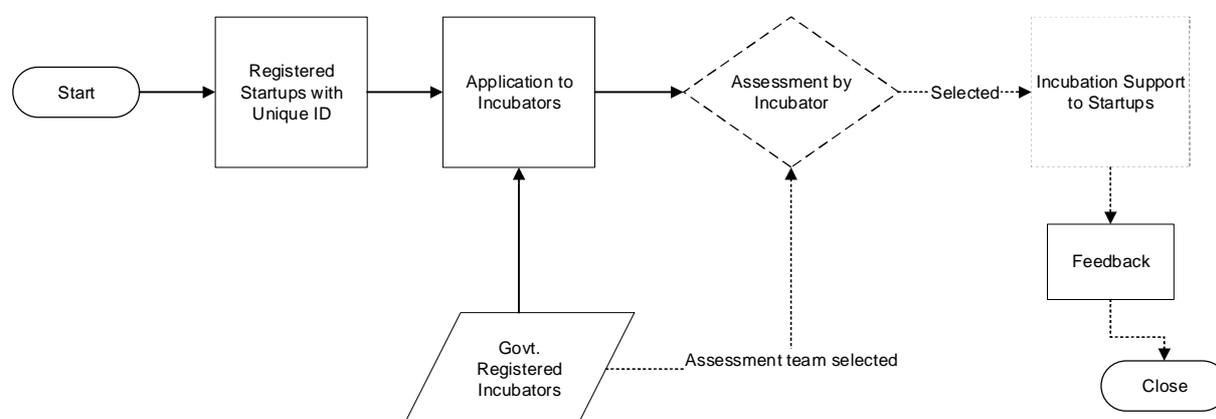


Application to e-Cells at HEIs and other registered incubators

1. Registered startups with unique ID will select registered incubators and apply for incubation through Investment Division
2. Applications shall be reviewed by the assessment committee set up by respective incubators.
3. The incubators shall select the startups and provide pre-incubation or incubation support.
4. Upon selection, each recipient must submit a feedback for future documentation purposes.

e-Cells that are already receiving financial support from the State Government shall not charge any fees to startups.

The process flowchart for incubation and pre-incubation support through APEC is provided as follows.



4 Activities under Pre-Incubation:

The pre-incubation activities may include but not be limited to the following.

- Incubators shall provide specific training, mentoring and consultancy services to understand whether their ideas are viable, commercializable, scalable, etc.
- Incubators shall provide these opportunities to early-stage entrepreneurs for an average of six months to a year.
- In addition to these, the physical facilities needed by entrepreneurs such as open offices and common working areas are provided to entrepreneurs by pre-incubation centers.
- The duration of these opportunities provided to entrepreneurs also varies according to which sector the entrepreneurs will operate in. While software-focused startups are expected to complete this phase in an average of six months, this period may be longer for startups operating in the health vertical.

- Entrepreneurs set up an accurate and applicable business plan by clarifying their ideas with the support they receive in pre-incubation centers. At this stage, the number of entrepreneurs who change their business idea and turn to a more feasible business idea by taking advantage of the knowledge and experience of mentors and consultants is quite high.
- In the pre-incubation phase, the important thing is to establish a team that can do the job and to make the right business plan that will save money. At the end of the pre-incubation, entrepreneurs are ready to go into company with a correct and detailed business plan and implement their plans.
- Venture capital funds and angel investors rarely invest at this stage

5 Activities under Incubation

The incubation activities may include but not be limited to the following.

- At the end of the pre-incubation period, entrepreneurs who complete the business plan and are ready for incorporation, start the incubation phase.
- During the incubation period, entrepreneurs continue to need physical facilities and training, consultancy and mentoring services, like the pre-incubation phases. These needs of entrepreneurs are met while in the incubation center.
- The length of the incubation period varies between 1-3 years depending on the sector of the enterprise. Startups that take longer to obtain certificates and patents in sectors such as health, food, etc. spend longer incubation periods than software companies.
- Entrepreneurs set up their companies at the incubation stage and produce their minimum viable product. At this stage, the technical support that entrepreneurs need, especially when developing products, are provided by incubation centers.
- After the product is developed, the commercialization of the product, which is one of the most difficult stages of the enterprise process and management, begins. The main reason why this stage is difficult is that commercialization efforts are costly. Due to the costs incurred, the financing needs of companies increase, and they need to find new supports. This process can work differently depending on the sector the entrepreneurs are in or the product they develop.
- It is easier for startups to receive investments from angel investors and venture capital funds during the incubation phase compared to the pre-incubation process. Incubation centers support companies in their investment search processes by organizing meetups, demo day events, so that their companies are visible and find investments.
- Entrepreneurs who stand out with their business plans and the capabilities of their teams and who have high awareness of the functioning of the entrepreneurship ecosystem can skip the pre-incubation stage and settle directly in the incubation center.

6 Feedback Form for Funding Support

1	Name of Start up	
2	Unique id	
3	Name of Incubator	
4	Support Start Date	
5	Support End Date	
6	Which type of support received?	<input type="checkbox"/> Pre-Incubation <input type="checkbox"/> Incubation
7	How was the overall experience?	<input type="checkbox"/> Exceptional <input type="checkbox"/> Very Good <input type="checkbox"/> Good <input type="checkbox"/> Moderate <input type="checkbox"/> Poor
8	Remarks	
9	Declaration	This is to confirm that we, <name of startup> have received incubation support from <name of incubator> through the Arunachal Pradesh Invest Division.