Telangana – Telangana Innovation Policy 2016

Overview and Context

Telangana aims to harness its status as a technology and innovation hub, centered primarily around Hyderabad.

The state focuses on leveraging youthful demographics, entrepreneurial spirit, and strong presence of IT, pharma, defense, and R&D centers.

Hyderabad hosts technology parks and incubation centers, notably T-Hub, India’s largest innovation ecosystem.

Vision and Strategic Pillars

The policy is built around five pillars:

1. Physical Infrastructure & Program Management: Develop incubation and co-working spaces, including T-Hub expansion and new regional incubators.

2. Funding Models & Capital: Establish dedicated funds, including a Fund-of-Funds and seed funding vehicles like T-Fund and T-Seed, to fuel startups at various stages.

3. Human Capital Development: Promote entrepreneurship in academia with initiatives like student entrepreneurship programs, apprenticeship, and curriculum reforms.

4. Engagement with Industry: Foster collaborations with large corporations for R&D, mentorship, and corporate incubation facilities.

5. Rural & Social Enterprises: Support startups focused on social impact and rural innovation with dedicated incubators, funding, and market access.

Infrastructure and Program Management

T-Hub: The central innovation facility providing workspace, mentoring, networking, and access to funding. Expansion planned to 3,00,000 sq.ft to accommodate 900 startups.

Additional Infrastructure: Establish incubation centers in tier-II cities, plug-and-play co-working spaces, affordable housing/dorms for entrepreneurs.

Technology Infrastructure: Provide high-speed internet, cloud computing resources, testing labs, and access to shared legal, accounting, and IP services.

Funding Ecosystem

Fund-of-Funds: State government co-invests with venture capitalists and private investors to mobilize capital.

T-Fund: A ₹2000 crore fund managed professionally, focusing on startup investments.

T-Seed: ₹250 crore fund for seed-stage startups offering grants covering prototype development, patenting, and other early-stage expenses.

Phoenix Fund: Targeted at reviving promising startups that have previously failed.

Human Capital Initiatives

Integration of entrepreneurship education and incubation at universities with support for student entrepreneurs (e.g., gap year provisions, project incubation).

Promotion of apprenticeships and skill development via collaboration with academic institutions and incubators.

Industry Engagement

Establishment of Chief Innovation Officer (CInnO) and Innovation Council for strategic guidance.

Partnerships with large corporations to foster innovation and offer mentorship.

Encouragement for corporate incubation and open innovation platforms.

Rural and Social Enterprises

Creation of rural-focused incubators and acceleration programs.

Dedicated funding and networking assistance for social startups.

Collaboration with global organizations like WHO and World Bank for social impact projects.

Incentives and Support Measures

For Incubators:

Reimbursement of stamp duty and registration fees.

Matching grants with government funds.

Operational subsidies, internet cost subsidies, and subsidized electricity.

Long-term leases with subsidized rent for government facilities.

For Startups:

Reimbursement of VAT and service tax.

Marketing assistance including reimbursements for international events.

Patent application and prosecution cost reimbursement (up to ₹2 lakh domestic, ₹10 lakh international).

Employment generation grants.

Various subsidies and exemptions to promote growth and reduce compliance burden.

Non-financial incentives:

Self-certification under labor and commercial laws to reduce regulatory compliance hassle.

Liberalized norms for women working at night with safety measures.

Quality of Life and Ecosystem Support

Telangana promotes a safe, livable, and vibrant environment in cities like Hyderabad, with investments in transportation and cultural infrastructure.

Initiatives to promote work-life integration, community engagement, and adherence to environmental standards.

Governance and Implementation

A multi-tier governance structure with a Startup Council headed by relevant ministers and officials.

A dedicated startup cell established at government and incubation levels for streamlined support.

Regular review, evaluation, and partnership with national and global stakeholders.

Source: Telangana Innovation / Startup Policy 2016

Issued by: Government of Telangana

Innovation Hub: T-Hub

Policy Period: 2016 onward with innovation framework updates