GOVERNMENT OF TAMIL NADU

TAMIL NADU
STARTUP AND INNOVATION POLICY 2023

DEPARTMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES

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1. PREAMBLE

India has a robust Startup ecosystem that has the potential to make the country a Superpower. It is described as "the poster child" of emerging markets for its vast commercial potential for Startups. India, though the third largest economy in the world, is ranked fourth in the Asia-Pacific Startup Ecosystem only next to Singapore, Australia and China as per the Startup Ecosystem Report, 2022, and expected to contribute 15% to the global growth in the coming years.

Tamil Nadu is one of the most progressive States in the country and has been the engine of the nation's economic growth. It is on the frontline in all development parameters. With 4% of the nation's land mass and 6% of the nation's population, the State contributes 9% of the nation's GDP. The State's vision of reaching the US$ One Trillion economy is supported by its varied strengths. According to the National Institutional Ranking Framework (NIRF) 2022, Tamil Nadu has the highest number of institutions among the top 100 ranking; in the Ease of Doing Business, Tamil Nadu ranks third with the creation of the Single Window Portal Clearance. Aiding this development and concentrating on equitable progress, Tamil Nadu is a pioneer State in the country to establish Social Justice Schemes. The State has formulated policies and schemes that ensure socio-economic development and environmental sustainability. There has been a tremendous push for infrastructure development and job creation in the State in the last two years. It is the knowledge hub of the country and about a million graduates get added to the talent pool every year. The State also has the largest annual turnout of skilled workforce in the country. Tamil Nadu is ranked among the top three States in research and development in the country.

Tamil Nadu has a vibrant Startup ecosystem that nurtures social entrepreneurship at its core. The State is represented by Chennai and Coimbatore as two of the top 400 Startup Cities Globally as per the Blink Startup Ecosystem Report, 2022. The Indian Startup Ecosystem Report 2022 ranks Chennai as the country's fourth top Startup hub. Coimbatore, Madurai, Tiruchi, Salem and Vellore are recognised as emerging hubs. Overall, Tamil Nadu offers fundamentally sound building blocks necessary to create a distinctive democratic Startup ecosystem. Tamil Nadu has witnessed a notable increase in the number of registered Startups, exceeding 7,000 in September 2023 and has attracted significant venture capital investments over the past two years. Tamil Nadu is now committed to attaining the top ranks in the National and International ecosystems, across measures, with the collaborative efforts of various stakeholders in the Startup ecosystem.

The policy period of the first Tamil Nadu Startup and Innovation Policy was 2018-23. The challenges exposed by the COVID pandemic and the fast-changing technological landscape now calls for more innovative and vigorous measures to foster innovation and entrepreneurship. Our startups are expected to be not just engines of economic growth; they are game changers in alleviating poverty, reducing inequality and increasing social mobility. The revamped 'Startup and Innovation Policy' of the State will be the fuel to accelerate and scale Startups and increase their share in the State's GDP as well as Social Capital.

The main focus of this policy framework is to establish a democratised ecosystem that fosters innovation and entrepreneurship, transforming the State into a land of opportunities for the development of both technologically groundbreaking and socially impactful enterprises by individuals from all walks of life.

2. VISION

The vision is for Tamil Nadu to become one of the top 20 global Startup destinations by 2032, based on internationally recognized criteria, and to enable groundbreaking innovative and wealth creating ventures while also establishing a supportive Startup ecosystem that emphasises distributed wealth creation, innovative job opportunities, triple bottom line accountability, investor trust, ethical and logical revenue models, and democratised equal growth opportunities for other nations to emulate.

3. MISSION

- To upscale Startups' contribution towards the State's GDP share.

- Provide Startups in Tamil Nadu a conducive environment and seamless enablement throughout their journey.

- Provide and support business expansion by creating access to both domestic and global markets.

- Implement a robust system to integrate intellect minds and infrastructure, thereby attracting Investments for Tamil Nadu Startups.

- Evolve with the market trends and upscale existing Startups into power brands with employment generation capacity and potential Startup investors.

- Establishing Tamil Nadu as the premier State for intellectual talent pool for Startups.

- Position Tamil Nadu as a model State in promoting equitable progress in the country and beyond.

- To promote Startups towards sustainable business solutions through ESG framework.

4. OBJECTIVES

The State has set out the following objectives for the policy period.

- Facilitating the establishment of 15,000 Startups across various sectors and regions in the State.

- Elevating Tamil Nadu's position as one among the top 3 Startup ecosystems in India.

- Ensuring balanced growth of Startups in Tier II and III cities while maintaining focus on established metro hubs.

- Establishing Tamil Nadu as the top State for incubation ecosystems.

- Ranking Tamil Nadu among the top 3 States in terms of investments.

- Positioning Tamil Nadu as the leading State for Startups and companies founded by individuals from SC/ST communities and women.

- Promoting START STEPs (budding entrepreneurs) and scaling up existing Startups by connecting the stakeholders and incentivizing this synergy.

- Creating an exclusive talent pool adhering to the Startup Culture by establishing strategic alliances and partnership with different key stakeholders.

- Incentivizing Startup support services during their early years.

- Dedicated support to Startups by creating Sectoral Forums.

- Creating Startup investment-friendly ecosystem by attracting Angels, HNIs, VCs and building a collective pool of funds.

- Facilitating networking opportunities among the Startup stakeholders by connecting Mentors, Investors with Startups.

- Strategically positioning Tamil Nadu as a knowledge and innovation hub in the global arena by establishing Global Liaison Offices.

- Empowering entrepreneurs to compete globally and make a mark in the global ecosystem.

- Formulating programmes that will reaffirm a commitment in the State ecosystem to be more democratic and productive through hand holding at every stage, simplified rules and regulations, easy availability of funds in the form of grant or equity and nurturing the local ecosystems through regional hubs and satellite offices.

- Creating a platform for corporate procurement from Startups in association with multiple corporate associations.

5. DEFINITIONS

5.1. Start STEP

An aspiring non-registered entity or individual who develops an idea with a business model based on product / process / service innovation that is potentially scalable and generates wealth and employment or creating a sustainable social impact business model.

5.2. Startup

A Startup is a registered entity which meets the following criteria:

5.2.1. Incorporated as a Private Limited Company or a Registered Partnership Firm or a Limited Liability Partnership

5.2.2. The entity should not have exceeded 10 years from the date of incorporation

5.2.3. The entity should not have an annual turnover exceeding INR 50 crore for any of the financial years since its incorporation

5.2.4. The entity should not have been formed by splitting up or reconstructing an already existing business

5.2.5. The entity should work towards an innovation or show an incremental development or improvement of a product, process or service and should have a scalable business model with potential for creation of wealth & employment.

5.2.6. Business ventures by persons from socially marginalized communities that apply proven innovative techniques in other sectors to the economic and social problems of their communities will also be considered as Startups.

5.3. State Recognition

The State Nodal Agency will create a mechanism for recognizing Startups to apply and avail schemes of this policy and any new schemes that may be announced in the future. A business entity registered in Tamil Nadu which meets the definition as per para 5.2 of this policy will be recognized as 'State Recognized Startup'.

6. NODAL AGENCY

StartupTN, the Nodal Agency of Tamil Nadu, is responsible for promoting Startup and innovation activities in the State. It was established as a Section 8 company under the Department of Micro, Small and Medium Enterprises in 2021 and is led by a dedicated team headed by the Mission Director, who serves as the Nodal Officer for implementing various initiatives outlined in the Startup and Innovation Policy. The mission is governed by a Board of Directors appointed by the Government of Tamil Nadu, which periodically reviews and guides progress.

The success of any Startup Mission is to enable the Startup community with a conducive environment which will create a connected, complementary platform for its stakeholders.

7. DETERMINANTS OF THE STARTUP ECOSYSTEM

Startup Literacy
To promote "Culture of Change" mindset, considering entrepreneurship as a viable career path

Innovation Landscape
To drive the knowledge capital of the state ensuring disruptive innovations

Startup Support Centres
To offer right support system at right time for entrepreneurs to start and operate a business

Access to Market
To develop a strong marketing culture and facilitate marketing opportunities

Investment Ecosystem
To facilitate a conducive Startup investment ecosystem in the State

Stakeholder Engagement
To work with ecosystem enablers and devise strategies to create a strong value chain

Equitable Growth
To promote inclusivity and distributed growth in the State

StartupTN has identified Seven Determinants to enable a solid architecture of the State Startup Ecosystem which is envisaged to function in a synchronised manner. Given the current global socio-economic trends and the rapid technology transformations, this policy is designed to enable the Determinants to complement one another. Through this seamlessly integrated model, the physical or intellectual assets developed or established can be ploughed back into the system to nurture the Startup community. In short, the policy's architecture is designed to enable both the community's transformative mindset and the emergence of path breaking Startups.

The following are the Seven Determinants identified:

- **Startup Literacy**

- **Innovation Landscape**

- **Investment Ecosystem**

- **Access to Market**

- **Startup Support Centres**

- **Stakeholder Engagement**

- **Equitable Growth**

The determinants of Tamil Nadu's Startup and Innovation Policy will be measured using technology and data-driven indicators. This approach will ensure that the impact of the policy is quantifiable and can be monitored over time. To further enhance the effectiveness of the policy, an Advisory Board will be established to provide guidance and expertise in its implementation. The board will consist of experts in various fields related to Startup and innovation activities, who will work closely with the Nodal Agency to ensure that the policy's goals are achieved. By leveraging technology and data-driven indicators and engaging the expertise of the Advisory Board, Tamil Nadu's Startup and Innovation Policy is well-positioned to make a significant impact on the State's innovation & entrepreneurship ecosystem.

7.1. STARTUP LITERACY

7.1. Startup Literacy

Tamil Nadu has a strong academic and research environment, making it an ideal location for nurturing sustainable Startups. In order to achieve this goal, StartupTN recognizes the importance of embedding Startup playbook literacy, innovation, and new-age entrepreneurship into the State's culture. The mission aims to promote a "Culture of Change" mindset in all walks of professional life, encouraging students and young professionals to consider entrepreneurship as a viable career path. To support this effort, StartupTN will implement a range of support systems designed to train individuals in opportunity analysis, risk mitigation, and fail-safe strategies. These measures will help to foster a community of innovators and entrepreneurs who are equipped with the necessary skills and mindset to build successful Startups. By promoting Startup literacy and cultivating a culture of change, Tamil Nadu is poised to become a hub of sustainable Startups, driving economic growth and job creation in the State.

7.1.1. Learning & Development Portal

A Learning and Development Portal comprising many self-learning video courses covering real time scenarios of a Startup journey will be developed. This portal will also showcase the success and failure stories of Startups as case studies. The L&D courses will also be offered to Higher Education Institutions (HEIs) in association with the Higher Education Department and Naan Mudhalvan upskilling platform under the Tamil Nadu Skill Development Corporation and through any other powerful channel. The courses will be bilingual (Tamil and English) for easy access and understanding. Multiple courses will also be made available in the StartupTN web portal as "Certified Courses" for Start STEPs as well as Startup founders.

7.1.2. School Innovation Development Program

Entrepreneurship Development and Innovation Institute, Tamil Nadu will help in capacity development of School teachers to train in creating an Innovation ecosystem among School students. Through this initiative, innovative projects from school students will be supported and selected projects will be aided by financial incentives. By providing students with a supportive environment to explore their ideas and interests, this initiative can inspire the next generation of entrepreneurs and help to drive Tamil Nadu's economic growth in the long term.

7.1.3. Startup Playbook - Master Class

Startup Playbook - Master Class focuses on creating awareness of the different milestones in a Startup journey. A Startup's path is laid with the fundamentals of continuous 'learn, unlearn and relearn'. Peer learning and experiential sharing with real-time case studies will help reduce the failure rate of Startups in their later stages. This Master Class will be designed with seasoned experts and facilitated through the MentorTN and AngelsTN platforms.

7.1.4. Financial and Legal Literacy

To improve business decision-making and reduce the failure rate of Startups, it is important to have a solid understanding of financial and legal compliances. In partnership with finance and legal experts, StartupTN will develop a sub-portal within its existing platform. This sub-portal will feature different modules to guide Startups on financial management, bookkeeping, taxation, risk management, and legal compliances. Additionally, the portal will provide tutorials on various aspects of statutory requirements for setting up and maintaining a compliant Startup.

7.1.5. Certified Internship Programme in Startup Ecosystem

The State Government will launch the 'Certified Internship Programme,' which will be designed to provide students from Higher Education Institutions (HEIs) in Tamil Nadu with an opportunity to gain exposure to the Startup and Innovation culture. Through this programme, students will have the chance to work as 'Interns' with Startups or State-supported incubators.

StartupTN in collaboration with Naan Mudhalvan program will facilitate this Internship Programme, which will be a non-financial engagement. The programme aims to provide students with hands-on experience in a real-world business environment, helping them develop practical skills and gain insights into the workings of the Startup ecosystem.

They will also have the opportunity to network with industry professionals and gain exposure to different aspects of the Startup ecosystem, including product development, marketing, finance, and legal compliance.
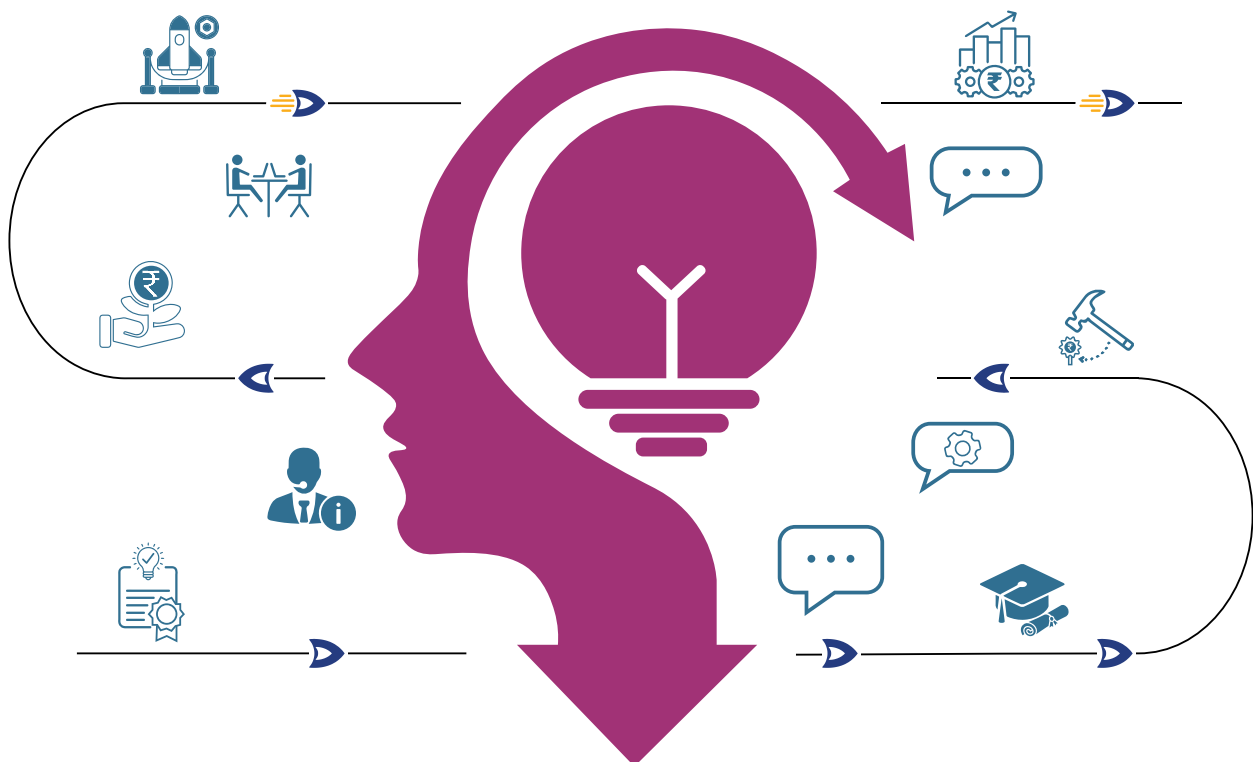
7.1.6. BrandLabs

Branding is crucial in establishing a business' identity and differentiating it from competitors based on more than just products and services. By transforming a brand into a character, a business can fuel its growth and add value. However, many Startups lack understanding of the art and science of branding. To bridge this gap, StartupTN has created BrandLabs, an initiative that enables Startup aspirants to learn about branding from experts and gain valuable insights. This community forum will be enhanced with membership benefits, providing aspiring entrepreneurs with a mentor-linked tutorial on branding strategies, leading to a certification upon completion. This certificate will help in attaining credits for Start-Steps under the StartupTN Smart Card (Ref. para 7.5.1.) initiative.

7.1.7. Scaleup Support Programme

Scaling a Startup demands a different set of skills from the founder and organisational decision-makers. To help Startups that have started generating revenue but face challenges in scaling up, StartupTN will launch a specialised mentorship programme led by experienced founders who have successfully scaled their own companies. The programme will provide guidance and support to ensure that Startups in Tamil Nadu do not falter at this critical stage of growth.

7.2. INNOVATION LANDSCAPE

7.2. Innovation Landscape

The State has a vibrant innovation landscape aided by active stakeholder engagement. In order to further develope the innovation landscape, the Government will take the following steps:

7.2.1. Innovation Sprints (Hackathons / Ideathons)

To foster innovation and entrepreneurship in the state, the Government of Tamil Nadu plans to conduct curated hackathons and ideathons that will provide a platform for Aspiring Entrepreneurs to showcase their skills and creativity. These events will be conducted in HEIs as stand-alone events or in collaboration with corporates, industries, and governmental departments. The collaboration will ensure that the events are well-publicised, and that the best minds from across the State are invited to participate.

The objective of these events is to encourage young minds to think critically, solve problems, and come up with innovative solutions. These events will also be supported by mentors and experts who will guide the participants and provide them with the necessary resources to develop their ideas. Overall, the aim of these events is to create a culture of innovation in the State and encourage Aspiring Entrepreneurs to explore the world of Startups.

7.2.2. Student Innovation Awards

To support the transformation of ideas into prototypes, EDII, Tamil Nadu, will execute the Innovation Voucher Programme (IVP) for final year students of HEIs. The programme will provide grant-in-aid support to the students. The winners of hackathons organised by StartupTN will be directly eligible for Voucher-A of IVP. In addition, the winners will have access to laboratories and workshops established by State-supported incubators and Centers of Excellence (CoEs).

7.2.3. Institution Startup Circle (ISC)

Institution Startup Circles are pre-incubation centres that will be set up in HEIs and polytechnic colleges to inculcate the Startup culture among students. These ISCs will be established as Section 8 companies. They will be mainly promoted in Tier II and III institutions where a formal structure of incubation is not prevalent. The Government of Tamil Nadu will extend seed funding to the ISC,

where the sponsor institution will also contribute 50% of the establishment cost. The funding support provided by the Government of Tamil Nadu will cover the establishment of the Section 8 Company, conduct of events and manpower for two years. ISCs will be hand held in establishing fully operational incubation centres.

7.2.4. Open Innovation

A portal will be developed to enable innovators to commercialise research by solving the challenges faced by government departments and industries. It will host problem statements that are aggregated and made open to the public. Any Start-Step or Startup can take up the challenge to provide innovative solutions. This will create a problem-solving mindset on one hand and, on the other, the innovators will also be recognised by the respective government or corporate agencies. Innovators, who solve industry problems, will have the first right of refusal in developing the solution with the specific industry. Startups will also be facilitated for public procurement as per para 7.4.4. of this Policy.

7.2.5. Technology Transfer Hub

To encourage commercialization of research and innovative ideas, the Government of Tamil Nadu will assist universities, colleges, and research scholars in registering their work under various Intellectual Property Rights (IPRs). Additionally, it will facilitate the transfer of such technologies for commercial use and create a register for IPR-protected technologies and open-source research projects. StartupTN will also come up with a royalty-sharing or other relevant agreement to facilitate commercialization. Through these efforts, the culture of research commercialization by collaborative models will be promoted.

7.2.6. Deep-Tech Innovation

The IT industry, which is currently at USD 20 Billion, is expected to grow to USD 43 Billion by 2030. Tamil Nadu is home to IIT Madras Research Park, which is the largest and most esteemed deep-tech incubator in India. Other leading technology institutions in the State are also keen to establish similar in-house ecosystems following the IIT-M Research Park model. The Tamil Nadu Technology Hub (iTNT Hub), an initiative by the Government of Tamil Nadu, supports incubation, acceleration, technology commercialisation, and technology development in the deep-tech sector. StartupTN will work closely with these specialised incubators in the deep-tech domains to foster the growth of disruptive deep-tech Startups in the State.

7.2.7. Prototyping Facilities

The Government of Tamil Nadu has taken various initiatives to establish physical infrastructure to support Startup aspirants in testing and developing pilot models in various sectors. In collaboration with the Department of Technical Education (DoTE), StartupTN is establishing FabLabs at the Government Engineering Colleges in Salem, Tirunelveli and Trichy.

Tamil Nadu Industrial Development Corporation Limited (TIDCO) has established three advanced Centers of Excellence (CoEs) in Chennai - Tamil Nadu Smart and Advanced Manufacturing Centre (TANSAM), Tamil Nadu Centre of Excellence for Advanced Manufacturing (TANCAM), and Tamil Nadu Advance Manufacturing Centre of Excellence (TANCOE). These CoEs are equipped with high-end machinery established in partnership with corporations.

Furthermore, under the State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT), two Force of Rapid Transformation (FORT) Centres have been established in Sriperumbudur and Hosur. These centres host CoEs in Future Mobility, Defence & Aerospace, Advanced Manufacturing and Factory AIoT & Industry 4.0. They are available for Startups at a subsidised cost to develop their prototypes. To effectively utilise these high-end facilities, StartupTN will formulate a model to connect innovators and Startups with them.

7.2.8. Knowledge Infrastructure

The state is aspiring to be a knowledge economy in the near future. The impact of R&D on innovation is well established. The State has a critical role to play in creating infrastructure that supports R&D which will lead to the building of an Innovation ecosystem. The Government, through its agencies has undertaken various initiatives in developing knowledge infrastructure.

7.2.8.1. FinTech City

The Government is developing a Fintech city of 110 acres in the Chennai district. This project will provide developed plots with the required infrastructure to both domestic and overseas financial institutions and fintech companies to set up their offices. A fintech tower of international standards, with a built-up area of around 5 lakhs sq. ft. is being established as a part of fintech city for providing office space for fintech companies to establish their operations.

7.2.8.2. University Research Parks (URPs)

The objective of the URP is to promote industry-academia collaboration, facilitate research and development, commercialization of R&D, entrepreneurship development, catalyze innovation and intellectual property (IP) creation and development of the region into an innovation cluster. URPs will house enterprise R&D units, Startups, Incubators, Accelerator, and several state–of–the–art common infrastructure facilities, labs, and Centers of Excellence across domains like Biotech, Nanotech, Deeptech, etc., for the usage of Startups and other MSMEs. It has been decided to establish research parks following the model of IIT Madras Research Park, in the state universities at Madurai, Trichy, Coimbatore, Tirunelveli, and Karaikudi. The research park development works will be carried out by TIDCO in collaboration with other relevant stakeholders.

7.2.8.3. Tamil Nadu Knowledge City (TKC)

Tamil Nadu Knowledge City is envisioned as a world-class knowledge ecosystem with education at its core. A modern, self-contained city that will host top-notch educational institutions, Centers of Excellence, and Knowledge-based industry in close proximity such that higher education, human capability development, technology, and research comes together to fuel next-generation innovation in a self-sustainable green living environment, thereby propelling Tamil Nadu towards a knowledge-led economy. The TKC will play a catalyzing role in the transfer of knowledge from Tamil Nadu to the rest of the world and vice versa fostering research and innovation in fields like Lifesciences, Agritech, Architecture and Design, Semiconductors, Electronic System Design and Maintenance, Aerospace and Defense, Mobility, Fintech, Tele communication, Spacetech, etc. Lands for developing TKC have been identified in Tiruvallur district and the land acquisition process has been initiated.

7.3. INVESTMENT ECOSYSTEM

7.3. Investment Ecosystem

Access to appropriate funding is crucial for the success of Startups at different stages of their journey. While there are many sources of funding available, the State of Tamil Nadu is committed to bridging the gap between the source and the destination by creating curated platforms that match Startups with the right kind of funding.

In recent years, the success of a Startup is determined by its valuation and the investment it attracts due to its unique business model. Therefore, dedicated platforms will be designed to facilitate easy investment for investors and to attract funds for potential investees. These platforms will be created to cater to the different stages of a Startup's journey, from early-stage seed funding to later-stage growth funding.

The curated platforms will be created in collaboration with financial institutions, Venture Capitalists, Angel Investors, and other key stakeholders in the Startup ecosystem. These platforms will be promoted extensively to attract investors from across the globe who are interested in investing in innovative and disruptive Startups in Tamil Nadu. By creating these platforms, the State hopes to provide a much-needed boost to the Startup ecosystem and drive economic growth.

7.3.1. Seed Investment

7.3.1.1. TANSEED

The Tamil Nadu Startup Seed Fund (TANSEED) has been revamped to function as a Support Equity-linked grant fund scheme that provides early-stage Startups with funding of up to Rs. 15 lakh for Rural Impact, Climate Action, and Women-led Startups, and Rs. 10 lakh for other sectors. As a part of the funding, StartupTN will take a 3% Support Stake in the Startup ventures and provide them with a one-year accelerator programme that includes mentorship support, priority access to compliance support services, and various networking events and initiatives. TANSEED beneficiaries may also be supported to participate in government tenders/bids. StartupTN shall earmark 25% of the total TANSEED assistance to Women-led Startups, and 10% for Rural Impact Startups. TANSEED beneficiaries will also have the opportunity to participate in national and international Startup delegations.

7.3.1.2. TANSCALE

According to the Government Order G.O.(Ms.) No. 49, Micro, Small and Medium Enterprises (A) Department, Dated 18.06.2020, the Government of Tamil Nadu

can make investments of up to INR 50 lakh in association with private investment agencies. Each year, 10 growth-stage Startups will benefit through this scheme. Investments of up to INR 50 lakh will be made for the same equity agreed upon by the co-investment partner. A maximum budget of INR 5 crore per year will be allotted for this initiative. Reinvesting in more Startups can be facilitated by successful exits.

7.3.2. SC / ST Startup Promotion

One of the guiding principles of Tamil Nadu is Social Justice. To encourage and promote social inclusion, the State Government has been a pioneer in reaching out to entrepreneurs from the Scheduled Caste and Scheduled Tribe Communities (SC/ST). which are under-represented in the Startup ecosystem.

7.3.2.1. TN SC/ST Startup Fund

This unique fund enables entrepreneurs from the Scheduled Caste and Scheduled Tribe Communities (SC/ST) to explore and expand their business capabilities. StartupTN will identify beneficiaries from the SC/ST communities to provide assistance in the form of equity investment or debt. By this, the Government of Tamil Nadu will become a shareholder in the Startup. This helps to build confidence in the Startup and spurs a revolution among the under-represented communities. Scalable business models and models based on Indigenous Traditional Knowledge (ITK), which can be commercialised, will be encouraged. Already, 21 SC/ST Startups have been sanctioned assitance amounting to INR 28.1 crore. The Government of Tamil Nadu has the ambition of providing support to 200 Startups run by entrepreneurs from SC/ST communities during the policy period. A dedicated team has been formed in StartupTN to ensure smooth functioning of this initiative.

7.3.2.2. Annal Ambedkar Business Champions Scheme

The State Government has launched a flagship scheme named 'Annal Ambedkar Business Champions Scheme' to promote business ventures from founders by SC/ST communities. Under this scheme, 35% capital subsidy and 6% interest subventions are given to the entrepreneurs. The scheme also offers specialized training and mentoring services. This scheme can be availed by the manufacturing and services sectors. The Government has allocated INR 100 Crore for this scheme in 2023-24.

7.3.3. AngelsTN

The Government of Tamil Nadu launched a new engagement platform called AngelsTN, aimed at bringing together the global Tamil diaspora and other angel networks operating in India and overseas. This initiative will provide a single platform for Startups in Tamil Nadu to connect with potential investors. AngelsTN will also organise investor sensitization programmes and an annual Investor Conclave. The primary objective is to facilitate pre-seed/seed funding and encourage High Net-Worth individuals to become angel investors.

7.3.4. TANFUND

This will be Tamil Nadu's first online aggregator platform for venture capital and private equity funds from which Startups and scaling ventures in the State can access multiple venture capital and private equity funds. The nature of the platform is such that the funds can be thematic and sector or stage specific. This ensures diversity and provides opportunities for Startups to interact with a broad spectrum of funds. The onboarded entities will be offered a range of engagement services to improve the ease of the investment process.

7.3.5. Co-Creation Fund

The Tamil Nadu Government will create a INR 100 crore Fund of Funds, called the Tamil Nadu Co-Creation Fund, for investing in regional and thematic funds. The Fund, to be managed by respective investors and coordinated by StartupTN, is inspired by the Yozma (meaning 'initiative') model, established by the Israeli Government in the 1990s to kick-start innovative industries by investing in new venture capital funds.

The Government of Tamil Nadu will contribute 40% (with a ceiling of INR 10 crore) in Regional, Rural Impact, Women and Climate Action-focused funds and 20% (with a ceiling of INR 5 crore) in other thematic funds promoted by the private sector. The fund size should be INR 20 crore and above in case of a new fund. The government will bear 75% and 50% of the fund setup costs, respectively, for the above mentioned categories. The operations will be managed by the fund promoters.

7.3.6. Tamil Nadu Emerging Sector Seed Fund

The Tamil Nadu Emerging Sector Seed Fund promoted by TIDCO,

Government of Tamil Nadu for investing in MSME companies and Startups in the emerging sectors. This sector-agnostic fund focuses on innovative and high growth enterprises in the State. This SEBI-registered CAT-I Alternative Investment Fund was created with an anchor investment of INR 100 crore and is managed by Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC). StartupTN is associated with TNIFMC in promoting the fund.

7.3.7. Revival Support

Provision for failure or restart should be made in any policy that envisions revitalising a system. The Government of Tamil Nadu will provide support to Startups that have viable products or services but are on the verge of closure for reasons like uncertainty in the next round of funding or inability to meet capital requirements, rising inflation & interest rates and any other logical reasons. The State Government will collaborate with incubators and private organisations to provide dedicated support services to restructure their business model. This initiative will also help Startups to exit their venture through guided support. StartupTN will facilitate expediting this process in association with corporate lawyers and CAs.

7.3.8. Startup Thamizha

Startup Thamizha is a distinctive television reality show which will be designed to raise awareness of entrepreneurship, innovation, and investment in Tamil Nadu-based Startups. The show will feature pitching events in front of investors during prime time television, serving both as an educational and investment opportunity for Startups. Professional agencies will manage the programme, with an expected investment of INR 30 crore to 50 crore per season. This initiative will not only attract investments but also foster a culture of entrepreneurship and seed investing in the State.

7.3.9. Venture Capital Facilitation

The Government of Tamil Nadu will provide on demand workspace for investment agencies that are registered with TANFUND, for easy coordination. Startups will be empowered through exposure to business planning sessions to become investor-ready. StartupTN will organise facilitation programmes for HNIs and Ultra-HNIs to explore opportunities for participating in Tamil Nadu-based VC and Angel funds.

7.3.10. Conventional Financial Institution Engagement

Nationalised and private banks and other financial institutions will be approached to open dedicated Startup branches or desks in major towns and cities across the State. These branches will have staff trained to address or respond to the special needs of Startups like opening of bank accounts, collateral free loan requests and foreign exchange facilitation. StartupTN will enter into agreement with these financial institutions and provide a curated list of potential Startups. Startups across sectors will be provided a dedicated platform to pitch to these financial institutions to attract funds. As recommended by the National IPR Policy, the Conventional Financial Institutions will be encouraged to consider IP generated by Startups as collateral. Sensitisation programmes will also be organised for the representatives of these banks and financial institutions on the need to encourage new-age entrepreneurship.

7.3.11. EIR Programme

A corporate Entrepreneur-in-Residence (EIR) programme will be launched in association with reputed industry associations as a transparent process to provide 50% of the last drawn salary or INR 1 lakh (whichever is lesser) for a period up to 12 months to corporate executives to quit their jobs and start their own ventures. An accelerator programme will be co-created with the associations to mentor the EIRs during the period. This project may help some of the seasoned corporate executives to become entrepreneurs.

7.3.12. Other Financial Incentives

Early-stage Startups are MSMEs. They will be entitled to various facilitation services extended through FaME TN and can also benefit from the incentive schemes for MSMEs such as New Entrepreneur-cum-Enterprise Development Scheme (NEEDS), Unemployed Youth Employment Generation Programme (UYEGP), Prime Minister's Employment Generation Programme (PMEGP) and subsidies such as capital subsidy, Low Tension Power supply Tariff (LTPT) subsidy, Back Ended Interest Subsidy (BEIS), energy efficiency subsidy under Promotion of Energy Audit and Conservation of Energy (PEACE), Quality Certification (Q-cert) support, payroll subsidy and other manufacturing sector subsidies will be extended to Startups under the Manufacturing sector. Some of the major incentive schemes are listed below:

S. No.	Schemes	Benefits (for MSMEs)
1.	New Entrepreneur cum Enterprise Development Scheme (NEEDS) (to encourage first-generation entrepreneurs	Individual-based subsidy at 25% on the value of capital investment (maximum INR 75 lakh and 3% interest subvention for the entire repayment period)
2.	Unemployed youth employment generation program (UYEGP) (To mitigate unemployment problems)	25% subsidy on the project cost (maximum INR 3.75 lakh)
3.	Annual Ambedkar Business Champions Scheme (AABCS) (An exclusive scheme for SC/ST entrepreneurs)	35% subsidy on the value of capital investment (Maximum INR 150 lakh) and 6% interest subvention for the entire repayment period
4.	Prime Minister's Employment Generation Program (PMEGP) (To promote employment generation)	15% to 35% subsidy on the project cost
5.	Prime Minister's Formalization of Micro food processing Enterprises (PMFME) (formalization of Micro food processing Enterprises through institutional credit)	35% subsidy on the project cost (maximum INR 10 lakh)
6.	**Capital Subsidy**	
a.	Capital Subsidy for Micro manufacturing Enterprises	25% subsidy on the value of eligible plant and machinery subject to a ceiling of INR 25 lakh

S. No.	Schemes	Benefits (for MSMEs)
b.	Capital subsidy for Small and Medium Manufacturing Enterprises	25% subsidy on the value of eligible plant and machinery subject to a ceiling of INR 150 lakh for enterprises located in industrially backward blocks and Industrial Estates
c.	Additional Capital Subsidy for Micro Manufacturing Enterprises	10% additional subsidy on the value of eligible plant and machinery subject to a ceiling of INR 5 lakh
d.	Additional capital subsidy for select category of entrepreneurs (Women/SC/ST/Differently abled/Trans people)	Additional capital subsidy for select category of entrepreneurs (Women/SC/ST/Differently abled/Trans people)
e.	Additional capital subsidy for promotion of cleaner and environment-friendly technologies (For equipment installed for cleaner production process)	25% subsidy on the value of eligible plant and machinery subject to a ceiling of INR 10 lakh
f.	Additional capital subsidy for scaling up (for enterprises which have graduated from the Micro to Small or Small to Medium category)	5% subsidy on the value of eligible plant and machinery subject to a ceiling of INR 25 lakh
7.	Special capital subsidy for Thrust Sector Enterprises	25 thrust sector activity established anywhere in the state can avail 25% subsidy on the value of eligible plant and machinery subject to a ceiling of INR 150 lakh

S. No.	Schemes	Benefits (for MSMEs)
8.	Payroll Subsidy	Reimbursement of employer's contribution to EPF for 3 years if employed more than 20 persons, not exceeding INR 24,000 per employee per annum
9.	Low Tension Power Tariff Subsidy (LTPT)	20% Subsidy on power consumption charges for micro manufacturing enterprises for 36 months
10.	Back Ended Interest Subsidy (BEIS)	5% of interest subsidy on term loans subject to a maximum of INR 25 lakh for a period of 5 years for term loans up to INR 5 crore obtained for technology upgradation/ modernization and under credit guarantee fund trust scheme (CGFPS) INR 20 lakh for term loans up to INR 2 crore for a period of 5 years to micro and small manufacturing enterprises
11.	Promotion of Energy Audit and Conservation of Energy (PEACE)	Reimburses 75% of the cost of conducting energy audit subject to a maximum of INR 1 lakh per energy audit per unit and 50% of the cost of machinery and equipment replacement for the purpose of improving the energy efficiency subject to a maximum of INR 10 lakh

S. No.	Schemes	Benefits (for MSMEs)
12.	Scheme for Acquiring Quality Certification (Q-CERT)	Reimburses 100% of the cost of acquiring the certification subject to a ceiling of INR 2 lakh for national certification & INR 10 lakh for international certification
13.	Reimbursement of Stamp Duty and Registration charges	Micro and Small enterprises set up in backward blocks are eligible to avail 50% reimbursement charges paid to the registration department on the purchase of land meant for industrial use.
14.	Subsidy for Asset Creation for Intellectual Property	Subsidy at the rate of minimum INR 1 lakh or 75% subject to a maximum of INR 3 lakh whichever is higher per registration on the cost of Patent registration in India or abroad for innovation od Industrial application and per trademark registration or for geographical indications registration subsidy may be given at the rate of 50% subject to a maximum of INR 25000/-
15.	Scheme for fund Raising through SME Exchange	The government will provide 75% of the expenditure incurred for listing, subject to a maximum of INR 30 lakh.

More details can be accessed via https://www.msmetamilnadu.tn.gov.in/

7.4. ACCESS TO MARKET

7.4. Access to Market

To encourage the organic creation of Startups, the key risk points to be addressed are where and how to market the products or services. The Government of Tamil Nadu will help in developing the 'Marketing Culture' and also facilitate 'Marketing Opportunities' for Startups.

7.4.1. Marketing Portal

StartupTN, in partnership with private players, will design an exclusive marketing portal. It will include marketing tutorials/tools and will also showcase Startup products and services. This repository will be open to the government, corporate and public entities. The portal will also provide sector-based market analytics. Eventually, the portal will evolve for Startups targeting corporates and larger industries.

7.4.2. Test Bed Centres & Procurement Desks

Government Procurement Facilitation Desks will be established in select StartupTN Hubs for eligible Startups in the Green Tech (Sustainability, Climate Change, Renewable Energy and Circular Economy) space. Piloting opportunities will be facilitated for Rural Impact Startups. The desk will facilitate the testing and use of these products by the government and other public agencies, including local bodies.

7.4.3. Smart SHGs

To enhance Women Self-Help Groups, 'Thozhilanangu' an initiative by the State Government and implemented by StartupTN, will connect existing SHGs with Startups. The aim is to inculcate the entrepreneurial culture among women SHGs. The Smart SHGs will act as spokes that get procurement orders from the Startups, which are the hubs. The main objective of the scheme is to convert SHGs into entrepreneurs. These Startups that support SHGs will be brought under Rural/Social Impact Startups. The SHGs, through this facilitation and experience, will be further elevated as self-reliant Startups under the new Startup Mission for Women.

7.4.4. Startups 2 Government Procurement

The Tamil Nadu Government, through its G.O.(Ms.) No. 40, Micro, Small and

Medium Enterprises (A) Department, Dated 22.07.2021, has provided the following concessions to eligible Startups in the State:

7.4.4.1. Exemption from payment of Earnest Money Deposit

7.4.4.2. Exemption from the condition of prior turnover

7.4.4.3. Exemption from the condition of prior experience

7.4.4.4. Waiver of tender cost

In addition to the above concessions, the definition of 'Low Value Procurement' under Section 16 of the Tamil Nadu Transparency in Tenders Act, 1998, has been modified to allow procurement of products valued up to INR 50 lakh from Startups falling under the Manufacturing sector in Tamil Nadu. To streamline this process, StartupTN has been facilitating procurement by Government Departments from Startups. During the policy period, the following two core areas will be strengthened:

- Sensitisation programmes will be conducted for government officials on procurement from Startups.

- Buy-day programmes will be organised with different government departments and in different districts.

Through the MSME Department of the State, the Startups in the manufacturing sectors will be onboarded in the TReDS (Trade Receivables Discounting System) platform. By onboarding in this platform, both the buyer (in this case the public sector undertakings) and Sellers (in this case the Startups) will have transparency in terms of placing orders and financial transactions.

7.4.5. Startup to Corporate Procurement

Startup to Corporate connect will be facilitated through Sectoral Forums. Startups will pitch to Corporates and Large Industries. This will add value to Startups in terms of facilitating trials, running pilot orders, providing Corporate incubation services covering mentorship, exposure to functional areas, long term advisory roles, helping in market penetration and possibly an endorsement of the Startups as the case may be. Through the Open Innovation Portal, Corporates can provide their problem statements for Startups to work on to get the first right of refusal from the Corporate.

7.4.6. LaunchPad

LaunchPad is a platform designed to help Startups gain initial offline and online market traction for their new Brands and Products on a public forum. This will spur creativity and build excitement for Startups. StartupTN will also facilitate the showcase of such products and brands through social media promotions.

7.4.7. Beyond TN

To facilitate a soft landing, and to attract investments from Global Investors for Tamil Nadu Startups, 'Global Coordination Centres' under Beyond TN will be established strategically across the Globe in a phased manner. These offices will be the facilitating and liaison offices for homegrown Startups. The first Global Coordination Centre will be established in Dubai in FY 2023-24. Other emerging market economies will also be considered during the policy period. At the same time, the Government of Tamil Nadu will explore possibilities to work with other Startup Missions within the country for inter-state collaborations for the benefit of the Startups.

These Global Coordination Centres will also operate as a gateway to NRIs and NRI Tamils settled overseas who aspire to start a venture in Tamil Nadu. StartupTN will facilitate this by connecting the State's Incubator ecosystem and other stakeholders for venture creation. The NRIs / NRI Tamils will identify their business counterpart(s) in Tamil Nadu and register their Startup in Tamil Nadu. This will bring in confidence to the NRIs / NRI Tamils in building a successful venture and open up additional avenues to the State.

In addition to this, every year up to 100 eligible Startups will be supported to participate in National and International Expos and Trade shows. The monetary support will be decided on a case to case basis. Women-led and Rural/Social Impact Startups will be given special assistance for their participation. An exclusive measure will be initiated to provide an opportunity for NRIs especially the Tamil Diaspora overseas to create a Startup in Tamil Nadu run by their exclusive team in the State which will generate employment and wealth. The NRIs / Tamil Diaspora can use the facilitation services of 'Global Coordination Centres' to unleash their entrepreneurial mindset. After successfully building the Startup and gaining confidence, such professionals can return to Tamil Nadu and expand their Startups.

7.5. STARTUP SUPPORT CENTRES

7.5. Startup Support Centres

The Tamil Nadu Government has recognized the need for streamlining the services offered by different government departments and private organisations to encourage the growth of Startups and make doing business easier. In line with this objective, StartupTN will collaborate with these entities to simplify the process of registering a Startup. Additionally, to support the growth of Startups, the government will issue booster kits for the first three years from the date of recognition as a state-recognized Startup, as specified in para 5.3 of the policy.

The booster kits will provide a range of benefits and services to Startups during their early years of operation. These benefits may include access to coworking spaces, mentorship programs, business development assistance, legal and financial advisory services, and other support services as deemed necessary. The goal is to provide Startups with the necessary resources to grow and succeed, while also reducing the barriers to entry and making it easier for entrepreneurs to start and operate a business in Tamil Nadu. Overall, the government is committed to create an environment that fosters entrepreneurship and innovation, and supports the growth of Startups across the state.

7.5.1. Startup Smart Card

Smart Cards for Start-STEPs and Startups will be issued with support features to register their companies, avail of DPIIT recognition, apply for patents and trademarks, statutory compliances, web presence, vital coaching services, technology upgradation, marketing, financial services and other support services required for an early stage company to take the first few steps. The beneficiaries of this initiative may also access facilities developed by State / select Government of India supported labs and institutions. The Smart Card will be loaded with these benefits and services at a subsidised cost.

7.5.1.1. Legal Compliance Support

Exclusive Legal Compliance support will be facilitated for Start STEPs and Startups. Bimonthly virtual guidance will also be provided by registered CAs and Lawyers through the MentorTN initiative. The first level of support from the registered CAs and Lawyers will be provided on a pro bono basis.

7.5.1.2. Startup Helpline

A dedicated Helpline number will be made operational for Start-steps,

Startups, Mentors, Investors and any other stakeholders to get their queries clarified. This Helpline will be established as a bilingual call centre. Alternatively, Startup Grievances Redressal mechanism through the StartupTN portal will be further improved operationally by resolving the queries in five working days. A dedicated nodal officer will be appointed for resolving Startup Grievances.

7.5.1.3. ONDC Support Corner

Digital commerce has become an inevitable factor for rapid economic growth. Several private players have been established in this space and are leveraging the current economic trends. Since the inception of Open Network for Digital Commerce (ONDC), grass-root innovators and other small scale retailers are trying to emerge in this new platform. In order to fuel the growth of Tamil Nadu Startups, this support centre will facilitate onboarding of such Startups who can potentially market their products. Sensitization programs across sectors will be conducted.

7.5.2. Plug and Play Facilities

In order to provide factory space for Startups in the manufacturing sector, dedicated workspaces will be provided in Plug and Play facilities being established by TANSIDCO.
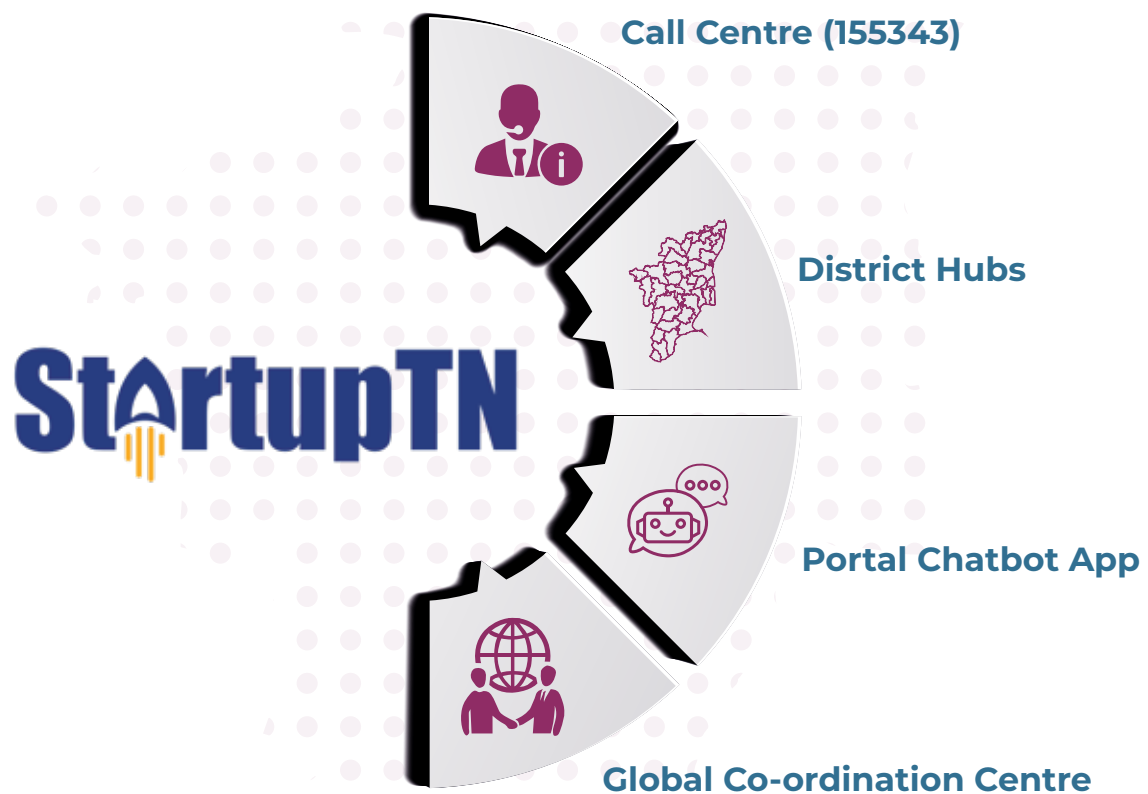
7.5.3. Intellectual Property Facilitation Centres (IPFC)

Tamil Nadu tops in the number of Patents filed in the country. However, the increase in IP protection can be enhanced with Government intervention. StartupTN, in association with FaMe TN (Facilitating MSMEs of Tamil Nadu), Tamil Nadu State Council for Science and Technology and other relevant agencies shall facilitate promotion of registrations of Patents and Trademarks. Currently, Tamil Nadu Government provides a subsidy for Patent registration (75% of the cost of filing the application for patent registration, subject to a maximum of INR 3 lakh/patent registered) and Trademark (50% of the cost of filing the application for trademark subject to a maximum of INR 25,000/trademark registered) registration which can be leveraged by Startups. StartupTN will establish two IPFCs in select Regional StartupTN Hubs and through State Supported Incubation Centres.

7.5.4. Startup - SME IPO Support

The benefits of SME IPO can be used by Startups that are in the process of scaling. Considering the support required by Startups, the State Government provides a subsidy of 75% on the total expenditure incurred in SME IPO process (up to INR 30 lakh). StartupTN will provide handholding support and facilitate Startups in this regard.

StartupTN

- Call Centre (155343)
- District Hubs
- Portal Chatbot App
- Global Co-ordination Centre

7.6. STAKEHOLDER ENGAGEMENT

7.6. Stakeholder Engagement

The State's Startup ecosystem will grow organically by engaging and empowering its key players such as the Incubators, Mentors, Investors, Academic and Research Institutions, Government Departments, Industry Forums and other Startup enthusiasts.

7.6.1. Incubators & Accelerators

Tamil Nadu has one of the largest Incubation ecosystems in the country. Spread across sectors and regions, the role of Incubators in supporting early stage Startups is very important. The Government will support the incubation ecosystem in the following measures:

7.6.1.1. Scaleup Incubator

A Certified Incubation Management Training program branded as 'Scaleup Incubator' for Incubation Centres' CEOs and Managers covering modules that will enhance the operational strategy of the organisation will be provided by the State Government. This program will bring all the Incubation personnel under one roof for cross learning and provide an opportunity for networking with Incubation experts. A Scaleup grant based on a clear deployment plan for capacity building will also be provided to potential incubators at the end of the training program.

Realising the need to handhold potential incubators / accelerators / venture studios, StartupTN will create a Support Desk at its headquarters. A handbook for establishing and running Incubation Centres will be published by StartupTN. Incubators / Accelerators will be encouraged to form a networking forum under the StartupTN umbrella to share best practices and continuous learning through a dedicated web portal that will host Blogs and Videos of such Incubators.

7.6.1.2. Sandbox Incubators

More than 30% of the Tier II and III Cities still lack a formal structure for the Incubation Centre. To address this gap, Institutional Startup Circles (ISCs) as mentioned in the para 7.2.3 of this Policy will be established every year. Based on their annual performance, selected ISCs will be provided with an establishment cost of INR 50 lakh to set up Incubation Centres. These Incubation Centres will be called 'Sandbox Incubators'. These Centres will be established with facilities to provide knowledge, validation, basic technology

and business model curation, collaboration and other basic support systems. These Centres will be supported further to receive follow-up funding.

7.6.1.3. TNIMM

Tamil Nadu Incubator Maturity Model (TNIMM) is a first of its kind initiative in the country to launch a self-assessment tool for the Startup Incubators established in the State. Tamil Nadu has got one of the robust Incubator ecosystems in the Country. Adding to the value provided by these incubators, the Maturity Model will help in identifying the best practices and create a self-awareness tool for the incubators to transform into process driven sustainable service models. Incubators will be assessed and categorised into five different bands based on their operational efficiency and year of establishment. The top performing Incubators will be recognized and provided an opportunity to become project implementation partners of StartupTN.

7.6.1.4. Centralised Incubation Facility

Considering the need for a State owned Incubation facility to offer services at a subsidised cost, the Government of Tamil Nadu will establish an Incubation Centre in Chennai, with a dedicated team. The facility will house Startups by providing Co-working space and a state-of-the-art Innovation Centre. Apart from the Co-working space, the State owned Incubation Centre will facilitate the following:

7.6.1.4.1. Technology Transfer Office (TTO)

The new Incubation Centre will host a Technology Transfer Office. The TTO will aid in spin-off companies based on technology developed by R&D institutions. This facility will indirectly promote and monetise the IP generated. The State R&D Policy facilitates support of conducting Capacity Building programs for R&D Professionals to establish TTOs and its procedures.

7.6.1.4.2. Industry Round Table

With the prime objective of creating synergy in the ecosystem, this unit will have representatives of major players/associations in the Startup ecosystem at the State, National and International levels. The Round Table will help to roll out the common initiatives of these stakeholders with better reach, access and help to scale up the Startups.

7.6.1.4.3. NextLeap Initiative

Under this initiative, the Government of Tamil Nadu will partner with leading B-Schools for the formulation of subsidised, short-term courses on 'New-Age Management Practices'. StartupTN through this partnership will run multiple courses in different domains and at different stages. It will be delivered through an interactive classroom for Startups that have attained a certain level of traction. These Startups will be connected one-on-one with mature mentors to take their ventures forward through the MentorTN platform.

7.6.1.5. Corporate Incubators

StartupTN will establish partnerships with existing Corporate incubators / accelerators and also promote the Corporate incubation concept to large MNCs and encourage them to establish the same. This facility will help Startups to collaborate with Corporates. The Open Innovation Portal will develop a pipeline for Corporate Incubators. These facilities will be established through the CSR funding of Corporates and Large Industries. Corporates will be encouraged to set up Incubators in Co-Creational models with academic institutions in under-represented Tier II & III Cities of the State.

7.6.1.6. Accelerator program

Both early stage and scaling Startups require dedicated handholding support. Accelerator programs which typically last for three to six months will provide domain specific mentorship and shared resources with possible financial backing at the end of the program. During the Financial year 2022-23, the Government of Tamil Nadu supported 100+ Startups through the Accelerator program. Gathering feedback and effective implementation of the program coupled with Startups commitment, the Accelerator programs will be linked with the TANSEED funding process. StartupTN will design thematic Accelerator programs in association with Industry experts and link them with its funding initiatives. Exclusive accelerator programs will be conducted for Women-led, and Green Tech Startups. Every year a minimum of 100 Startups will be part of this initiative.

7.6.1.7. FPO Business Model Innovation Accelerator Program

This first of its kind initiative aims at improving the capabilities and profitability of Farmer Producer Organizations (FPOs) in Tamil Nadu through exclusive accelerator program for them. The program will be built on a capability

maturity model that assesses the strengths and weaknesses of FPOs across different levels. Selected FPOs will receive training and support in areas such as mentorship, financial management, governance, and marketing, as well as business intelligence tools to aid them. The program also focuses on the adoption of new technologies and encourages innovation in the sector. The involvement of Startups in the FPO Accelerator program is the key component of the initiative. Startups will be selected based on their expertise in areas such as agricultural technology, supply chain management, marketing, and financial management among others. They will work closely with FPOs over a period of two years to provide mentorship, training, and hands-on support. This partnership will help FPOs to adopt new technologies and business models, improve marketing and branding, and increase their transactions with buyers and suppliers. The Startups' involvement will bring new perspectives, skills, and resources to the FPOs.

7.6.1.8. Cross Border Accelerator Program

The State Government in collaboration with Amercian Tamil Entrepreneurs Association (ATEA) has set-up a Digital Accelerator Program under 'Yaadhum Oorae' program. The aim of this accelerator program is to attract Startups in the U.S and India to either relocate or expand their business operations in Tamil Nadu. Apart from mentoring services, the program will facilitate funding through Seed Investors and VCs for Startups. This initiative will primarily support emerging technologies like AI, Industry 4.0, Block Chain, Cybersecurity, Smart mobility, EV, Advanced Manufacturing, FinTech and other deep tech Innovations from Biotechnology, Healthcare, Chemicals, Textiles, Electronics and IT/ITeS. The first cohort was successfully implemented by Guidence Tamil Nadu in which INR 2.5 crore has been disbursed to 4 Startups. This program will be carried out to attract more Startups to create value in Tamil Nadu.

7.6.2. Sectoral Forums

The Government of Tamil Nadu will be working on initiatives concentrating on Sectoral Startups. For this purpose, 30 sectors and additional sub-sectors have been identified. A dedicated team will be formed for sectoral initiatives. It is aware of the need for niche platforms for every sector to share knowledge and to mutually offer technical and business mentoring support. Each forum will have a battery of stakeholders - Startups, R&D centres, academia, incubators, industry players, mentors, investors, policy makers and Government Departments. Each

forum will create a sector specific data repository that includes finer details of support services along with beneficiaries and support providers. This repository will be made public on a need basis for the benefit of the Startup community.

The functions of the forums will be governed by a core member group. This core member group will be renewed annually. The sectoral Startups through this forum will be supported from a larger perspective and will also include the following:

- Assistance in identifying market opportunities and supporting new entrants in the sector.

- Enhance peer learning through networking and other engagements and activities.

- Global partnerships and collaborations for market and fund access.

- Offer input and suggest necessary interventions for policymakers for the benefit of the Startup ecosystem.

- Create a dedicated mentor pool and create strategic partnerships with sector specific interventions.

- Stay updated on sector specific technologies and explore cross domain opportunities.

- Leveraging the benefits announced by existing State's policies such as Industrial Policy, 2021, FinTech Policy, 2021, R&D Policy, 2021, Aerospace and Defence Policy, 2022 Life Sciences Policy, 2022, Electric Vehicle Policy, 2023, etc.

7.6.3. Creativity Hubs for Startup Engagements

Various Industrial clusters have been propelling conventional business models. Creativity Hubs will enhance innovation in young minds by associating with Industrial clusters and intervening with the latest technologies. A minimum of five industrial clusters in the State will be identified to establish such Hubs in related Academic institutions where Start STEPs and Startups will be engaged to develop transformative innovations / business models that can be commercialised through Industrial clusters.

7.6.4. MentorTN

Mentorship plays an important role across all stages of a Startup's progress. Therefore the Government has launched a program named MentorTN in December, 2022. MentorTN is a portal that brings together Startups and experienced professionals in diverse sectors who are willing to share their experiences. So for more than 200 experts have been onboarded as Mentors. StartupTN will expand the number of Mentors and will strive to increase the number of Startup-Mentor interactions during the policy period. This will function as a hybrid model with a strong inbuilt feedback mechanism.

7.6.5. Centres of Innovation

Sector specific Centres of Innovation will be established to encourage innovation and obtain industry endorsement through pilot projects. The Sectors on focus for establishing CoIs are RuralTech, ClimateTech, AgriTech and MarineTech to Start with. Private institutions will be encouraged to establish these CoIs and the Government will bear up to 40% of the project cost. In addition to the above, as outlined in the State's Industrial Policy, 2021 and R&D Policy, 2022 a Research and Technology Fund of INR 100 crore has been proposed to support R&D and Technology adoption in sunrise sectors and INR 150 crore to fund R&D activities in the private sector respectively.

7.6.6. Native Economic Forum

Realistically understanding the production and consumption patterns of each district and channelling the local resources into this value chain will strengthen the local economy. Startups often migrate to explore new fortunes failing to identify local opportunities. To identify and make the localites understand the business opportunities present, Native Economic Forums will be formed to encourage regionally established businesses and industrial associations. These forums will create an emotional connection between the young generation and established businesses. StartupTN Regional Hubs will spur this initiative among the localites and connect them with National / Global opportunities towards the goal of establishing a well built Startup ecosystem.

ClimateTech & Clean Energy

Social Impact & Rural Livelihood

AI, ML & IoT

Agri Tech & Food

IR 4.0 & Advanced Manufacturing

Web 3.0, Blockchain, AR & VR

Automotive, EV & Smart Mobility

Blue Economy

Healthcare & Lifesciences

Circular Economy

SaaS, Software & IT/ITES

Retail Tech

Edu Tech

FinTech & InsurTech

Supply Chain & Logistics

Sports Tech & Gaming

Textiletech & Fashion

Art, Culture & Architecture

FemTech

Marketing Tech & MICE

Aerospace & Defence, Space Tech

HR Tech & Smart Workforce

Proptech, LegalTech and RegTech

Media & Entertainment

Chemicals & Materials

Lifestyle, Personal Care & D2C

Travel & Tourism

Smart Cities & eGovernance

Data Mining & Analytics

Telecom, Networking & Hardware

Sectoral Forums

7.7. EQUITABLE GROWTH

7.7. Equitable Growth

To facilitate inclusive and equitable progress amidst the rapid digitalisation and globalisation in Tamil Nadu, the government has taken various measures to support risk-taking and maintain social-economic protection. The state is committed to implement schemes across the geography to provide resources and workspaces while ensuring inclusion in business. The core values of equitable progress are at the heart of the Government of Tamil Nadu's initiatives. The government is particularly keen on promoting women entrepreneurs and providing them with opportunities to showcase their entrepreneurial spirit. In addition, the state is taking first-of-its-kind initiatives to promote cohesion among founders from marginalised communities such as SC/ST, differently-abled individuals, and trans people. By promoting inclusivity and diversity, the government aims to position Tamil Nadu as a model state in the country.

7.7.1. Regional Hubs

To establish a thriving and inclusive Startup ecosystem across the State and to ensure easy accessibility of its services to the stakeholders, the Government of Tamil Nadu penetrated its reach to Tier II and III Cities by establishing Regional Hubs. StartupTN established the Regional Hubs in Madurai, Erode and Tirunelveli. These hubs hosted student programmes, pitch events, hackathons and other flagship programmes of StartupTN at the regional level. The events feature the brightest minds of the local Startup ecosystem. Startup ecosystem stakeholders associate themselves with the Regional Hubs to spread the spirit of entrepreneurship in their respective regions and also help existing Startups to script their success stories. With the aim of expanding this initiative, additional Regional Hubs will be established in the State, supported by the regional stakeholders. Further, the Government has identified a need to promote technological innovations in Agriculture in Tamil Nadu, as agriculture contributes 13% to the state's GSDP and employs 40% of the total workforce. In this regard, StartupTN will establish an exclusive Regional Hub in the delta region that will focus on agri-tech.

7.7.2. Social Justice Venture Lab

The Tamil Nadu SC/ST Startup Fund as refered in para 7.3.2.1. is a pioneering investment fund aimed at promoting equity investment for Startups founded and led by entrepreneurs from the Scheduled Caste and Scheduled Tribe communities (SC/ST). To provide special attention to such Startups, StartupTN will establish the Social Justice venture Lab, a hybrid platform that assists SC/ST founders in validating their solutions right from the early stage, identifying and

utilising technology, building a team for scaling, receiving mentorship, and obtaining regulatory support. The Venture Lab will also serve as a pipeline for potential beneficiaries of the TN SC/ST Startup Fund. The program will provide tailored workshops and guidance to help entrepreneurs face investors confidently and connect with the market. Additionally, the Venture Lab will offer intensive post-investment support services to the companies that have received funding through the Tamil Nadu SC/ST Startup Fund.

7.7.3. Women Scaleup Centres

During the policy period, the Government of Tamil Nadu aims to make the State the leading destination for women-led Startups. Tamil Nadu is already the top state in the country for women entrepreneurship. In order to address the challenges faced by women entrepreneurs in accessing adequate resources, timely credit and marketing their products, the Government announced the formation of an exclusive Startup Mission for Women, under the Tamil Nadu Women Development Corporation in Budget 2023-24. While building a supportive ecosystem for women entrepreneurs in Tamil Nadu, the proposed mission will focus on providing financial assistance and technical support to Women-led Startups, besides guidance and mentorship. A Women Scaleup Centre will be established as an exclusive scale up support centre for women innovators. A dedicated area will be earmarked in the upcoming StartupTN premises to establish the Centre with a women friendly atmosphere and facilities. The culture and programmes of the centre will be designed with an understanding of the unique problem areas of women who are aspiring to break the barriers to innovate and scale. In addition, the Tamil Nadu Government in its G.O.(Ms.) No. 87 Micro, Small and Medium Enterprises (A) Department, Dated 26.12.2022, has released a special package of assistance for Women-led Startups. The special package includes financial assistance to Women-led Startups under TANSEED with assistance of INR 15 lakh and 25% of the total TANSEED beneficiary is earmarked to Women-led Startups. Additionally, exclusive co-working spaces in state supported incubation centres will be earmarked for Women-led Startups. These facilities will be made available with rent and membership free of cost for the first year, subject to a maximum subsidy of INR 2 lakh. Apart from the financial incentives, mentorship support through Women who had run a business or were earlier in top executive positions in a corporate will be facilitated. An exclusive annual acceleration program will be conducted for Women-led and FemTech Startups.

7.7.4. Trans People-led and Differently Abled-led Startups

With the objective of making the Tamil Nadu Startup Ecosystem democratised in letter and spirit and helping the State go up the ladder in realising Social Inclusion, special attention will be given to promote Startup entrepreneurship by trans people and by the differently abled. Accessibility and inclusivity will be at the heart of all financial and facilitation services offered by StartupTN. The special measures in this regard will include the following for the benefit of trans people and the differently abled:

- Startups promoted by trans people and the differently abled which have failed to raise funds from mainstream sources will be identified and 10 such Startups will be given a grant-in-aid of INR 5 lakh in addition to giving them special attention in TANSEED program.

- Special mentorship and free incubation and acceleration programs will be offered.

8. POLICY PERIOD

This Policy is valid for a period of 5 years from the date of its notification or till a new policy is formulated.

9. ADVISORY BOARD

For the successful implementation of this Policy, an Advisory Board will be formed that will guide through the Seven Determinants. The advisory board will be constituted with representation from prospective Startups, Investors, Mentors, Incubation Managers, Domain Experts, Government, Media, Industry Forums, Corporate Establishments, representatives from Women, and SC/ST forums and other eminent Stakeholders in Tamil Nadu. This heterogeneous group will meet biannually to discuss the Policy outcomes and suggest strategies that can be evolved from time to time and will assess the implementation guidelines, considering prevailing socio-economic trends. This will enable the Advisory Board to guide and suggest new initiatives for the new Policy in the upcoming years.

Tamil Nadu Startup and Innovation Mission

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