

**GOVERNMENT OF ANDHRA PRADESH**  
**ABSTRACT**

ITE&C Department – Promotion Wing - Andhra Pradesh Innovation & Startup Policy (4.0) 2024 -2029 – Operating Guidelines for Implementation – Orders – Issued.

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**INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS  
(PROMOTIONS) DEPARTMENT**

G.O.Ms.No.9

Dated: 28.04.2025

**Read the following:**

1. G.O.Ms.No. 3, IT, E&C (Promotions) Department, dated: 24.03.2025
2. E-file. No: ITC01-IT0PROM(ITPR)/13/2025-PROMOTIONS, Operating Guidelines for Implementation of Innovation and Startup Policy of ITE&C Dept., Government of Andhra Pradesh.

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**ORDER:**

In the reference 1, the Government issued the Andhra Pradesh Innovation & Startup Policy (4.0) 2024-2029, introducing a slew of incentives aimed at strengthening the state's startup and innovation ecosystem. This initiative seeks to drive employment generation and wealth creation, with a particular emphasis on fostering startups and innovation across Andhra Pradesh.

2. The Government hereby accords approval for the Operating Guidelines for Andhra Pradesh Innovation & Startup Policy (4.0) 2024 -2029, as enclosed to these orders.
3. This order is issued with the concurrence of the Finance (Finance UO No. FIN01-FMU0PC(GAD1)/17/2025-FMU-GAD-I (C. No. 2774893)) Department.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

**BHASKAR KATAMNENI**  
**SECRETARY TO GOVERNMENT**

To:

All the Departments of Secretariat  
The Secretary to Govt., Industries & Commerce Department, Government of Andhra Pradesh  
The Commissioner and I.G., Stamps and Registration  
The Director, Industries and Commerce, Andhra Pradesh  
The Vice Chairman and Managing Director, APIIC,  
The Commissioner, Information and Public Relations, Andhra Pradesh  
The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh  
The Chairman and MD, AP TRANSCO

The Managing Director, APCPDCL/EPCPDCL /SPCPDCL  
The Commissioner, Labour, Andhra Pradesh  
The Vice Chairman, VUDA/TUDA/VGTMUDA  
All the District Collectors and Magistrates, Andhra Pradesh  
All the Municipal Commissioners, Andhra Pradesh  
The Managing Director, APTS, Vijayawada  
The Development Commissioner, VSEZ, Visakhapatnam  
The Director, STPI, Andhra Pradesh

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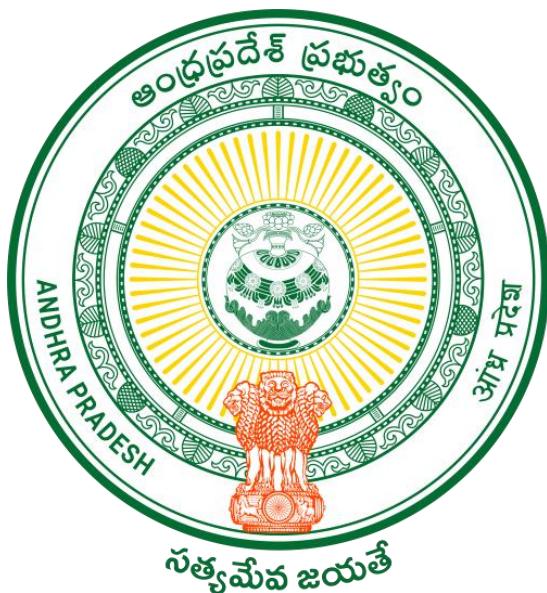
The Secretary, Ministry of Electronics and Information Technology (MeitY), Govt. of India  
The Chief Minister's Office, Government of Andhra Pradesh  
PS to Chief Secretary to Government of Andhra Pradesh  
PS to Prl. Finance Secretary, Government of Andhra Pradesh  
OSD to Minister for HRD, ITE&C, RTGs, Government of Andhra Pradesh  
PS to Minister for Finance, Government of Andhra Pradesh  
PS to Minister for Revenue, Government of Andhra Pradesh  
PS to Minister for MA and UD, Government of Andhra Pradesh  
PS to Minister for Energy, Government of Andhra Pradesh  
PS to Minister for Labour, Government of Andhra Pradesh  
PS to Secretary Planning Department, Government of Andhra Pradesh

**//FORWARDED::BY ORDER//**

**SECTION OFFICER**

## **ANNEXURE**

(Annexure to G.O.Ms.No.9, ITE&C(Prom Wing) Dept., dated:28.04.2025)



# **Operating Guidelines for Government of Andhra Pradesh Innovation and Startup Policy (4.0) 2024-29**

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### 1. INTRODUCTION

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The Government of Andhra Pradesh (GoAP) is committed to fostering a robust ecosystem for innovation and entrepreneurship. The **Andhra Pradesh Innovation and Startup Policy** aims to transform the state into a globally recognized hub for startups and innovation. This policy outlines a comprehensive framework to support and nurture startups, providing them with the necessary resources, infrastructure, and incentives to thrive.

This guidelines document is designed to provide clear and actionable steps for implementing the policy effectively. It serves as a roadmap for stakeholders, including government bodies, private sector partners, academic institutions, and entrepreneurs, to collaborate and drive the state's innovation agenda forward. By offering detailed procedures, the document ensures that all parties are aligned in their efforts to create a conducive environment for startups.

These guidelines are also issued to clarify incentive applicability and claim procedures all applicants claiming incentives under Andhra Pradesh Innovation and Startup Policy 4.0 (2024-29).

## SECTION A – GENERAL DEFINITIONS, INSTRUCTIONS, PROCESSES AND PROCEDURES

### 2. DEFINITIONS

#### 2.1. Andhra Pradesh Innovation and Startup Policy (4.0) 2024-29

Andhra Pradesh Innovation and Startup Policy (4.0) 2024-29 means, the policy of state incentives/facilities announced by the state government, via G.O.Ms.No.3, issued by the Information Technology, Electronics & Communications (ITE&C) (Promotion Wing) Department, dated 24.03.2025 and amendments thereof.

#### 2.2. Nodal/ Implementation Agency for Policy

S.No.	Policy	G.O. No	Abbreviation	Validity Dates	Implementing Agency/ Nodal Office
1	Andhra Pradesh Innovation and Startup Policy (4.0) 2024-29	--	APISP	24.03.2025 till further notification of any new amendment s.	Andhra Pradesh Innovation Society (APIS)

#### 2.3. Applicant

**Startup:** Applicant shall mean any startup that qualify the definition of startup as per this policy

OR

**Student:** Applicant can be any student pursuing Bachelors/ Masters/ PhD degree in a college/ university in the state of Andhra Pradesh.

#### 2.4. Policy Period

Andhra Pradesh Innovation and Startup Policy (4.0) 2024-29 will be operational from the notification of this policy until any further amendments to the policies for extension of period.

## 2.5. Area of Operation

The policy is applicable to entities that qualify the definition of startup firms, which are being setup or operating within the territory of state of Andhra Pradesh and the certificate of incorporation/ registration certificate and GST registration should have their registered address of Andhra Pradesh.

## 2.6. Startup

- 1) An entity will be considered as a Startup if it qualifies the below mentioned conditions defined by Government of Andhra Pradesh. However, the policy will from time to time adopt the amendments and changes made to the definition by DPIIT from time to time and release a notification for the same:
  - a) The Startup should be incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under Section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in Andhra Pradesh.
  - b) Turnover of the entity since incorporation/registration should not have exceeded INR 100 Crores for any of the financial years.
  - c) An entity shall be considered as a startup up to 10 years from the date of its incorporation.
  - d) The entity should be working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.
- 2) **Exclusions:** A company, in order to qualify as a startup under this policy, should not have been:
  - a) Formed by demerger or reconstitution of a business already in existence.
  - b) A Section 8 company or Trust/Association/Society

- c) Public-private partnership company/firm
- d) A franchisee of an existing business or promoted/sponsored/related to an industrial group in the state.
- e) A subsidiary of a firm in the state other than the startup itself

3) **Inclusions:** A company shall qualify as a startup if it is a:

- a) Subsidiary of a startup
- b) Combined entity formed by merger of startups/subsidiaries of a startup.

4) **Exit Clause:** A startup will cease to receive benefits under this policy on completion of 10 years from the date of its incorporation/ registration or if its turnover for any previous year exceeds INR 100 Crore.

## 2.7. Acceleration Programs:

Acceleration programs are designed to provide intensive support to startups that have moved beyond the initial idea stage and are ready to scale their operations. These programs typically last for a few months and offer a structured environment where startups can receive mentorship, resources, and networking opportunities.

## 2.8. AP Innovation Society (APIS)

AP Innovation Society (APIS) has been established, functioning under the Information Technology, Electronics and Communications Department (IT, E&C Department), to serve as the nodal agency for spearheading innovation, entrepreneurship, and the startup ecosystem in our state. The mission of APIS is to empower entrepreneurs, researchers, students, and citizens to build a robust, knowledge-driven economy across Andhra Pradesh.

## 2.9. AP Startup One Portal

The AP Startup One Portal is a one-stop-shop platform for startups, incubators, investors, and mentors, offering information on sectoral policies, opportunities, and a single-window interface to apply for benefits under this and other state policies. It will provide access to events, initiatives, enablers, and procurement opportunities, with a dynamic and responsive grievance redressal system for all ecosystem stakeholders.

## 2.10. Centers of Excellence (CoEs):

Centers of Excellence (CoEs) are entities that provide leadership, best practices, research, support, or training for a specific focus area. CoEs aim to provide a state-of-art infrastructure that coordinate and deliver consistency across an organization's

processes, encouraging standardized methods and pan-organizational ways of working.

## 2.11. Co-working Space (CWS) / Neighborhood Working Space (NWS):

Co-working spaces are areas designed for multiple companies, individuals, or teams, offering shared or dedicated workspaces with essential amenities like furniture, workstations, office supplies, meeting rooms, internet, and cafeterias.

## 2.12. Deeptech

Deep-tech refer to groundbreaking solutions founded on distinctive, exclusive, or challenging-to-replicate technological or scientific breakthroughs. These advancements are particularly evident in leading areas such as, but not limited to, biomedicine, medical technology, advanced materials, artificial intelligence, biotechnology, blockchain, robotics, photonics, electronics and semiconductors, quantum computing, as well as edible electronics and bioelectronics.

## 2.13. Advanced Technologies

Advanced technologies are innovations in their early stages, gradually gaining recognition and having the potential to disrupt and transform various industries, not just IT.

## 2.14. Entity

An entity may be a Private Limited Company (as per the Companies Act 2013), a Registered Partnership Firm (under the Partnership Act, 1932) or Limited Liability Partnership (under the Limited Liability Partnership Act, 2008)

## 2.15. Fablabs

A fablab is equipped with versatile computer-controlled tools like 3D printers, laser cutters, CNC machines, vinyl cutters, electronics workstations, 3D scanners, hand tools, computers with design software, workbenches, and various materials. These tools enable the creation of prototypes and technology-enabled products, often associated with mass production.

## 2.16. Government/GoAP:

Unless otherwise specified, Government/GoAP refers to Government of Andhra Pradesh.

## 2.17. Hackathons

Hackathons are an event where people come together to solve problems through collaborative and competitive programming. These events typically last between 24 to 48 hours and involve participants forming teams to work on specific challenges or projects.

## 2.18.Hub and Spoke:

The Government of Andhra Pradesh has announced setting up of “Ratan Tata Innovation Hub” (RTIH) to lead the efforts of driving a culture of innovation and supporting startups throughout the lifecycle of their evolution. The RTIH will be setup at Amaravati and will act a Hub and serve as a beacon of innovation to all the startups and other institutes in the state. RTIH will work with 5 regional centers, located in 5 zones of the state, will act as Spokes.

## 2.19.Incubatee

Incubatee is defined as an individual or a Startup availing the services of incubator.

## 2.20.Incubator

An organization that supports early-stage startups by providing workspace, connectivity, equipment, mentorship, training, funding, legal and accounting services, technical guidance, networking opportunities, and marketing assistance to foster their growth.

## 2.21.Innovation Challenge

An innovation challenge is a structured competition or event where participants are tasked with developing novel solutions to specific problems within a set timeframe. It is a time-limited idea-collection campaign that focuses on a specific topic.

## 2.22.Investor

Any person/entity that invests in business/ startups.

## 2.23.Mentor

Mentor is an expert who guides the startups on business ideas, market research, business models etc.

## 2.24.Opex

Operating Expenses

## 2.25.Policy

Andhra Pradesh Innovation and Startup Policy 4.0 – 2024-29

## **2.26.Prototyping**

Prototyping is the process of creating preliminary models or samples of a product, website, or app before it is built. It allows designers and stakeholders to visualize how a product will look and feel, as well as how users will interact with it.

## **2.27.Seed Funding**

Seed capital is the initial funding used to begin the creation of a business or a new product. Generally, seed capital is used to develop a business idea to the point that it can be presented effectively to venture capital firms that have large amounts of money to invest.

## **2.28.Soonicorns**

Soonicorns or "soon to be a unicorn", are startups that have the potential to enter the unicorn club soon. These startups are often backed by angel investors or financial speculators based on future projections or apparent valuations.

## **2.29.Unicorns**

Unicorn is a privately held startup company that is valued at USD \$1 billion or more.

## **2.30.Venture Capital**

Venture Capital firms invest in startups at a later stage. Startups with a potential to grow, need a certain amount of investment. Wealthy investors like to invest their capital in such businesses with a long-term growth perspective. This capital is known as venture capital and the investors are called venture capitalists.

## **2.31.Venture Capital Funds**

Investment funds that manage money from investors seeking equity stakes in startups with strong growth potential. These investments are generally characterized as high-risk/high-return opportunities.

## **2.32.Women Enterprise**

An enterprise with 100% ownership or invariably having 100% share in Partnership/Private Limited Companies by women entrepreneurs is an eligible women enterprise. Women entrepreneurs refer to female entrepreneurs hailing from Andhra Pradesh and as notified by the Government of Andhra Pradesh from time to time.

## **2.33.BC Enterprise**

The enterprises with 100% ownership by backward class community entrepreneurs as sole Proprietor or invariably having 100% share in Partnership/Private Limited Companies. BC entrepreneur refers to a person hailing from Andhra Pradesh and belonging to BC Category as notified by the Government of Andhra Pradesh from time to time.

#### **2.34. Minority Enterprise**

An enterprise with 100% ownership by minorities, as defined in the Andhra Pradesh State Minorities Commission Act, 1998 and its subsequent amendments is an eligible minority enterprise. Minority entrepreneurs refer to people from minority communities hailing from Andhra Pradesh and as notified by the Government of India and Government of Andhra Pradesh from time to time.

#### **2.35. SC/ST Enterprise**

An enterprise with 100% ownership or invariably having 100% share in Partnership/Private Limited Companies by SC/ST entrepreneurs is an eligible enterprise under SC/ST category. SC/ST entrepreneur refers to a person belonging to SC/ST Category as notified by the Government of Andhra Pradesh from time to time. All non- statutory concessions granted to S.C. (Hindus) by the State Government including economic support schemes sanctioned by A.P. Scheduled Castes Cooperative Finance Corporation have been extended to Scheduled Caste converts to Christianity and Buddhism as per orders issued in the G.O.Ms.No.341, Social Welfare (PR) Dept. dated 30.8.1977.

#### **2.36. Differently Abled Enterprise**

An enterprise with 100% ownership or invariably having 100% share in Partnership/Private Limited Companies by entrepreneurs who are differently abled is an eligible differently abled enterprise. Differently abled entrepreneur shall mean any person that is suffering from at least 40 percent of disability and is certified by a medical authority for the same, as per Persons with Disabilities (Equal Opportunities Protection of Rights and Full Participation) Act, by GOI as amended from time to time. Such entrepreneurs should hail from Andhra Pradesh and as notified by the Government of Andhra Pradesh from time to time.

#### **2.37. Others Enterprise**

An enterprise with 100% ownership or invariably having 100% share in Partnership/Private Limited Companies by transgender entrepreneurs is an eligible Others enterprise. "Transgender person" means - definition as in Transgender

Persons (Protection of Rights) Act, 2019 or amended from time to time - a person whose gender does not match with the gender assigned to that person at birth and includes trans-man or trans-woman (whether or not such person has undergone Sex Reassignment Surgery or hormone therapy or laser therapy or such other therapy), person with intersex variations, gender queer and person having such socio-cultural identities as kinner, hijra, aravani and jogta.

### 2.38.Tax or SGST

Tax means tax paid to Government of Andhra Pradesh Commercial Tax Department by the way of State Goods and Services Tax (SGST) on goods produced by the Industrial Enterprise.

## 3. INSTITUTIONAL MECHANISM FOR INCENTIVE APPROVALS AND INCENTIVE CLAIM PROCESSING

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3.1. Only eligible projects under APISP will be allowed to file claims for incentives under the policy. Approval will be provided by evaluation committee under APIS, for incentives which are as per policy.

### 3.2. Monitoring and Evaluation Committee (MEC) under APIS

- 1) The ITE&C department will constitute a Monitoring and Evaluation Committee (MEC) to evaluate, approve and monitor projects related to APISP.
- 2) The MEC comprises of the following members.

S.No	Designation	Role
1	Managing Director, APTS	Chairman
2	Industry Experts (Investors/Corporates)	Member
3	Representative from IIT/IIM	Member
4	Representatives from RTIH & Spokes and incubators	Member
5	Special invitees from GoAP departments	Member
6	Special invitees from AP educational institutions	Member
7	Special invitees with Technical expertise	Member
8	Special invitees from Angel funding, Venture Capital expertise	Member

S.No	Designation	Role
9	CEO, APIS	Member Convener

3) Powers of MEC

- a) To resolve the problems in implementation of the policies through implementing agencies such as APIIC/ Urban Development Authorities/ DISCOMs/ Municipal Corporations, for administration of various incentives sanctioned, and for speedy realization of the goals set forth in the upcoming polices within the said period.
- b) To prescribe the procedure and issue the guidelines and clarifications in implementation of the policy to be issued in coming years i.e. 2024-29. The MEC can recommend/approve/ defer any application for incentives/land allotments at its sole discretion.
- c) Interpretation
  - When any matter arises for the purpose of interpretation on which MEC could not take a decision or in case where any suggestions are made outside the scope of MEC in regard to implementation of the scheme, such matters shall be referred to the Government of Andhra Pradesh for decision making.
  - The interpretation and decisions of the Government is final with regard to applications made Startups for any of the incentives available as per APISP. Government shall not entertain any correspondence against its decision, nor can the matter be subjected for any challenge in any court of law at any point of time.

#### 4. DIGITAL PLATFORMS FOR CLAIM APPLICATION

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##### 4.1. AP Startup One Portal

- 1) AP Startup One Portal serves as a single-window platform for startups to apply for financial assistance, incubation support, and other incentives offered by the Government of Andhra Pradesh.
- 2) Any startup that needs support from government, should mandatorily apply on AP Startup One Portal and furnish details.

- 3) Any startups going through RTIH hub and spoke or any incubators (independent or those at schools or colleges in AP), will be facilitated to register on this portal.

#### **4.2. Incentive Application Portal**

- 1) Incentive Application Portal is a sub-part of AP Startup One Portal, where startup after becoming eligible to claim incentives under various policies of the state, will submit their application for incentives.
- 2) Startups will have to upload all documentary proofs on the incentive's portal, for concerned department to scrutinize, verify, validate and sanction the incentive claim.
- 3) Any startups going through RTIH hub and spoke or any incubators (independent or those at schools or colleges in AP), will be facilitated to claim incentives on this portal.

### **5. GENERAL GUIDELINES**

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- 5.1. Only eligible projects related to APISP 2024-29 will be allowed to file claims for incentives under the policy.
- 5.2. All IT related startups, applying directly to APIS, will be facilitated through IT,E&C department. All startups and innovative ideas will be facilitated through the RTIH and spokes.
- 5.3. Further, only those enterprises with a registered office in Andhra Pradesh or be based out of either the RTIH hub and spoke or any of the registered incubators in the state of Andhra Pradesh. Any student receiving support shall be pursuing education in any of the educational institute in the state of Andhra Pradesh.
- 5.4. All eligible Enterprises shall submit their claims through Online Incentive Portal.
- 5.5. The incentives under this policy are in addition to any Government of India incentives which the startup or students may be eligible for.
- 5.6. The approved projects, in which land allotment by government or government agencies is involved, will have to commence commercial operations within 3 (three years from the date of handing over of land) and where space allotment is involved, will have to commence commercial operations within one (1) year from the date of handing over of office space. However, MEC may take a decision extending the timelines after evaluation of justification stated by the enterprise.

- 5.7. The enterprises availing incentives shall file claim application for each of the incentives they are eligible for, through online incentive portal.
- 5.8. Startups claiming interest subsidy or SGST reimbursement shall file these particular claims within a maximum of 6 months from date of commercial operations, as indicated in the Andhra Pradesh Single desk portal.
- 5.9. The entrepreneurs should have Permanent Account Number (PAN) and should file the Income Tax Returns annually in the name of the legal entity i.e. proprietor in the case of sole proprietorship, firm in case of partnership and in the name of the company in case of Private Limited companies etc.
- 5.10. In case of manufacturing startups, in case of innovative products, firms may require continued support before product gains scale. Hence, in this case, if the total incentive disbursed is exceeding 100% of fixed capital investment (as defined by the Andhra Pradesh Industrial Development policy and corresponding guidelines G.O. Ms.No. 28, dated 25<sup>th</sup> February 2025, notified by Industries & Commerce department, Government of Andhra Pradesh or any amendment thereof from time to time), the case may be put up to MEC for approval before disbursement.
- 5.11. In case of manufacturing startups, the following items shall not be computable towards Fixed Capital Investment (FCI):
- 1) Working capital, stores, and all consumables
  - 2) Value of motor vehicles.
  - 3) Pre-operative expenses, advances, expenditure not supported by payment of bills.
  - 4) Investment made outside the approved project cost and items not covered by approved project.
  - 5) Fixed assets which form part of project cost but not created within 6 months from the Date of Commercial production (as filed in Single desk portal) or the date of filling the claim whichever is earlier if it is a financed enterprise.
  - 6) Term loan sanctioned by the financial institution after the DCO.
  - 7) In case of self-financed enterprise/ industry, the fixed assets created after the DCO and payment made after DCO.
  - 8) Diesel generators.
  - 9) Transformers.

## **6. PROCEDURE FOR CLAIMING VARIOUS INCENTIVES**

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- 6.1. The entrepreneurs who wish to receive incentives have to file for the same on the on the AP Startup One Portal.
- 6.2. The Startup/student can claim for all the support they wish to receive from government at one time, either directly or through the RITH, spokes or incubators. However, MEC may review progress of each startup before release of every subsequent incentive. MEC may decide to disburse more than one incentive, at one time, depending on the state of the startup.

### **6.3. Procedure for Students to claim grants:**

- 1) For students which wish to get grants need to approach their college/university to setup an Innovation Cell.
- 2) The innovation cell to have space of at least 500 to 1,000 Sft. This space could also be part of any Co-working space setup in the college in which case, a minimum of 10 to 20 seats should be made available along with computers. The college may also offer dedicate lab time for students to conduct research and develop products.
- 3) The cell should submit a EDC (Entrepreneurship Development Cell) development plan to APIS with aim and focus areas and targets for the year. The innovation cell should have a designated faculty who will act as a advisor and coordinator for all the student startups.
- 4) The college may setup a section 8 company to receive the grant on behalf of the student and the same may be spent by the student on development of their ideas. However, any IP filed on this idea will be equally owned by the student/students and the college.
- 5) The student may choose to work with the college to incorporate one or more companies, and transition any IPs to the new firm. The new firm can associate with VCs etc. to create pool of funds and also receive support from RTIH for further expansion.
- 6) Students grants will be disbursed to the section 8 company.
- 7) APIS will monitor the programs by tracking inputs such as the number of students enrolled, mentors engaged, training programs conducted, and events organized, and measure outputs including the number of innovations developed, startups generated, and patents filed.

8) APIS to handhold the cells, help prepare a guide book on how to build and nurture innovation and conduct awareness sessions in coordination with industry.

6.4. Startups can file for incentives either directly or through the RTIH hub and spoke or registered incubators in state of Andhra Pradesh.

6.5. RTIH and Spokes, or AP registered incubators, will facilitate incentive applications of startups being supported by them.

6.6. The startups who wish to avail incentives have to file claims for each of the incentives they are eligible for through online incentive portal.

6.7. One claim cannot be requested under more than one policy period. Any startup wishing to take support from other policies of Government of Andhra Pradesh should get.

6.8. To extent possible, incentives portal shall be integrated with APIs of concerned line departments (including but not limited to GSTIN, Energy, Commercial Tax), to leverage features of Artificial Intelligence for self-computation of incentive/concessions, digital validation of documents submitted, fraud detection and online certification required for incentive claim submission.

6.9. The Unit holder must obtain all the necessary statutory approvals/permissions/licenses for operating the unit. All the approvals can be sought from the Single desk portal.

<https://www.apindustries.gov.in/APIIndus/UserInterface/SingleWindowServicesApplication/Public/EntrepreneurLogin.aspx>

## 7. PROCESS FLOW FOR INCENTIVE SANCTION

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7.1. A team of experts will be constituted in APIS to scrutinize all applications coming either directly from entrepreneurs or Hub and Spoke or registered incubators.

7.2. All applications for incentives have to come through AP Startup One Portal.

7.3. All incentives requested by Startup/student either directly or through the RITH, spokes or incubators can be sanctioned at one time. However, MEC may review progress of each startup before release of every subsequent incentive. MEC may decide to disburse more than one incentive, at one time, depending on the state of the startup.

- 7.4. Any **application from RTIH and Spoke or through registered incubators**, can have representatives from the corresponding institution to defend the case on behalf of the startup in front of MEC before approval of the incentive. The RTIH Hub and Spoke will be responsible for all the due diligence for the application before putting it on the portal. The startups or students claiming incentives from government have to abide by the definitions as per this policy.
- 7.5. For entrepreneurs filing directly on the AP Startup One portal, an evaluation will be conducted by APIS and placed before MEC for approval of incentives.
- 7.6. Special invitees from Hub and spokes, incubators, academic institutes in the State of Andhra Pradesh and government departments, will be part of MEC and support in evaluation of startup applications falling under their purview.
- 7.7. MEC may also assist other Government of Andhra Pradesh departments with evaluation of startup applications.
- 7.8. All startups in the state will be monitored by RTIH Hub and Spoke network. Periodic progress report to MEC for monitoring and evaluation of startups.
- 7.9. For all applicants whose incentive application is rejected, may file their appeals through AP Startup One Portals for evaluation.

## 8. PROCEDURE FOR DISBURSEMENT OF FUNDS

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- 8.1. Startups applying directly may also be facilitated through RTIH, spokes or incubators for fund disbursal.
- 8.2. IT,E&C Department shall ensure that all startup applications will be reviewed by MEC and decision communicated within 60 days of receiving the application. All presentations/ startup pitches/ clarity/ documentation should be sought and closed within this period.
- 8.3. All startup incentives to be disbursed within 60 days from approval of MEC Applicable incentives will be released within 60 days.
- 8.4. Startups to plan their expansion applications ahead of time to ensure there is no fund crunch for their operations.
- 8.5. APIS will track all startup applications and fund disbursements from government throughout multiple stages of their growth and present the progress to CCITEI from time to time.

- 8.6. APIS will also track growth of startups across RTIH/Spokes/Incubators/CoEs etc. whichever have received government support.
- 8.7. All incentives requested by Startup/student either directly or through the RITH, spokes or incubators can be disbursed post assessment of progress by MEC. MEC may review progress of each startup before release of every subsequent incentive. MEC may decide to disburse more than one incentive, at one time, depending on the state of the startup. RTIH, spokes are encouraged to constantly monitor progress of the startups to ensure they receive government support in a timely fashion and support the startup receive subsequent disbursements.
- 8.8. All sanctioned claims shall be kept ready in the chronological orders (as per the date of application) for disbursement. No documents shall be uploaded by the entrepreneur for disbursement, except in cases involving courts, wherein court orders shall be honored.
- 8.9. The Self declaration submitted at the time of submission of Common Application Form is sufficient for disbursement of the sanctioned incentives.
- 8.10. All entrepreneurs applying directly for incentives will have an option to edit their Account details with necessary documents, First page of the bank statement/Crossed cheque leaf/NOC from the banker. In such cases, the APIS shall verify the account number, IFS code and other details thoroughly and authorize the details received from the entrepreneurs through online and update the same on the AP Startup one portal.
- 8.11. The disbursements, in cases made directly to entrepreneurs, are made in a bunch of cases through consolidated release proceedings generated through online system for APIS sanctions by the CEO, APIS observing the chronological order of such meetings held. The disbursement shall be made on the Integrated CFMS system based on the proceedings generated.
- 8.12. In case of disbursements made through RTIH, Spokes or incubators, the disbursement will be made to them directly and they may in turn disburse the same to the startup portal. APIS shall ensure that the startup has received the funds and update the same to MEC in progress reports from time to time.
- 8.13. RTIH and spokes will monitor all startups which have received incentives from the government. Wherever they find any entity is sick, closed, change of management taken place, change of financial institution, shifting part of the machinery etc. or for any other reason not worthy of receiving subsidy till further

examination, the IT, E&C Department shall not disburse the subsidy to such entity and a written intimation to be given to the Industry/Enterprise by APIS.

## 9. RECOVERIES OF INCENTIVES SANCTIONED UNDER THE POLICY.

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9.1. Incentives/ concessions granted to firms shall be liable to be recovered under the following circumstances:

- 1) If the incentives/ concessions are obtained by the enterprise by misrepresentation of essential facts or by furnishing of false information or suppressions of facts or by submission of false/ fake documents etc. In addition to recovery of the incentives granted, penalty will be levied as deemed fit and disbursed amount and barred from availing incentives in future.
- 2) If the unit fails to furnish the prescribed statements and/ or information when it is called upon to furnish.
- 3) If the unit effects change of ownership without prior approval from the financing institution concerned and the MEC.
- 4) If the unit shifts a part or whole of the enterprise/ industry after receiving a part or whole of the incentives without prior approval of the MEC.
- 5) If the whole or part of the unit is leased/ sold to another enterprise/ unit without the prior approval of the MEC.
- 6) If the unit enters into a contract of any nature whatsoever by transferring the Management, without the prior approval of the MEC.

9.2. In the event of recoveries for reasons arising mentioned above, they shall be recovered treating them as arrears of Land Revenue under A.P. Revenue Recovery Act, 1864 and the ITE&C Department officers will be designated as recovery officers by suitable Government Orders. In this regard, MEC should monitor the progress of the unit and submit report to the ITE&C Department periodically.

## 10. INTERPRETATION

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When any matter arises for the purpose of interpretation on which MEC could not take a decision or in case where any suggestions are made outside the scope of MEC in regard to implementation of the scheme, such matters shall be referred to the Government of Andhra Pradesh for decision.

## **11. PENALTIES**

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Without prejudice to anything included in this paragraph, it is hereby ordained that any willful misrepresentation of facts, action/ inaction on behalf of entrepreneur leading to irregular sanction/disbursement of incentives under the above policy will invite civil and criminal action as per extant laws besides recovery of the amount irregularly disbursed, if any, and debarring the unit from claiming incentives in the future.

## **SECTION B – INCENTIVE ELIGIBILITY, APPLICABILITY AND EVALUATION PROCEDURES**

### **1. QUALIFYING AND ELIGIBILITY OF APPLICANTS**

All Startups who wish to seek benefits under this policy, should possess approval from APIS during the operative period of this policy, received either directly or through RTIH, spokes or incubators.

#### **1.1. Project Approval:**

All Startups who wish to claim benefits should get their project proposal approved by APIS. The firms should submit a project proposal, detailing the following:

- 1) About the Company
- 2) Background of the Founders
- 3) Innovation in the startup
- 4) Total Investment
- 5) Timeline for completion of the project.

### **2. INCENTIVES UNDER ANDHRA PRADESH INNOVATION AND STARTUP POLICY (4.0) 2024-29**

#	Category	Incentive
For Students and Startups		
1	<b>Startup Grants</b>	<p>To convert innovative ideas into test solution or proof of concept</p> <ol style="list-style-type: none"><li>1. Upfront initial grant of up to Rs.2 Lakhs</li><li>2. Grant up to 15 Lakhs for startups, in a phase wise manner, based on existing phase of that startup is in and performance at previous stage, until product viability is reached.</li><li>3. This grant will be capped to total of 15 Lakhs in total to one startup.</li><li>4. Separate grand challenges/hackathons may be launched by Spoke Centers or departments of Government of Andhra Pradesh. The Spoke Centers will facilitate participation of</li></ol>

#	Category	Incentive
		startups in the same. The prize money/incentive may be announced at the time of announcement of the challenge/hackathon.
2	<b>Grants for Woman/ BC/ SC/ ST/ Minority/ Differently Abled &amp; Others led startup</b>	<p>1. Grant up to 20 Lakhs for startup with a founder from Women/ BC /SC /ST /Minority /Differently Abled &amp; Others.</p> <p>2. The grant will be given in a phase wise manner, based on existing phase of that startup is in and performance at previous stage, until product viability is reached.</p> <p>3. This grant will be capped to total of 20 Lakhs in total to one startup.</p> <p>4. Separate grand challenges/hackathons may be launched by Spoke Centers or departments of Government of Andhra Pradesh. The Spoke Centers will facilitate participation of startups in the same. The prize money/incentive may be announced at the time of announcement of the challenge/hackathon.</p>
3	<b>Interest subsidy</b>	8% on term loan.
4	<b>Seed funding with Equity</b>	Up to 50 Lakhs, based on equity sharing model.
5	<b>Go to market support</b>	Up to 50 Lakhs, based on equity sharing model.
6	<b>Support for attending events/ Fairs etc.</b>	75% of cost, up to 3 Lakhs, incurred towards registration, travel, lodging and boarding expenses. Maximum of 1 event per year per startup.
7	<b>Accelerator program support</b>	50% of cost fee re-imbursement, for acceleration programs, up to 2 Lakhs per program. Maximum 2 programs per startup.
8	<b>Patent filing cost</b>	50% of patent expenses incurred, up to 2 Lakh India patent, 10 Lakh for foreign patent

#	Category	Incentive
9	<b>SGST reimbursement</b>	100% reimbursement of Net SGST accrued to the state from the startup for 5 years.
10	<b>Need Based Seed funding for Deeptech &amp; Advanced tech Startups</b>	I. Up to INR 1 Cr II. 100% rental Subsidy for workstations in notified co-working/ neighborhood work/ MSME Parks for 30 employees for one year
<b>For Incubators</b>		
11	<b>For select new or existing Incubators/ CoEs/ Accelerators in Government universities or educational institutes in the state</b>	Up to 100% matching grant under any Government of India schemes, limited to INR 50 Lakhs

### 3. INCENTIVE CLAIM VERIFICATION PROCEDURE

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#### 3.1. Incentive verification process:

- 1) MEC will receive and approve all incentive applications.
- 2) Startups can claim and get sanction for all the incentives at one time, or they can file for individual incentives as and when required.
- 3) Disbursement can be made based on progress report and maturity of the startup growth. RTIH, spokes and incubators may help speed up this process in order to ensure quick disbursal of funds.
- 4) For grants, the disbursal may happen in 3 phased installments. The 3 phases are:
  - a)Phase 1- 15% of approved grant or Rs. 2 lakhs whichever is less.
  - b)Phase 2- 30% of the approved grant
  - c)Phase 3- 55% of the approved grant

- 5) The grant for the next stage will be granted post evaluation of the previous phase performance.
- 6) All incentives will be capped as mentioned in section 14 of this document.
- 7) Startups setting up in AP, can receive grants, seed funding or support from only one department of the GoAP. However, if a startup receives grant from APIS, it can seek seed funding from another department or if a startup received grant from another GoAP department, then it can seek seed funding and other support under this policy.

### **3.2. Early Stage (Pre-seed):**

The following aspects may be evaluated for startups/students applying for Grants:

- 1) **Founding Team:** Experience, skills, and commitment of the founders.
- 2) **Innovation Aspect:** In case of new innovations, uniqueness of the idea, technological advancement, potential cost competitiveness, ability to solve a unique problem statements or ability to create new demand.
- 3) **Market Opportunity:** Size and growth potential of the target market.
- 4) **Product/Service:** Feasibility, and development stage of the product or service.
- 5) **Traction:** Early signs of customer interest, such as pre-orders, pilot programs, or user engagement or similar metrics from competitors, either within our outside India
- 6) **Business Model:** Clarity of the revenue model.
- 7) **Prototypes/MVP:** Path to a Minimum Viable Product (MVP) or prototype generation demonstrating the concept.

### **3.3. Growth Stage (Seed Stage) for seed funding and go to market support based on equity support model and seed funding for deep tech and advanced tech startups:**

The following aspects may be evaluated for startups/students applying for seed funding and go to market support based on equity support model:

- 1) **Revenue model and financial viability:** Revenue, path to profitability, and financial projections.
- 2) **Customer Base:** Number of potential/acquired customers, customer acquisition cost, and retention rates.
- 3) **Market Position:** Competitive landscape and the startup's addressable market share.
- 4) **Scalability:** Ability to scale operations and grow the business.
- 5) **Operational Efficiency:** Efficiency of business processes and resource management.

- 6) **Team Expansion:** Growth and development of the team, including key hires.
- 7) **Deep tech startup/Advanced Tech startup:**
  - a) Assess the uniqueness and novelty of its technology, considering its potential for disruption and scientific validation.
  - b) Examine the technical complexity and current development stage.
  - c) Review the strength and scope of the startup's intellectual property, including patents and proprietary technologies, ensuring robust protection.
  - d) Evaluate the presence of proprietary technologies and the startup's freedom to operate without infringing on existing patents.
  - e) Consider startups innovation with respect to similar startups and product offerings and final application.
  - f) Consider their overall IP strategy, including future patent filings and IP enforcement plans.

3.4. The applications should include a detailed breakdown of cost and justification of the cost involved. The estimated cost should be duly verified by the concerned incubator, RTIH or spoke if they are facilitating the same. Post submission of application, the proposal will be duly evaluated by the MEC and the approved proposals will be submitted to the government for disbursal of funds.

### **3.5. Support for attending events/ Fairs etc.**

1. Startups are eligible to claim reimbursement of their participation expenses in the event.
2. Startups can file for the incentive directly on the AP startup one portal.
3. 75% of the total expense up to INR 3,00,000/- for expenses towards events incurred towards registration, travel, lodging and boarding expenses.
4. Maximum of 1 event per year per startup.
5. Startups applying for reimbursement must have received an invitation letter / registration confirmation from the event organizers.
6. Events covering market access, product showcase, pitch competitions etc. will be covered.
7. APIS will also maintain a list of events, including trade missions, and support MEC for quick approvals. APIS may prepare such proposals quarterly to ensure advanced decision making.
8. For startups facilitated by RTIH, spoke or incubators, applications duly evaluated by the respective RTIH/Spokes/incubators will be forwarded to the nodal agency along with the letter of recommendation APIS to monitor and

propose all such trade events, gather interest from all the startups in the state and propose the same to MEC.

9. The following expenses can be claimed for reimbursement by the startups: -

- a) Travel expenses.
- b) Lodging
- c) Participation fee or registration fee and stall fees (own or fabricated)

10. Startups will be required to submit an event participation report to the respective RTIH, spokes or incubators for reimbursement of their expenses:

- a) Event name, venue, organizers, event details etc.
- b) Results and benefits received.
- c) Tax invoice
- d) Photographs
- e) Number of participants from the startup team
- f) Details of expenditure as per above expenditure items
- g) Canceled check with bank details.
- h) Other necessary records and details

11. APIS may disburse the amount post evaluation and approval of MEC.

### **3.6. Accelerator program support**

- 1) 50% of cost fee re-imbursement, for acceleration programs, up to 2 Lakhs per program. Maximum 2 programs per startup
- 2) Startups are eligible to claim reimbursement of their participation expenses in the events:
  - a) A startup can claim 50% of fee as reimbursement for acceleration program, up to Rs. 2 lakhs and for a maximum of 2 programs
  - b) The Startup Entity shall apply online on the web portal for In-principal Approval for assistance in the acceleration program at least 30 days before the commencement of the acceleration program.
  - c) The Startup can apply for reimbursement after successful completion of the acceleration program with the requisite supporting documents.
  - d) Startups can file for the incentive directly on the AP startup one portal.
  - e) For startups facilitated by RTIH, spoke or incubators, applications duly evaluated by the respective RTIH/Spokes/incubators will be forwarded to the nodal agency along with the letter of recommendation.
  - f) Only the program fees charged by the agency will be reimbursed.

- g) The program will be from a reputed institute or corporate. Online programs from sources without prominence may not be eligible for reimbursement. MEC may take a decision in case of disagreement on reputation of the training institute.
- 3) Startups will be required to submit a program participation report to the respective RTIH, spokes or incubators for reimbursement of their expenses:
- a) Program name, venue, organizers, event details etc.
  - b) Results and benefits received.
  - c) Photographs
  - d) Number of participants from the startup team
  - e) Details of expenditure as per above expenditure items
  - f) Canceled check with bank details.
  - g) Other necessary records and details
- 4) APIS may disburse the amount post evaluation and approval of MEC.

### **3.7. Patent filing cost:**

- 1) 50% of patent expenses incurred, up to 2 Lakh India patent, 10 Lakh for foreign patent will be reimbursed.
  - 2) The Startup Entity shall apply online on the web portal for “Reimbursement for Patent cost” along with the requisite supporting documents.
  - 3) For startups facilitated by RTIH, spoke or incubators, applications duly evaluated by the respective RTIH/Spokes/incubators will be forwarded to the nodal agency along with the letter of recommendation.
  - 4) Only patent filing fees will be reimbursed.
  - 5) Startups will be required to submit a brief on the patent to the respective RTIH, spokes or incubators for reimbursement of their expenses:
    - a) Patent Certificate
    - b) Invoice of fees paid for patent filing
    - c) Details of expenditure as per above expenditure items
    - d) Canceled check with bank details.
    - e) Other necessary records and details
- 5) APIS may disburse the amount post evaluation and approval of MEC.

### **3.8. SGST reimbursement**

- 1) 100% reimbursement of Net SGST accrued to the state from the startup for 5 years.

- 2) Startups to apply only once a year, with at least 3 months, but not more than 9 months post-closing of the financial year ending on march 31<sup>st</sup>.
- 3) All eligible startups shall submit their claims along with a GSTR-3B and GSTR-2A (as amended by the government of India from time to time) for reimbursement of SGST within six months after completion of the financial year i.e. on or before 30th September as per check slip, to APIS through online incentive portal.
- 4) Net SGST accrued for a period of 5 years from the Date of commercial operations (as recorded in AP single desk portal) or up to realization of 100% eligible FCI, whichever is earlier, shall be reimbursed.
- 5) Net SGST accrued to the State: Net SGST means SGST amount paid through cash ledger (indicated in GSTR-3B)
- 6) The startup shall obtain the GSTR-3B as proof of net SGST accrued to the state. For this purpose, regular monthly returns filed during the financial year will only be considered.
- 7) Eligible unit shall have to obtain a separate registration under GST Act for manufacturing of eligible products only. The eligible unit shall not carry out any trading activity or provision of any services not relating to eligible products from its place of business. The eligible unit shall have to obtain a separate registration, if the unit carries out trading activity or provision of any services not relating to eligible products. Incentives shall be allowed only for eligible goods manufactured in the eligible unit and not on the resale of goods.
- 8) If the eligible unit has shown its inter-State sales as intra-State sales through intermediary/ marketing network/ or any other middle man, either directly or indirectly controlled by it, in order to get higher incentives, then the incentives shall be liable to be cancelled with effect from the date of such contravention, and the unit shall be liable to return forthwith the incentives availed together with interest at the rate of eighteen percent per annum.
- 9) APIS may disburse the amount within 60 days post evaluation and approval of MEC.

### **3.9. Interest subsidy**

- 1) 8% of term loan due will be reimbursed.

- 2) The Startup Entity shall apply online on the web portal for “Reimbursement for interest cost” along with the requisite supporting documents.
- 3) For startups facilitated by RTIH, spoke or incubators, applications duly evaluated by the respective RTIH/Spokes/incubators will be forwarded to the nodal agency along with the letter of recommendation.
- 4) Only interest cost upto 8% of balance term loan will be reimbursed.
- 5) APIS may disburse the amount annually post evaluation and approval of MEC.

### **3.10. Rental subsidy for Deeptech & Advanced tech Startups**

- 1) 100% rental Subsidy for workstations in notified co-working/ neighborhood work/ MSME Parks for 30 employees for one year.
- 2) Eligible startups can apply through the AP Startup One Portal.
- 3) Startups identified as Deeptech or Advanced tech, during the common application stage, will be facilitate for the incentive.
- 4) APIS will identify and facilitate appropriate location for eligible startups.

### **3.11. For select new or existing Incubators/ CoEs/ Accelerators in Government universities or educational institutes in the state**

- 1) Up to 100% matching grant under any Government of India schemes, limited to INR 50 Lakhs, for setting up or expansion of facility for incubators, CoEs, Accelerators, Fablabs, Prototyping labs.
- 2) Eligible applicants can file for the incentive directly on the AP startup one portal along with the requisite supporting documents.
- 3) Only the cost components eligible under Government of India application, for which funding has been provided, will be considered as eligible for this incentive. 100% of this cost component will be reimbursed, limited to a maximum of INR 50 Lakhs.
- 4) Applicants will be required to submit a detailed project report to APIS for reimbursement of their expenses, consisting of the following information:
  - a) Executive Summary: An overview of the project, including objectives, scope, and expected outcomes.
  - b) Project Background: Information on the need for the facility, its relevance to the local ecosystem, and the potential impact on startups and the economy.

- c) Market Analysis: Assessment of the demand for facility services, target industries, and competitive landscape.
  - d) Technical Feasibility: Details on the technical requirements, including infrastructure, equipment, and technology needed to support startups.
  - e) Operational Plan: Description of the operational model, including management structure, staffing, and day-to-day operations.
  - f) Financial Plan: Budget estimates, funding sources, revenue projections, and financial sustainability plans.
  - g) Infrastructure and Facilities: Specifications of the physical space, including layout, workspaces, meeting rooms, labs, and other facilities.
  - h) Services and Programs: Outline of the services offered, such as mentorship, training, networking opportunities, and access to funding.
  - i) Implementation Plan: Timeline and milestones for setting up the facility, including key activities and responsible parties.
  - j) Risk Assessment: Identification of potential risks and mitigation strategies.
  - k) Monitoring and Evaluation: Framework for tracking progress and measuring the success of the facility.
- 5) Applicants receiving funding under this policy shall keep their facility available to all startups registered under the APIS portal, with same charges as that applicable for captive users inside the institute. In case charges are not affixed by the institute, APIS shall determine the charges at the time of approval of the incentive.
- 6) 10% of the seats in the facility shall also be provided to GoAP free of cost, for APIS to provide the same to select startups.

**BHASKAR KATAMNENI**  
**SECRETARY TO GOVERNMENT**