Virtual Incubation Programme

Under the IT & Startup Policy 2017, Government of UP has taken various steps to strengthen the startup ecosystem and promote startups across the state. As per the current process followed, incentives stated in the policy for startups are routed through the incubators.

However, during our interaction with startups we have learnt that many startups do not prefer going through incubators as they are required to part some equity/fee to incubators for the services offered by them. There are also cases where startups after attaining a certain level of maturity, approach the PIU for funding options rather than complete portfolio of incubation services. This adversely impacts the number of startup registrations with the GoUP.

Therefore, we propose to create a state-run virtual incubator under UPLC which will facilitate the benefits/incentives directly to startups. The details of the program are proposed as follows:

1. **Programme Name:** Virtual Incubation Programme (VIP)

2. **Nodal Agency:** Uttar Pradesh Electronics Corporation (UPLC)

3. **Mode of Registration:** All UP based startups will be welcome to join the Virtual Incubation Programme (VIP) being run by UPLC. On registration they shall submit their proposal for seed funding/funding (from FFS)/mentorship to the Committee (defined later under ‘VIP Advisory Committee’) for their consideration. The Committee shall examine the proposal and submit their comments for decision to the PIU Committee/SIDBI for decision.

4. **VIP Advisory Committee:** The sub-committee for the Virtual Incubation Programme shall be held under the chairmanship of the Managing Director of UPLC. The following persons shall be members of this Sub-Committee:
   - Nominee from IIM Lucknow
   - Nominee from IIT Kanpur
   - Nominee from Indian Angel Network
   - PIU Member
   - Nominee from SIDBI

   In case the startup requires incentives or seed funding the Committee can make recommendations on the startup proposal to the PIU Committee/SIDBI for their decision.

5. **Facilities Offered:**
A virtual incubator & accelerator would allow for optimum operational transparency and would assist entrepreneurs to innovate and instantiate business concepts in accordance with market reality and progress to sustain growth without being routed through incubators.

For an entrepreneur, getting the right guidance and mentorship is an important part of their success. Right from the validation of their idea to evaluating their business plan and even finalizing their marketing strategies, start-up founders are always on the lookout for mentors who can help them scale. Here, virtual incubation fits into the picture by providing such services to people remotely. **This will allow the state to offer mentorship services and other incentives to startups that are located in backward/remote or rural locations and are led by low/middle income promoters.**

The rising penetration of internet and mobile phones allows for virtual incubation to overcome the obstacles presently facing the state government in supporting startups.

Since the startup policy has come into existence, Uttar Pradesh receives proposals from startups from all stages of maturity. However, the common theme remains their periodic need for mentorship and funding. Additionally, through VIP it will become easier for the government to reach out to students in schools and colleges and help them develop their idea.

The concept can become a one-stop platform for entrepreneurs from Uttar Pradesh to connect with experts from across the world. This will also help the state in providing global partnerships, mentorship and support to the startups under the VI Programme. This will also help in the scalability of the start-up.

Incubators in general offer a combination of space, mentoring, education/training and informal learning opportunities. Incubators typically charge monthly program fees or membership dues in exchange for workspace and access to program offerings, mentorship, or other value-added services. However, as the global economy transitions into the new age of the digital revolution, the need for dedicated office space and physical presence is diminishing and being replaced by virtual presence. A new generation of entrepreneurs has emerged, raised in the Internet age that operate at the intersection of physical and virtual worlds giving rise to virtual incubators. These virtual incubators do not necessarily have a physical office, instead, they opt to provide service to their startups over the internet. They are just like the traditional incubators, sans the physical space.

The Virtual Incubation Programme can offer services under three tracks:

- **M&S Support** – VIP can offer incubation services emphasizing mentoring and seed financing. They address the challenges entrepreneurs face developing their entrepreneurial capacities to be able to get their business off the ground.

- **Network Boosters** – VIP can offer services that convene entrepreneurs, investors, volunteers, and service providers to pool their collective offerings, rather than focusing on delivering services themselves. In this case, VIP will be a facilitator that
offers support through mentoring and state empaneled services such as marketing, accountancy, legal services.

- Business Funding Opportunities (BFO) – VIP can provide a short-term program (1-3 months) for preparing the startups for external funding through the INR 1,000 cr Fund-of-funds or Pitching Events.