

Revving up for Industrial Revolution 2.0

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MOVE over family-and-friend financed *dhandhas*. Startup is the new buzzword in the genetically entrepreneurial Gujarat. Come August, the state is all set to throw its hat in the ring to claim the sobriquet of the Start Up capital of India as well.

Frenetic backroom parleys, policy changes, networking among the industry boys, the babus and the political powers-that-be and numerous conferences being hosted these days in major cities of the state are all precursors to the mother of all startup conferences being planned in mid August in Gandhinagar under the super successful Vibrant Gujarat umbrella. The objective of the Vibrant Gujarat Start Up Conclave, which would see a congregation of over 4,000 entrepreneurs, venture capitalists, angel investors and incubators, would be to hard-sell Gujarat not only as the conventional dream destination for investors but as the go-to state for startups as well.

Having established itself as an undisputed industrial power house bagging the numero uno position in the industrial development, factory output and investment sweepstakes for three consecutive years in a row, the Gujarat government is currently busy putting in place not one but two startup policies which are expected to provide fertile ground for a second industrial revolution. While its first startup policy, announced in January 2015 focussed largely on the manufacturing sector and processes, the freshly-minted new startup policy for the IT and electronics sector, announced just days ago, is expected to provide the much-needed impetus to products and new technologies.

That's because, like the startup tsunami sweeping the country, the word startup today is associated more with tech startups than the good old manufacturing startups even in Gujarat which has an impressive 18,000 of the latter as per some industry surveys. "While the conventional startups or *dhandhas* mostly



relied on family and friends support for both financial and technological resources, the startup lingo in Gujarat is now replete with terminologies like incubators, mentors and angel investors, a startup community and an ecosystem which is supportive of new ideas and new technologies. The state is moving away rapidly from the 'me too' kind of products," says Sunil R Parekh, founder member of the Gujarat State Start up Mission and a senior member of the Gujarat government's Startup Committee.

"Gujarat, which was among the first states after Andhra Pradesh to announce its Startup policy last year is already reaping the early bird advantage. Following the formal policy announcements and the government assistance and hand holding, around 100 startups are already being nursed in the state's incubators," he reveals. "Seed fund is very important

for budding entrepreneurs and if coupled with the effective implementation of sound policies, Gujarat will see many successful innovators," he adds.

Interestingly, though startup is the new leitmotif of the Modi government, Gujarat has had a headstart in this arena even when it was not fashionable to use the term. The Ahmedabad-based National Institute of Design and the Centre for Innovation Incubation and Entrepreneurship (CIIE) under the auspices of the country's premier B-school, the IIMA, have carved a niche for themselves in this space as business incubators of formidable reputation. Reveals Parekh, "NID and CIIE are old incubators set up way back in 2007-8 and have a success rate of almost 20%."

It was in January, 2015 that the Gujarat government, spurred by the war cry of Start Up India, Stand Up India given by

PM Modi had announced a special Start Up Scheme where a grant of ₹10 lakh each was approved for around 500 startups. The scheme, developed by the Gujarat government's industries department, included three pillars to its structure namely the innovator who gets the incentives for his/her ideas and venture, the institutions which includes all the incubators, accelerators, Universities, R&D institutions etc. who mentor the startups in the initial phase and the government committee which approves and finances the projects.

Once both innovator and institute commence working on a project, the government promised a series of benefactions including a monthly stipend of ₹10,000 per month to the innovator for a year, upto ₹5 lakhs to the institutions for the assistance service and up to ₹10 lakh for cost of raw material/components re-



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quired for the innovative process development. The implementation of the Startup Scheme would be done by 'nodal institutions' and universities can play a crucial role by applying to become a nodal institute. The basic parameter for approval for incubation centres is having an incubation space of 20 seats and a dedicated manager of incubation.

Stakeholders in local startup ecosystem are elated that their long wait has come to an end with this policy. "Startups at least know whom to approach now in order to avail the benefits of the policy. Since the government could not act as a nodal institution, these organisations encourage startups as a priority," says a young entrepreneur.

Interestingly, while there are 5,000 startup incubators world over, India has only 102 such facilities and Gujarat accounts for just about 18 of these facilities

while 18 more will be recognised soon. It was also felt that Gujarat's startup policy focused more on the manufacturing startups and needed to be modified for the benefaction of whole startup community.

It is with this in mind that the Gujarat government has once again stolen the march over other states and minted the first ever IT and Electronics Startup policy which would focus on encouraging new ventures through various incentives and subsidies. Aiming to promote and financially assist 2,000 startups in the state in next five years, Gujarat's Information Technology (IT) and Electronics Start-up policy may well turn out to be a game changer. The policy aims to attract an estimated investment of ₹7,000 crore into the state along with a slew of employment opportunities for the youth.

Under the policy, IT and electronics startups will get a slew of incentives and financial assistance from the state government for two years. A total of 50 incubators would be set up inclusive of incubators already set up by various educational institutes. These will be given special financial assistance under the policy like up to ₹1 crore for buying software.

It was in the 1970s that the foundations of Gujarat's industrial growth were laid. The state government had played a pivotal role then too in supporting over 2 lakh entrepreneurial initiatives at that time, several of which are today multi-billion dollar giants like Zydus Cadila, Nirma, Asian Paints and Torrent. Undoubtedly, the stage is all set for Gujarat Industrial revolution 2.0. But as a budding young entrepreneur, Jatin Chaudhury, founder of eChai, an online network of young entrepreneurs, succinctly put it at a recent seminar: "We should also get over our fixation to eulogise the successful entrepreneurs. Let's develop an ecosystem for the all the ordinary people who have ideas to make things happen. Let's promise to help first time innovators and become the early adopters of the products they develop. It's the most crucial thing to make or break a startup. Let's not just rise, let's co-rise."