

The final draft of the Odisha Entrepreneurship Development Policy 2015 is available in our website (<http://www.msmeodisha.gov.in>). Kindly go through the draft policy and offer your valued comments latest by 15.06.2015. The comments can be furnished by E-mail - secy-msme.od@nic.in



Draft Odisha Entrepreneurship Development Policy

MSME Department
Government of Odisha

1. Preamble

- 1.1. Entrepreneurship is considered as an engine of growth, especially in the case of developing economies. Creation of new business entities lead to a number of positive externalities – generation of employment, innovation, value-added services and fiscal revenues for the economy. Most importantly, entrepreneurship serves as the genesis for developing a vibrant micro, small and medium enterprise (MSME) sector which is an indispensable component of competitive economies. Entrepreneurship also has the potential to promote inclusive growth through empowerment of women, disadvantaged sections as well as educated unemployed youth.
- 1.2. Appreciating the role of entrepreneurship in promoting MSMEs and its consequences on long run socio-economic development, the Government of Odisha has formulated the Entrepreneurship Development Policy with the overarching objective of promoting entrepreneurship, innovation and an entrepreneurial culture in the state of Odisha
- 1.3. The Entrepreneurship Development Policy compliments the Micro, Small and Medium Enterprise (MSME) Development Policy, 2009. The latter focuses on providing fiscal and non-fiscal incentives to encourage MSMEs and support them in marketing and technology up gradation, etc. the former, is focused on creating an ecosystem for entrepreneurship in addition to promoting innovation and supporting entrepreneurs in their growth..
- 1.4. The Entrepreneurship Development Policy also aims to improve the micro, small and medium enterprise base in Odisha and shall act as a catalyst in the economic growth of Odisha creating models for scalability and replicability across the state resulting in large scale employment opportunities .

2. Definitions

- 2.1. The classification available to define various entities as outlined below shall be utilized in the implementation of the policy.

Category	Definition
Start-Up & Innovation	Startup is a business form designed to search for a repeatable and scalable business model in a short span of time and create a product or a service to create a positive impact in the society. It is innovative in nature and aimed at working to solve a problem where the solution is not obvious and success is not guaranteed.
Entrepreneurship	Entrepreneurship is characterised by the ability to organize, manage and assumes the risks of a business enterprise with aim to generate wealth, employment and social good
Self-Employment	Self-employment is mostly vocation based activity generally pursued for earning a livelihood and need not necessarily to focus on innovation & growth

Infrastructure	Function
Incubator/Incubation cell	The objective of incubation cell is to nurture innovative business ideas (new/ingenious technology, processes, procedures, etc), which could be commercialized. This cell shall provide shared space, infrastructure and other facilities for a fixed period of time (maximum 3 years).
Entrepreneurship Development Cell	The Entrepreneurship Development Cell (EDC) are dedicated cells expected to provide information to the new entrepreneurs on the industry potentials, processes, policies, financial resources, etc. The information provided shall help the investors to gain knowledge and exposure to the methods and various processes to handle during the life cycle of the enterprise. This cell does not intend to provide physical infrastructure or space for development of business ideas and operations.

3. Vision

- 3.1. To promote a culture of entrepreneurship in the state to attract the youth to alternate and viable career options, thereby creating jobs and growing economy.

4. Mission

- 4.1. Promoting sustainable entrepreneurship through an enabling eco-system by handholding and capacity building of entrepreneurial initiatives leading to successful enterprises.

5. Objectives

- 5.1. The overall objective of the 'Odisha Entrepreneurship Development Policy, 2015' is to create a culture of entrepreneurship by addressing the following:
- a) Motivate the youth, mentor, train and provide handholding support to facilitate creation of new enterprises and bring about an attitudinal change by eliminating the negative biases associated with entrepreneurship
 - b) Imbibe the thoughts of entrepreneurship, by imparting entrepreneurship education in schools, colleges and & vocational education institutions, along with providing financial, mentoring and institutional support to innovators at district level for converting innovative ideas into enterprises.
 - c) Nurture and support dynamic start-ups by mentoring and facilitating infrastructure, credit, technology and marketing support
 - d) Encourage technology innovation by setting up incubation centers and promoting mentor-mentee programs, etc.
 - e) Provide fiscal and non-fiscal benefits in a time bound manner to facilitate faster establishment of new units
 - f) Facilitate setting and operation of 50 Entrepreneurship Development Cells across the state
 - g) Take special steps to promote entrepreneurship among under-represented, disadvantaged sections of society for balanced and inclusive growth and improve access to information to existing and potential entrepreneurs
 - h) Streamline rules, regulations and procedures to create a hassle-free and & business-friendly environment for entrepreneurs and mobilizing the advantage of public procurement and other such incentives for helping successful start-ups to scale up their activities.
 - i) Create a strong institutional framework for effective implementation, monitoring and evaluation of this policy

6. Promoting entrepreneurial culture through awareness, education and skill

- 6.1. **Establishment of a Entrepreneurship Development Cell** – a specialized agency to provide Entrepreneurship Development Programme (EDP) and continuing education in different aspects of enterprise launching and management and strengthening of existing training institutions

6.2. Among Schools and Colleges

- a) To promote entrepreneurship among youth in schools/colleges as a potential career choice, efforts shall be made to mainstream entrepreneurship education by introducing the entrepreneurial history of legends in the curriculum, conducting industry visits, workshops and seminars, etc.

- b) The Government shall encourage organization of Entrepreneurship Boot Camps (Short term/medium term training programs) that will expose students /youth to creativity, innovation, excellence and achievement in the field of entrepreneurship, along with conducting competitions for business plan development, business simulations, etc.
- c) A curriculum centered around entrepreneurship focusing on personal competencies needed to succeed as an entrepreneur shall be encouraged. Core operations skills such as accounts, basic legal knowledge, ICT, communication and management skills shall be developed and circulated among higher secondary and vocational schools in consultation with the respective departments..

6.3. Among general public

- a) Mass media such as print and electronic and social media shall be utilized to create awareness on the advantages of entrepreneurship. Dedicated programmes on entrepreneurship shall be aired on television channels and radio stations. Also, local and national newspapers shall be encouraged to publish articles on success stories of entrepreneurs.
- b) Documentary films based on successful entrepreneurs and legends will be used to motivate people and especially youth at grass root level to entrepreneurship. It is envisioned that through such a drive, social legitimacy of entrepreneurship as a vocation will improve.
- c) MSME Department shall facilitate demonstration of start-ups in various State & local level exhibitions & trade-fairs.
- d) To motivate the youth, the Government shall organize 'Entrepreneurship Awards' as a part of the annual MSME Department 'Entrepreneurship Week' event, both at state as well as district level. The basis of such awards would be decided by MSME Department, it could also be the part of Business Plan
- e) A pilot initiative, Entrepreneurship at Your Doorstep shall be undertaken by RICs/DICs to propagate entrepreneurship among rural youth on various schemes, incentives and rules and procedures and credit assistance to set up an enterprise. As a part of this initiative, EDCs shall organize Business Development Camps in rural areas to extend training, consultancy and counselling services to potential entrepreneurs and nascent enterprises
- f) The Government shall take steps to provide skill-based training to the people based on their occupation to enhance their products/services and in turn their incomes.
- g) Focus on new enterprise creation in clusters by organizing product/sector specific Entrepreneurship Development Program (EDPs) and Entrepreneurship Skill Development Program (ESDPs) in association with Industry and institutions of repute.

7. Creating an Eco-system and infrastructure to encourage entrepreneurship and to nurture and handholding enterprises, start – ups and innovations

7.1. Eco-system

a) In academic institutions:

- i. Concept of gap years shall be introduced to facilitate break in education by students who wish to pursue entrepreneurial ventures and finish the degree in extended time.
- ii. Academic or hobby innovative projects developed by students in any year in college shall be taken up for the entrepreneurial venture. Whenever a good project is taken up by any one or more member of the group for setting up a start-up venture, the no objection from the remaining members shall be taken in writing.
- iii. Grace marks and attendance shall be provided by the Universities / Institutions to the student entrepreneurs who are incubated in approved EDCs/TBIs

- iv. Universities and colleges in the state shall be encouraged to set up Entrepreneurship Development Cells (EDCs) to provide youth with requisite information and handholding to support their ideas and potential ventures.
- v. A Task Force shall be set up comprising representatives from MSME Department, Biju Patnaik University of Technology (BPUT) and other universities and Apex Industries to forge linkage between MSME, academia, economic and social entrepreneurs. BPUT/other universities shall organize individual visits of students to different MSME Clusters and rural areas may identify problems which can be solved through final year projects. The modalities may be worked out between MSME Department and BPUT/universities.

b) In general

- i. Successful entrepreneurs and companies shall be encouraged to mentor dynamic ventures through Mentor-Mentee Programme (MMP), where new enterprises shall be mentored and provided handholding support for a period of one year. Network of entrepreneurs, consultants, investors, accounts and other experts to be facilitated by IED shall be encouraged
- ii. Encourage Incubation cells and IED to build bridges between public bodies, research institutions, universities and the private sector and develop market friendly university-industry collaboration

7.2. Infrastructure

a) Entrepreneurship Development Cells:

- i. Access to guidance and information is a persistent problem in enabling people to choose entrepreneurship. To provide potential entrepreneurs guidance on different aspects of enterprise launching and management along with information on the procedures and formalities of starting a business the Government shall develop dedicated network of Entrepreneurship Development Cells.
- ii. Entrepreneurship Development Cells (EDC) shall be established at each DIC and in interested Universities/Colleges, to provide youth with requisite information and to support their ideas and potential ventures. Each EDC shall have a Ready Reckoner or Information Handbook on Doing Business for Start-Ups/MSMEs in English, Hindi and Odia.
- iii. The above initiative shall be supplemented by a comprehensive website, which shall serve as a handy reference guide providing all the requisite information. The webpage shall have added facilities such as a Query Kiosk and a detailed FAQ where entrepreneurs can get their queries cleared without having to visit any government office.
- iv. The cell shall also provide financial literacy training to entrepreneurs and encourage responsible borrowing and lending
- v. EDC's shall create a mechanism to capture all the ideas generated and the appropriate idea/concepts shall be shared with appropriate forums/incubators and strive to commercialise the idea.

b) Incubation Cell / Technology and Business Incubators (TBI)

- i. State Government shall facilitate development of core infrastructure like plug & play incubation facilities in different sectors and different locations within the State. Fully furnished and Ready to use Plug & Play infrastructure along with Computers with internet connectivity, Electricity, Water, Security and other office facilities shall be provided to the identified Host Institutes to set up incubators.
- ii. Universities, engineering colleges and business schools shall be encouraged to undertake collaborative measures and networked through an e-platform hosted by Incubation cell/TBIs. The Electronic Platform shall also function as a "Virtual Incubator" to start-ups in all sectors connecting the Research Institutes, mentors, entrepreneurs and all other stake-holders and shall act as an incubator without walls.

- iii. The Government shall take adequate steps to enhance the state of incubators already setup with the assistance of Department of Science and Technology and Entrepreneurship Development Cells set up in Engineering Colleges.
- iv. Industrial parks & MSE Clusters shall be supported to have incubation facilities, thereby enabling horizontal exchange of information from larger units to small ones. This can also act as the seed for establishment of Special Purpose Vehicles (SPVs) for taking advantages of benefits under state and central government schemes.

c) Common Infrastructure

- i. State Government will facilitate creation of support infrastructure for development of innovation ecosystem to attract new entrepreneurs such as;
 - 1) Common Testing laboratories & Tool Rooms
 - 2) Enterprise Software & shared hardware
 - 3) Shared services like legal, accounting, technology, patents, investment banking
 - 4) Amenities and facilities like individual accommodation, hostel rooms
 - 5) Community for Start-ups

7.3. Fiscal Incentives

a) Interest Subvention

- i. Provide interest subvention support to banks to enable them to finance start up Micro & Small Enterprises of 7%. However, SC, ST, PH, Women, Technical (Degree / Diploma holding) entrepreneurs and entrepreneurs in KBK region shall be entitled start up interest subvention of 8%.
- ii. Start-ups and enterprises working in the areas of green and renewable projects shall be provided an additional 1% interest subvention.
- iii. Interest subvention shall be provided on the first term loan, irrespective of the number of years. However, it will be discontinued after 2 interest payment defaults.

b) Project Preparation Grant

- i. Provide an one time grant of Rs. 20,000 or 2% of project cost of which every is lower per project for preparation of detailed feasibility report/project report etc. which will facilitate the entrepreneur to access finance from OSFC/ , financial institutions or any other investors. The grant shall be approved by a Task Force at District level headed by the District Collector and convened by the General Manager, DIC.

c) Performance-linked grant for Startups

- i. Startups that have completed 3 years of operations and have recorded a year-on-year growth rate of 15%, as per audited accounts, are eligible for a one time grant of 10% of turnover with an maximum of Rs. 10 Lakh grant for turnover of upto Rs. 1 crore turnover
- ii. **Grant amount availed under the Biju Atma Nijukti Yojana, Odisha Youth Innovation Policy or any other applicable schemes shall be allowed to fund projects that are incubated/developed at registered technology and business incubators and EDCs**

7.4. Optimizing Regulatory Environment

- i. A System that shall facilitate easy entry as well as exit of firms shall be put in place through streamlined systems and processes. It shall also be aligned with the on-going Ease of Doing Business framework being developed in the State of Odisha. The pre-establishment and pre-

operational clearances for the project as provided under the Odisha Industries Facilitation Act, 2004/Rules shall be extended to the units incubated through this policy.

- ii. It shall also Promote a 'rescue' culture by revisiting bankruptcy rules and facilitating counselling and advisory service to troubled firms through the incubation cells and information facilitation cells. MSME Department shall make efforts to impress upon Banks & Financial Institutes not to discredit the founders in the event of failure / closure of startups and such failure / closure shall not be construed as deterrent for the founder to take up a new project.
- iii. The Government shall take steps to introduce transparent online transaction of business to the extent possible. Steps will be taken to simplify/streamline/automate essential procedures involved in setting up and running an enterprise. A conscious effort shall also be taken to do away with redundant and obsolete procedures
- iv. State Public procurement policy shall not discriminate against the start-ups for want of adequate turnover, experience or other limitations which are inherent in the start-ups as a part of marketing support.

7.5. Improving Access to Credit

- a) The Government is keen to address issues related to credit delivery and further reinforce the flow of credit to a deserving entrepreneur with a viable project. In this regard, the Government shall:
 - i. Ensure that banks and financial institutions adhere to the targets of priority lending to start-ups/MSMEs as per Reserve Bank of India (RBI) Guidelines.
 - ii. Existing provisions of RBI guideline for financing upto Rs. 10 Lakhs without collateral security and coverage of security free loans under Credit Guarantee Trust for Micro, Small Enterprise (CGTMSE) Scheme shall be given adequate awareness particularly for start-up ventures . Coverage of CGTMSE & collateral free loan as per RBI guideline shall be monitored both at district and state level for effective implementation. Further, MSME Department will explore the possibility for tie-up arrangement with CGTMSE towards collateral free loans and other government supports required.
 - iii. Create awareness among Start-Ups about credit agencies like SME Rating Agency (SMERA) and educate them on the advantages of credit ratings and on available credit and landing facilities, schematic loans such as PMEGP, priority sector lending from banks, OSFC and other financial Institutions etc.
 - iv. Strengthen venture capital companies in quasi-public or public sector by infusing capital through equity participation. These funds shall be directed towards financing start-ups and early growth companies. To this effect, the Government shall establish an Early Stage Venture Fund through a PPP mode, to participate in innovative start-up companies, so that an enterprise may acquire enough credibility to approach commercial venture funds to meet additional capital requirement.
 - v. Mobilize national and state-level organization involved with empowering disadvantaged and underrepresented groups of population such as National Scheduled Caste Finance and Development Corporation (NCSFDC), National Minorities Development and Finance Corporation (NMDFC) and State Women Economic Development Corporations (WEDCs) etc. in providing credit to start-ups launched by individuals belonging to these segments of society.
- b) Considering the limitation from the state and central government funds, Angel investors shall be encouraged to finance the start up for product development and market development.

7.6. Non Fiscal Incentives

- i. Entrepreneurs shall also be encouraged by non fiscal benefits which shall include priority in allotment, transfer and conversion of land, follow up by the department for Power connection, recommendations for waiver of custom fees etc. Government shall also set up a special cell for redressal of grievance and also create an exclusive mentoring of credit flow to MSME's for startup schemes.
- ii. The Single window system shall also actively monitor the progress of the projects.

7.7. Promoting inclusiveness

- a) The Entrepreneurship Development policy aims to be socially inclusive and proposes to build awareness and provide relevant skill training to the following marginalized and under developed sections:
 - i. Women, rural citizens, minorities and people belonging to SC/ST communities etc.
 - ii. Tribal youth through a Tribal Youth Enterprise Mission (TYEM) under the aegis of the MSME Department and a public sector enterprise in the state to provide requisite skills to tribal youth.
 - iii. Jail Inmates/Destitute Home/Orphanages/Juvenile Home
 - iv. Self Help Groups (SHGs), especially Women SHGs shall be encouraged to take up entrepreneurial ventures in the areas of primary food processing, handicraft, Khadi and village industries etc.
- b) Encourage small producers, especially from under-represented groups and regions to organise themselves into cooperatives, collective enterprises, producers' companies, group entrepreneurship, etc., so that they are able to supply goods and services of uniform quality and in bulk, and within time, and at a reduced logistic cost to reap economies of scale.

8. Ensuring effective implementation

8.1. In order to achieve the objectives and goals set out in this policy, an effective institutional mechanism is required.

8.2. Implementation and Coordination

- a) The Department of MSME, Government of Odisha, will be the Nodal Department to implement the policy and Youth Entrepreneurship Development Agency (YEDA), Odisha shall be established as the Nodal Agency which shall undertake all coordination activities in this regard for the state. This Nodal Agency shall be the responsible for drawing out and implementing the strategic action plan to achieve the objectives of this policy.

8.3. Monitoring and Evaluation

- a) A High Level Task Force under the chairmanship of the Chief Secretary with Secretaries of concerned Departments as members and Director of Industries as Member Convener will be constituted. This Task Force shall also be assisted by an Advisory Panel with representatives from stakeholder agencies and institutions such as OSFC, SIDBI, DEP&M, NSIC, OSIC, OKVIB, KVIC, incubators, and engineering colleges, Apex Industry associations (CII, FICCI etc.), training & development institutions (XIMB, EDII etc.)
- b) A task force shall be set up at the district level to approve and monitor fiscal incentives proposed in the policy. This task force will be headed by the District Collector and convened by the General Manager, DIC. The member of the task force shall be representatives from OSFC / Financial Institutions, District Employment Office and Local MSME Association. Need based members shall be co-opted as and when required.
- c) Specific Performance Indicators (PIs) shall be defined for monitoring the policy objectives. It shall be the responsibility of the Nodal Agency to collect, collate and analyse the district-level data for the purpose of policy analysis.

- d) The Task Force shall periodically review the implementation process and take corrective measures as and when necessary based on the findings.
- e) The Government appreciates that the business environment is very dynamic and ever-evolving. Hence, to accommodate any measures that are needed to support business, the Task Force shall also revisit the policy document itself from time to time to review and realign it as per the changing needs of the business community.
- f) The task force shall also ensure that the capacities are built for OSFC/OSIC/others to serve the start-up ecosystem.

9. *Miscellaneous*

- 9.1. For the purpose of this policy all terms, definitions and interpretations shall be as per the policies of the State Government for promotion & development of entrepreneurial activities.
- 9.2. Doubts relating to interpretation of any term and/or dispute relating to the operation of any provision under this policy shall have to be referred to the MSME Department, Government of Odisha for clarification/resolution and the decision of Government in this regard shall be final and binding on all concerned.
- 9.3. No right or claim for any incentive under this policy shall be deemed to have been conferred merely on the ground of provision in this policy. Implementation of various provisions covering the incentives, concessions, etc. will be subject to the issue of detailed guidelines/statutory notifications, wherever necessary in respect of each item by the concerned Administrative Department.
- 9.4. This policy shall remain in force from the date of its notification until substituted by another policy.
- 9.5. The State Government may at any time amend any provision of this policy.