

Draft AVGC-XR Policy, Rajasthan

V-9 (26/08/2024)

Draft

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1. Introduction

India's media and entertainment (M&E) industry is at a pivotal moment of transformation. Rapid technological advancements in visual storytelling, unprecedented content choices, and the explosion of digital platforms and streaming services like OTTs have significantly altered audiences' consumption habits. These technological advancements are poised to reshape the entertainment industry landscape, including animation, visual effects, gaming, comics, and the extended reality sector (AVGC-XR), estimated to reach \$26 billion by 2030, up from the current \$3 billion.¹

Animation, VFX, Gaming, Comics, and Extended Reality (together termed the AVGC-XR sector) have emerged as essential growth engines of the Indian economy and as a 'sunrise sector' within the broader M&E Industry. The sector is poised to grow at 14-16% CAGR in the next decade.²

Given the significant advancements and growth potential of the AVGC-XR sector in India, it has been felt that a dedicated Rajasthan AVGC-XR Policy is required to enhance and promote the State's participation in technology space, leverage local resources, provide opportunities for local talent, drive regional development harnessing its unique cultural strengths. This is important in positioning Rajasthan as a key player in the entertainment industry and creating a vibrant ecosystem that will contribute to the state economy and promote its cultural heritage & legacy.

The broad objective of this policy is to create a framework that provides a conducive environment with technological and infrastructural support for the development of AVGC-XR enterprises, provide targeted incentives in the form of fiscal assistance/ subsidies/ grants/reimbursements, etc., for animation, visual effects, gaming, comics and extended reality to improve their operational and growth prospects, thereby positioning Rajasthan as a key player in the industry.

1.1. Background to the state of Rajasthan

Rajasthan, India's largest state by area, constituting 10.41% of the country's total geographical area,³ is renowned for its rich historical and cultural heritage, a cornerstone for its modern identity. It is the 7th most populous State of India, with the Gross State Domestic Product (GSDP) at INR 15.28 lakh crore in 2023-24, making it the 7th largest economic size across the country.⁴ The state's diverse legacy, characterised by its vibrant traditions, architecture, and arts, provides a unique backdrop that fosters creative thinking and knowledge dissemination. Leveraging this deep-rooted cultural richness, Rajasthan has positioned itself as a dynamic hub for innovation and technological advancement. The state has made significant strides in

industrialisation and modernisation in recent years, transforming its economic landscape and embracing new technologies.

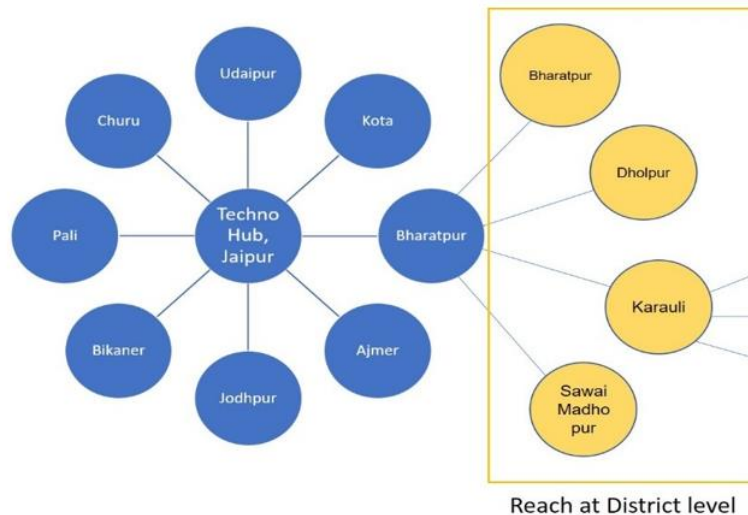
1.2. Significance and Growth Drivers of AVGC-XR Sector

In recent years, Rajasthan has fostered innovation across various sectors, with tech-driven startups making their mark in India and internationally. The initial Rajasthan Startup Policy was launched in the year 2015 to provide a conducive environment to foster ideas and innovation. This was followed by the 'Rajasthan Startup Policy 2022', crafted to reinforce this vision and aim to transform the State into a hub of entrepreneurship and innovation. These efforts underscore Rajasthan's commitment to empowering its youth and establishing itself as a competitive, forward-thinking state within India.

To further fuel entrepreneurship and transform ideas into viable businesses, the State launched its flagship startup program, iStart, in 2017. As of March 2024, iStart has supported the growth of over 4,400+ startups, making it one of the country's most recognised state-run startup ecosystem.

In the 2024-25 State Budget, the Government of Rajasthan announced the formulation of the AVGC-XR Policy, marking a significant step towards advancing this dynamic sector.

- a. **Large Young Workforce:** The state of Rajasthan contributes 5.6% of the country's total population (2011 Census). The age group of 15-59 is expected to increase from 3.98 Cr in 2011 to 5.9 Cr in 2036. The projections also indicate that the State of Rajasthan is expected to have a 7.2% share in the total population increase during 2011-36, with the median age being 32.1 in 2036.⁵
- b. **Promotion of Entrepreneurship and Innovation:** Rajasthan is dedicated to cultivating a thriving ecosystem for innovation, enterprise, and infrastructure development, leading to increased job creation. The state's commitment is evident through its progressive policies and initiatives designed to foster enterprise culture large-scale growth in the IT and startup sectors. *Rajasthan's Startup* ecosystem has become the foundation to promote innovation, generate employment and facilitate investment in the State with state-owned global infrastructure facilities like Techno Hub, Rajasthan *Innovation Hub*, iStart Incubator *Nests at each of the Divisional HQ*, iStart Launchpad nests at district level, working under the Hub and Spoke model, Jaipur being the Hub and multiple Spokes spread across the state.



To date, the iStart program has registered over 4,900 startups, created more than 33,832 jobs, attracted an investment of INR 950+ Crores investment in the state and the iStart School program has reached out to 58,000+ students across 2500+ institutions. The iStart Program, iStart School Program and Atal Innovation Studios & Accelerators Program showcase a unified and strategic effort to foster a dynamic startup environment in Rajasthan

- c. **Strong Educational Foundations:** Rajasthan is emerging as a national hub for higher education, boasting the highest number of universities in India, with a total of 83 institutions, which underscores the presence of a strong talent pool in the state. With a robust IT infrastructure, educational institutes, strategic investments in emerging technologies, and fostering a robust ecosystem. IIT, IIM, AIIMS, Digital Fintech Institute, National Law University, and BITS, among others, to enable and strengthen employability and entrepreneurship in Rajasthan.

2. Vision for the Policy

- Transform Rajasthan into a leading global hub for Animation, Visual Effects, Gaming, Comics, and Extended Reality (AVGC-XR) by fostering a business-friendly environment that encourages innovation and creativity
- Develop a robust and sizable talent pool to generate employment opportunities and empower local talent and artisans.
- Create a sustainable ecosystem that promotes original intellectual property (IP) and supports the growth of startups and entrepreneurs.

3. Objectives of the Policy

- Create a multiplier effect for Rajasthan's economy by strengthening the services sector and positioning the state as the preferred destination for AVGC-XR-related investments
- Creating market access opportunities for local companies in domestic and global markets
- Creating employment opportunities for local artists and youth in the AVGC-XR sector in the state, supported by future-ready skills
- Promoting Rajasthan's local culture, history, and traditions to a global audience

4. Design Principles

- **Streamlined Navigation:** A user-friendly policy framework with a well-organized structure that allows beneficiaries to locate and understand relevant benefits clearly.
- **Simplified Incentives:** Focus on minimising complexity within the policy framework, providing a straightforward and transparent understanding of the benefits available for all sector beneficiaries.
- **Efficient Disbursement Mechanism:** Implement a 'One Stop Shop' mechanism to facilitate timely and efficient benefit transfer through automated disbursements.
- **Facilitate Seamless experience:** Clearly defined processes to reduce complexities and challenges, promoting a seamless experience.

5. Scope of the Policy

5.1. Operative Period

The Policy shall come into effect from the date of issuance of the order and shall remain in force for five years, which will be extended until the subsequent AVGC-XR Policy is notified.

5.2. Eligibility for the Policy

The Policy shall apply to AVGC-XR Companies registered and/or having operations in Rajasthan, Startups registered under the iStart program, incubators, academic institutes, students, SMEs and others as defined in the Policy or notified by the Government from time to time.

6. Usage of the Policy

Through the AVGC-XR Policy, the government aims to nurture, foster, expand, and promote the AVGC-XR ecosystem within the state. The policy will provide direct funding support to new and existing business ventures. It will collaborate with industry and academia to establish

the infrastructure for cutting-edge training and a robust industry ecosystem. The key focus areas of the policy include:

6.1. Providing Financial Incentives

The Government will incentivize Industry to establish operations and produce content within Rajasthan. Financial assistance and incentives will be extended to industries, startups, academia, training institutes, incubators, and accelerators operating in the state. These support measures will include production grants, skilling incentives, incentives for promoting local culture, additional financial incentives for IP creation, quality certification, and skill development initiatives. The details of funding support are provided in section 8.

6.2. Building a Robust Infrastructure Ecosystem for AVGC-XR in the state

The Government of Rajasthan is dedicated to building a robust infrastructure ecosystem to support the growth of startups and small businesses in the AVGC-XR sector. Recognising the importance of state-of-the-art infrastructure as a cornerstone of innovation, the government will implement a comprehensive approach through Atal Innovation Studios and Accelerators. Access to government-owned incubation centres, coworking spaces, office spaces, plug-and-play facilities, laboratories, and testing labs will be provided to eligible applicants. Additionally, the government will collaborate with leading global and Indian institutes to develop incubation and facilitation centres.

6.3. Organising events and workshops to provide networking opportunities

The Government will regularly organise events and networking opportunities throughout the year through the AVGC-XR summit, segment-level meet exposure visits, academic/university events, industry events, festivals, sector-specific events, workshops and campaigns, and job fairs.

6.4. Supporting training ecosystem

The Government will enhance support through institutions like the Rajasthan Centre for Advanced Technology (R-CAT), Fintech Digital Institute, and similar institutes. These centres will offer short-term certifications, train-the-trainer programs, online learning modules, and vocational training to ensure a skilled and adaptable workforce for the AVGC-XR sector.

7. Enabling Support

The advancement of the Animation, Visual Effects, Gaming, and Comics (AVGC) and Extended Reality (XR) sectors in Rajasthan necessitates a comprehensive and coordinated strategy. This strategy must integrate multiple development dimensions and engage a broad

spectrum of stakeholders. To this end, the government will provide the following critical factors and enabling support under the Rajasthan AVGC-XR Policy.

7.1. Enabling Infrastructure

7.1.1. Atal Innovation Studios and Accelerators

Building on the iStart program, the Government will establish Atal Innovation Studios and Accelerators using a hub-and-spoke model, with Jaipur as the central hub and various divisions serving as spokes. The network of spokes will be expanded as notified by the Government over time. These large-scale, government-backed facilities will provide plug-and-play spaces, semi-customizable options, and state-of-the-art resources tailored to the AVGC-XR sector, including VR/AR labs and high-performance computing. The hub will offer world-class facilities and subsidised spaces alongside mentorship, skilling, and accelerator programs. All Atal Innovation Studios and Accelerators facilities will include digital AVGC-XR labs, offering advanced post-production technologies, training, and pay-per-use common infrastructure. The spokes, in addition, will serve as Centres of Excellence, focusing on specific AVGC-XR segments, providing subsidised, plug-and-play spaces for startups and SMEs, and driving regional expertise and innovation.

7.1.2. Partnerships for setting up segment-level Centres of Excellence in a PPP mode

The Government will also invite and enter into strategic partnerships with leading OEMs, industry players, and associations in the AVGC-XR sector to establish Centres of Excellence for different segments such as Animation, Gaming, Visual effects, Comics, and Extended reality under a Public-Private Partnership (PPP) model. These centres will drive innovation, offering cutting-edge infrastructure for startups, MSMEs, and students in the respective segments to design, develop, and test technologies, products, and services. With access to state-of-the-art tools, funding, networks, and expert support, these centres will also run specialised training, incubation, and accelerator programs, creating a powerhouse ecosystem. The government will provide eligibility criteria and partnership framework from time to time.

7.1.3. Facilitating Access to Technology

AVGC-XR is a technology-intensive sector. With rapid technological changes, the industry needs to keep pace with global innovations and slowly emerge as a hub for technological innovations.

The Government will identify and enter into agreements with global technology vendors with a widespread presence in the sector. These agreements will potentially cover the following:

- Subsidized versions of their products and services for meritorious students, start-ups, SMEs, independent developers, etc.
- Dedicated training programmes for users of their products.
- Creating technology and innovation-sharing platform(s)

7.1.4. Technology Aggregation services

The government will collaborate with leading OEMs, data service providers, and software and hardware service providers to negotiate subsidised rates for such services. These services will include, but will not be limited to, data centre services, rendering farm services, photogrammetry lab services, development engine software services, and cloud services. The aim is to offer these services at minimal cost to startups, SMEs, academia, companies, and emerging professionals in the AVGC-XR space, ensuring that the development of innovative ideas is not impeded by the cost of accessing these critical services.

7.1.5. AVGC-XR Sandbox

The Government will create an AVGC-XR Sandbox to foster innovation by providing a controlled environment where startups, researchers, and developers can experiment with new technologies and business models. The AVGC-XR Sandbox will offer flexibility, a controlled testing environment, technical and mentorship support, funding opportunities, collaboration platforms, market access, and structured evaluation and feedback to accelerate innovation in Rajasthan's AVGC-XR sectors. By promoting collaboration between industry, academia, and government entities, the sandbox will enable participants to test and refine their ideas, driving growth and advancements within the Animation, Visual Effects, Gaming, Comics, and Extended Reality sectors. The Government will determine the focus areas from time to time.

7.1.6. State-of-the-art Rajasthan AVGC- XR Centre of Excellence (COE) for skilling, education, and research

The Government will establish the Rajasthan AVGC-XR Centre of Excellence, the first of its kind in India, dedicated to advancing education, skilling, and research in the AVGC-XR sector. It is proposed to be formed through strategic partnerships with leading international institutions and industry experts; the COE will integrate global insights and technologies into its curriculum. It will guide policies, offer specialised training and certification courses, and develop industry-ready trainers through a 'Train the Trainer' model

and trainer exchange programs. Additionally, the Centre will balance theoretical and practical knowledge with industry involvement, promote collaborative research and development, and establish incubation centres to support innovation and technological advancement in the AVGC-XR field.

7.2. Capacity and Skill Development

Skilling in the AVGC-XR sector is a strategic priority to unlock national and international opportunities for a skilled workforce while laying a solid foundation for the media and entertainment industry. As a sunrise sector, AVGC-XR holds significant potential for job creation and professional growth. The Government is committed to developing a highly skilled workforce that integrates art and technology, fostering an education ecosystem that anticipates industry demands. This initiative is crucial for the sustained growth and stability of the AVGC-XR ecosystem.

7.2.1. Skill Development for upskilling and reskilling

In response to the growing demand for skilled professionals in the AVGC-XR sector, the Government will establish a comprehensive suite of skill development initiatives. These initiatives will be designed to cultivate a diverse and capable talent pool. Students, startups, SMEs, and aspiring professionals can enhance their skills and upgrade their talents through institutes such as the Rajasthan Centre of Advanced Technology (R-CAT), Fintech Digital Institute, or other institutes that the Government may notify from time to time. This will cover short-term training, vocational training programs, and Online learning modules and platforms.

7.2.2. Introduction of Creative Aptitude Test

To ensure the admission of candidates with the necessary foundational skills and creative aptitude, the Government will implement the Creative Aptitude Test or similar assessment tools at various program levels. These tools will serve as a criterion for candidate selection, maintaining high standards of education and training within the AVGC-XR sector. By evaluating candidates' aptitudes, these measures will facilitate a more tailored and practical learning experience, aligning with industry-specific needs and enhancing the overall quality of the talent pool. The Government will notify the introduction of such aptitude assessments from time to time.

7.2.3. Atal Innovation Internship Program

The Government of Rajasthan will establish an internship program for startups registered with iStart, SMEs, and professionals in the AVGC-XR sector. This initiative will be implemented through collaborations with industry-leading

companies, providing beneficiaries with hands-on experience in addressing real-time industry challenges.

7.2.4. Atal Ambassador Program

The Government of Rajasthan will identify and engage startups, SMEs, innovative ventures, and related agencies across the state's districts and spokes to foster the growth of the local AVGC-XR and innovation ecosystem. This program aims to create a network connecting these entities to the hub in Jaipur, facilitating cross-functional collaborations and synergies.

7.3. Outreach and Awareness

The Government of Rajasthan will actively support and host national and international AVGC-XR festivals to foster market development through events, conferences, and competitions. These initiatives will enhance co-production opportunities between Indian and global firms, facilitate access to cutting-edge technology, and offer valuable mentorship experiences for professionals. Additionally, the Government will encourage at least one national and one international exposure visit annually for startups, MSMEs, and students aiming to launch or expand their ventures in the AVGC-XR sector. Eligibility criteria and program details will be provided periodically. To further grow the AVGC-XR ecosystem, the Government will organise networking events such as hackathons, Innovation challenges, ideathons, game jams, exhibitions, expos, investor pitches, demo days, expert talks, and industry meets.

7.4. Ease of Doing Business

The government will implement the following initiatives to encourage the ease of doing business in the AVGC-XR sector in Rajasthan, facilitating smooth operations for new entrants and existing businesses.

7.4.1. Dedicated AVGC-XR cell

To further develop the ecosystem and improve the ease of doing business, a dedicated AVGCXR cell will be provided in the state, housed within the Department of IT&C, Government of Rajasthan, to promote and facilitate various policy initiatives.

7.4.2. Single point Portal

Within one year of notifying the policy and operational guidelines, a portal will be commissioned, either under the iStart portal or independently, to serve as a single point for incentive/subsidy/grant applications for all AVGC-XR companies in the State. It will have provisions for uploading documents and tracking the application process within defined timelines.

7.4.3. Digital Marketplace

To enhance market accessibility, the Government will support businesses by establishing an E-marketplace and Talent Hub, which will serve as a comprehensive one-stop platform.

7.4.3.1. AVGC-XR Marketplace: The Government will establish a dedicated AVGC-XR marketplace structured through strategic public-private partnerships. This marketplace will serve as a platform to connect AVGC-XR companies with potential clients, facilitating the showcasing and monetisation of their work. The initiative will streamline the market access process for industry players, enhancing their visibility and business opportunities.

7.4.3.2. AVGC-XR Talent Connect Portal: The Government will launch an AVGC-XR Talent Connect Portal, a dynamic digital marketplace featuring job listings, project opportunities, and a dedicated talent pool. This platform will enable AVGC-XR companies registered in Rajasthan to access skilled professionals while providing startups, students, and industry players with a hub to connect, collaborate, and explore new avenues for growth.

7.4.4. Public Procurement and subcontracting

The Government of Rajasthan will promote procurement from startups, SMEs, and innovative ventures by facilitating additional work orders through the e-Bazaar platform. Government departments can procure orders up to INR 50 lakh (including taxes) from startups. Startups evaluated under the ‘Evaluyate program’ will be eligible for higher order values within a financial year as specified in the table. Additionally, one extra work order per financial year may be awarded to startups led by women, differently abled individuals, transgenders, or founders from SC/ST communities. Moreover, any company or entity receiving a work order from the Government of Rajasthan will be permitted to subcontract to startups, SMEs, or innovative ventures registered with the Government. The Evaluyate assessment framework for selecting startups, SMEs, and innovative ventures for work orders will be notified by the government from time to time.

| Evaluayate Catagories | Description |
|------------------------------|-------------------------------------|
| Bronze | Up to 02 work orders in a FY |
| Silver | Up to 03 work orders in a FY |

| | |
|-------------------------------|-------------------------------------|
| Gold | Up to 04 work orders in a FY |
| Platinum and signature | Up to 05 work orders in a FY |

Table: Procurement Orders by Evaluate Category

7.5. AVGC-XR Fund

The Government will establish the Rajasthan AVGC-XR Fund with an initial corpus of Rs. 50 crores, dedicated to catalysing growth within the Animation, Visual Effects, Gaming, Comics (AVGC), and Extended Reality (XR) sectors. This fund will be instrumental in building a dynamic and sustainable ecosystem by providing financial support to startups and innovative enterprises through grants, equity investments, and financing.

This strategic allocation is designed to address the unique funding requirements of enterprises at various growth stages, from seed-stage startups to companies seeking scale-up capital.

Robust oversight mechanisms will govern the fund to ensure efficient management, transparency, and alignment with the state's broader objectives for the AVGC-XR sector. The government will issue detailed operational guidelines, structure, and usage from time to time.

7.6. Promotion of Local Content and Culture

The Government is committed to developing and globally promoting indigenous stories and content that showcase Rajasthan's cultural heritage. This policy will support shifting from a service-oriented industry to one focused on creating and owning original intellectual property (IP), driving sustainable growth and global recognition of Rajasthan's AVGC-XR sector. By emphasising content that resonates locally and engages global audiences, Rajasthan aims to become a centre of excellence in cultural storytelling and creative innovation under the vision to 'Create in Rajasthan, for the world.'

7.6.1. Incentive for Content based on Rajasthani Culture, Folklore and Traditions

The Government will introduce a comprehensive framework of financial incentives, including grants, subsidies, and rebates, to encourage the production of original digital content inspired by Rajasthan's culture, folklore, and traditions.

7.6.2. Collaborations with Media Streaming Platforms

The Government will facilitate partnerships with leading global and regional streaming platforms to secure dedicated slots for Rajasthan-produced content through content acquisition and co-production deals.

7.6.3. Support for Localization and Ancillary Services and Cultural Storytelling Initiatives

The Government will offer incentives for localisation and ancillary services, such as dubbing and subtitling, to enhance the accessibility and relatability of Rajasthan's content for diverse global audiences. To further boost marketability and international appeal, targeted initiatives will be introduced to promote cultural storytelling by integrating creative narratives with technical tools. This will be achieved through workshops, competitions, hackathons, and mentorship programs designed to nurture talent capable of crafting compelling, culturally rooted stories with global resonance.

7.6.4. Collaborations with Cultural Institutions

The Government will facilitate Industry Outreach and Partnerships with established national and global cultural institutions to showcase Rajasthan's AVGC-XR productions. These collaborations will provide a platform for worldwide exposure and position Rajasthan as a critical contributor to the international cultural narrative.

7.7. Research, Development and Innovation

To maintain agility and competitiveness in the evolving digital landscape, the Government will prioritise establishing a robust R&D ecosystem in the AVGC-XR sector. This will focus on cutting-edge technologies such as AR, VR, MR, and AI, aiming to position Rajasthan as a global leader. The Government will create an environment that supports advanced research, prototype development, and commercialisation to drive innovation and ensure the state's long-term growth and global competitiveness in the creative technology industry.

7.7.1. Harnessing Innovation Studios and Hubs to host R&D labs

The Government will utilise Atal Innovation Studios and Accelerators to host R&D labs focused on AVGC-XR technologies, integrating emerging technologies like Web 3.0, AI, and automation to drive innovation.

7.7.2. Supporting R&D and Innovation

The Government will consider establishing an annual R&D grant and a dedicated Innovation Fund to support practical research, prototypes, and original IP development in gaming, animation, and comics, enhancing global competitiveness.

7.7.3. Fostering a culture of Original Intellectual Property (IP) Development

The Government will promote original IP creation by offering incentives for IP rights, providing patent support, and delivering legal assistance and counselling for IP protection.

7.7.4. Encouraging Development and Application of AVGC-XR Services for Social and Environmental Impact

The Government will create an ecosystem to enhance AVGC-XR user experiences and support impactful applications in education, tourism, healthcare, and more, with incentives for addressing social and environmental challenges.

8. Incentives, Concessions and Financial Support for Sustainable Growth

The Government will offer incentives to encourage companies and entities to establish operations and produce content in Rajasthan. In this regard, the Government will offer financial incentives through production grants and additional Financial Incentives and provide enabling support to develop the AVGC-XR ecosystem in the State. All companies, start-ups, and SMEs registered in the state and meet the criteria defined in the operational guidelines will be eligible for the following set of incentives & support:

- Production Grants
- Incentives for promoting local culture
- Skilling related Incentives
- Additional Financial Incentives

8.1. Production Grants

| Production Grants | |
|--------------------------|--|
| Areas of Production | Incentive |
| Animation | |
| Animation Films | Reimbursement of up to 30% of qualified expenditure capped INR 50 Lakhs per entity for Animation film (60 minutes & above) |
| Animated Episodic Series | Reimbursement of up to 30% of qualified expenditure capped at INR 50 lakhs per entity for Animation Cartoon Series (10 episodes & above) |

| | |
|------------------|---|
| VFX/AR/VR | |
| | Reimbursement of up to 30% of the qualified expenditure, capped at INR 50 Lakhs per entity in a financial year. |
| Game Development | |
| Mobile Games | Up to 20% of the qualified expenditure can be reimbursed, but the reimbursement is capped at INR 1 Crore per entity. It shall be a milestone-based reimbursement based on operational guidelines. |
| Console Games | Up to 20% of the qualified expenditure can be reimbursed, capped at INR 1 Crore per entity. It shall be a milestone-based reimbursement based on operational guidelines. |
| Comics | |
| | Reimbursement of up to 25% of the qualified expenditure with a maximum cap of INR 15 lakhs within a Financial Year. |

8.2. Incentive for promoting Local Culture:

| Promoting Local Culture | |
|--|--|
| Animation and VFX Companies promoting the state's culture and heritage | Animation and VFX companies making media projects incorporating the local landscape, including the state's culture, landmarks, flora and fauna, local landscape, heritage sites, resources, and lore, shall be eligible for reimbursement of up to INR 20 lakhs. If executed on their own and contracted in their brand name, subject to production of that project being incurred in Rajasthan. |

8.3. Skilling-related Incentives

| Skilling related Incentives | |
|-----------------------------|--|
| Training Incentive | For all institutes: reimbursements up to 30% of the course fee to institutions offering specialised courses in AVGC-XR. The course expenses must be translated as a discount in student fees capped at INR 20,000 per student. |
| Employment Incentive | Reimbursement of PF/ESI: Reimbursement of Provident Fund (PF) / Employees State Insurance (ESI) of INR 2,500 per employee per month for the first year of employment |

| | |
|--|--|
| | for companies hiring from institutes registered in the state. This incentive applies to new jobs created and capped at INR 5 lakhs per entity. |
| Gaming Companies create content in Rajasthani or based on Rajasthani themes. | Reimbursements of up to INR 30 lakhs, with special rewards for those reaching global platforms for gaming companies and developers creating content in the Rajasthani language or based on the Rajasthani theme. |

8.4. Additional Financial Incentives

| Additional Financial Incentives | |
|---|--|
| Homecoming Support | Any Company or entity having either a founder/co-founder as a Rajasthani (identified as per government-approved documents such as secondary class examination certificate, birth certificate or Aadhaar) and set up a working office from anywhere in the country to Rajasthan or opens another registered office in Rajasthan will be eligible financial support of up to INR 25 lakhs or 5% of their last year's reported and audited annual revenue whichever is lower. |
| Public Procurement | Facilitating procurement of products and services from AVGC- XR companies via work orders up to INR 50 Lakhs by any of the government departments for encouraging the growth of the AVGC-XR sector, as per the rules laid in the Rajasthan Transparency Public Procurement Act, 2012 and associated amendments/ orders thereafter. |
| Patent Registration Incentive | AVGC-XR companies registered and having operations in Rajasthan will be eligible for reimbursement of the actual costs (filing fee, legal fee, maintenance fee, etc.) up to INR 5 lakhs on obtaining a domestic patent or up to INR 10 lakhs for obtaining an international patent. The entity should be registered in Rajasthan, and reimbursement shall be done only when the patent is granted. |
| Quality assurance support | Reimbursement of the costs incurred for obtaining certifications, capped at INR 5 lakhs per financial year. Types of Certifications (including but not limited to): ISO Standards, CMMI, Six Sigma, PEGI or ESRB ratings, WCAG, NASSCOM Gaming Forum Certifications, SIGGRAPH, UNITY or UNREAL Engine Certifications, etc. |
| Outreach support - Atal Innovation Internship Program | Stipend of up to INR 20,000 per beneficiary, subject to a maximum of INR 2 lakh per beneficiary during the internship period |

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| Outreach support - Atal Ambassador Program | Annual financial assistance of up to INR 10 lakh per spoke |
| International Marketing Support | Reimbursement of up to INR 2 Crore for International productions undertaken by registered AVGC-XR companies |
| Exhibition Rentals (International) | Reimbursement of up to INR 10 Lakhs per year is limited to 02 events |
| Exhibition Rentals (National) | Reimbursement of up to INR 5 Lakhs per year is limited to 02 events. |
| Networking Support for Participation in National & International events | Up to INR 2.50 Lakhs will be reimbursed for participation in national events, and up to INR 25 Lakhs will be reimbursed for participation in international events. This should be concurrent with the Rajasthan Startup Policy 2022 and shall be referred to with. The government will notify the eligibility and provisions for the program from time to time. |
| Research and Development | The policy shall provide a grant of up to INR 5 Crore for R&D expenses for innovative activities undertaken by startups to develop new services or products in the AVGC-XR domain, along with maintenance and troubleshooting software and improving existing hardware. |
| Support for localisation and ancillary support | Grants of up to INR 2 lakhs per entity employing human resources from Rajasthan trained in ancillary services, mentioned in section 7.6 of this policy |

8.5. Incentives for Incubators, accelerators and COEs in partnership

The Government will encourage leading AVGC-XR companies and academic institutes to set up, manage and operate incubators across the State. The criteria for companies and academic institutes to avail themselves of the benefits of the policy will be notified by the government from time to time.

| Incentives for Incubators, accelerators and COEs in partnership (Only soft support, No Infrastructure support) | |
|---|--|
| Support to Incubators and Accelerators | A one-time grant of up to INR 40 Lakhs to academia and any other industry partner running AVGC-XR-related Incubator or accelerator programs. The Government will notify the eligibility and provisions for the program from time to time. |
| Content Creator Labs at school | Grant of up to INR 30 lakh to create Content Creator labs at Government schools and college campuses in collaboration with incubators. The Government will notify the eligibility and provisions for the program from time to time. |

| | |
|---|---|
| Global Partnerships with Premier Institutes | The government will allocate up to INR 5 crore per year to partner with premier global institutes to provide state-of-the-art curriculum, TOT programs, certification and skilling programs. The Government will notify the use of the allocated amount from time. |
| Creation of COEs in partnership | The policy shall grant up to INR 20 Crores to the industry/ Association/ OEM partners setting up and running the COE. |

Note: All grants/ incentives/ reimbursements/ financial supports/ partnerships/ sponsorships, etc., up to INR 1 Crore under this policy will be evaluated and approved at the Nodal Department Level (DC & EC), and proposals above INR 1 Crore shall require approval of the State Level Implementation Committee (SLIC).

9. Policy Implementation

9.1 Nodal Department

The administrative department governing this Policy will be the Department of Information Technology & Communication, Government of Rajasthan.

9.2 Promotion and facilitation of Policy initiatives

A dedicated AVGC-XR cell will be provided in the state and housed within the Department of IT&C, Government of Rajasthan, to promote and facilitate various policy initiatives. An AVGC-XR Helpdesk will be set up and operationalised under the Department of IT&C, Government of Rajasthan, to facilitate investors and address related queries and concerns.

9.3 Responsibility matrix for the purpose of this Policy

Successful implementation of this Policy will require a multipronged approach with collaboration among various stakeholders. In the context of the growth of the AVGC-XR sector, State Government Departments and Industry have a crucial role to play.

9.4 Operational Guidelines

Detailed operational guidelines/clarifications by the Government of Rajasthan will be issued from time to time.

9.5 Policy term

Rajasthan AVGC-XR Policy shall come into effect from the date of issue of the Government Order and will be valid for five years or until a new policy is announced, whichever is earlier.

10. Policy Administration

10.1 Nodal Departmental Level Committee (DC)-

The Committee will evaluate and approve proposals and applications of up to INR 50 lakhs on a case-to-case basis for the operations and implementation of the policy at the

Nodal Departmental level. The committee will meet as and when required to evaluate and approve proposals.

| Position | Designation |
|---|-------------------|
| Commissioner, Department of IT&C, Government of Rajasthan | Chairperson |
| Financial Advisor, Department of IT&C, Government of Rajasthan or Officer holding the charge of Accounts Department within Department of IT&C | Member |
| Group Head – Start-ups, Department of IT&C, Government of Rajasthan | Member |
| Office In-charge – Atal Innovation Studio and Accelerator Program | Member, Secretary |
| Office In-charge – iStart, Department of IT&C, Government of Rajasthan | Member |

Table: Composition of Nodal Department level Committee

10.2 Evaluation Committee (EC)-

The Committee will evaluate and approve proposals and applications received above INR 50 Lakhs and up to INR 1 Crore on case-to-case basis for the operations and implementation of the policy at the Nodal Departmental level. The committee will hold its meetings on quarterly basis. The committee shall also recommend eligible applications and proposals to the nodal State-Level Implementation Committee for approval.

| Position | Designation |
|---|------------------|
| Commissioner, Department of IT&C, Government of Rajasthan | Chairperson |
| Nominee of Higher Technical Education Department, Government of Rajasthan | Member |
| Managing Director, Rajasthan Knowledge Corporation Limited, Rajasthan | Member |
| Group Head – Start-ups, Department of IT&C, Government of Rajasthan | Member |
| Financial Advisor, Department of IT&C, Government of Rajasthan or Officer holding the charge of Accounts Department within Department of IT&C | Member |
| Office In-charge – Atal Innovation Studio and Accelerator Program | Member Secretary |
| Office In-charge – Start-ups, Department of IT&C, Government of Rajasthan | Member |
| Subject Matter Expert(s) pertaining to the AVGC-XR sector (1) | Member |
| VCs associated with reputed organisations (1) | Member |

Table: Composition of Evaluation Committee

10.3 State Level Implementation Committee (SLIC)-

The Committee will recommend and approve budgetary, financial assistance, and other ancillary activities and will be responsible for the overall monitoring and governance of the Policy. The committee shall also approve proposals of above INR 1 Crore on

case-to-case basis. The committee will meet on half-yearly basis. The constitution is as under:

| Position | Designation |
|---|-------------------|
| Secretary, Department of IT&C, Government of Rajasthan | Chairperson |
| Commissioner, Department of IT&C, Government of Rajasthan | Member |
| Managing Director, Rajasthan Knowledge Corporation Limited, Rajasthan | |
| Financial Advisor, Department of IT&C, Government of Rajasthan | Member |
| Group Head – Startups, Department of IT&C, Government of Rajasthan | Member |
| Office In-charge- Atal Innovation Studio and Accelerator Program | Member, Secretary |
| 1 Nominee from Academia | Member |
| 1 Subject Matter Expert(s) pertaining to the AVGC-XR sector | Member |
| 1 Nominee from Industry | Member |

Table: Composition of State-Level Implementation Committee

11. Annexures

11.1. Rajasthan AVGC-XR Innovation Challenge

The Government of Rajasthan will launch the Rajasthan AVGC-XR Innovation Challenge to harness the creative potential of our state's AVGC-XR companies in developing innovative solutions addressing critical societal and state-level challenges while promoting the growth of the AVGC-XR industry in Rajasthan. Key features include:

Key Features:

- **Frequency:** The challenge will be conducted at least once a year, ensuring regular opportunities for participation and innovation.
- **Problem Statements:**
 - Government departments will provide relevant challenges to their domains, encouraging focused problem-solving.
 - AVGC-XR companies are encouraged to propose their problem statements aligned with the overall theme, promoting creative thinking and initiative.
- **Eligibility:** Open to all AVGC-XR companies registered and having operations in Rajasthan
- **Collaborations** between AVGC-XR companies and academic institutions are encouraged.

- Evaluation Process: An expert jury comprising industry leaders, academics, and government officials will assess the entries. The Government reserves the right to update the evaluation criteria periodically to align with emerging trends and state priorities.
- Milestone based Awards:
 - i. First Prize: Grant up to INR 5 crore
 - ii. Second Prize: Grant up to INR 3 crore
 - iii. Third Prize: Grant up to INR 1 crore
- Post-Challenge Support: Winners will receive mentorship from industry experts and government officials. Opportunities for piloting winning solutions within relevant government departments or supported private sector entities.
- Intellectual Property Rights:
 - Participants will retain the IP rights to their innovations, with the government reserving the right to implement the solutions for public benefit.

11.2. Expert Mentor Support Initiative

The Government of Rajasthan recognises the importance of expert mentorship in fostering growth and innovation within the AVGC-XR sector. To facilitate this, we are implementing the following measures:

- Funding Allocation: Through its nodal department or any designated agency, the Government will bear the costs associated with mentoring sessions. The specific eligible expenses will be periodically updated and notified by the Government.
- Comprehensive Coverage: The Government will cover expenses up to INR 5 lakh for each expert mentor visit. This allocation includes:
 - Accommodation: High-quality lodging in 4-star or 5-star category establishments
 - Travel: All modes of transportation, including air travel, road transport, and local commuting
 - Professional Fees: Any applicable stipend or honorarium for the mentor's expertise
- Implementation: The nodal department, or any agency appointed by the nodal department, will manage the logistics and disbursement of funds for this initiative.

11.3. Partnership Framework

- Type of Events: The policy will support the following broad categories of events to support the AVGC-XR ecosystem:
 - Industry Entrepreneur led events: non-government, not-for-profit, industry-led, and industry-managed organizations.
 - Global and National Academic Institutions: All International and National (IITs, IIMs, NITs, including respective alum associations), premier educational institutes, central or State government-affiliated institutions and institutions that have been awarded institutes of eminence.
 - Government Departments: Engagements that involve Central and state partnerships and State government departments.
 - Festivals: International, National, and State festivals

- **Country/ Diplomatic Partnership:**
Engagements that involve country and diplomatic participation.
 - International donor agencies include the World Bank, organisations/programs/ agencies of the United Nations (like UNICEF, UNESCO, UNDP, etc.), Asian Development Bank and similar institutions.
 - At its competent level, the Nodal Committee may engage with the above institutions/ events/ associations/ agencies on a not-for-profit, financial/non-financial and non-exclusive basis for its various programs/ events under the Policy.
- **Financial Support:**
 - The financials for events/ partnerships/ sponsorships will be evaluated and approved on a case-by-case basis based on the organiser's proposed deliverables of up to INR 50 lakhs (exclusive of taxes) at the Departmental Nodal Level Committee.

12. Definitions

- I. **AVGC-XR Sector:** The AVGC-XR sector is represented by companies, joint ventures focus groups, consultants, and creative professionals engaged in the business of conception, production, post-production, media and intellectual property rights management, publishing and marketing of animation, visual effects, special effects, editing, digital game development including mobile, console, desktop games (excluding gambling) and comics content. They also actively promote the products and related services such as developing software used in pre-production, production and postproduction pipelines, education and advanced research, development of AVGC-XR subjects, related technology, and business management.
- II. **AVGC-XR Company:** Any company or entity in the AVGC-XR sector as defined.
- III. **Animation:** Animation is the technology of displaying frames in succession to create an illusion of motion. It is used in entertainment, education, design, game development, simulations, etc. It is basically categorized into 2D traditional animation, which is done manually, and 3D digital animation, which is done using various software applications. It is finding its use in mobiles, software applications, movie visual effects, visual communication, and advertising.
- IV. **Entity:** Any legal or business organization formed to conduct business in the AVGC-XR sector. A legally recognized structure that engages in commercial, industrial, or professional activities with the aim of earning profits. It can be a sole proprietorship, partnership, corporation, company, LLC, LLP, or any other legal structure recognized by the government from time to time.

- V. **Visual Effects:** Visual Effects (VFX) and postproduction refer to imagery created, manipulated, or enhanced for any film or other moving media that does not take place during live-action shooting. It is also known as CGI (Computer Generated Imagery). Visual effects include computer-generated imagery using the industry's most advanced 3D and compositing software and plugins.
- VI. **Gaming:** A game is an electronic game that involves human interaction with a user interface to generate visual feedback and immersive experiences on a device that includes 2D, 3D, video, handheld devices, mobile, virtual, console, etc. The online skill gaming industry can be categorized into casual games, real-money games (fantasy sports, card games, and other RMG games), and Esports.
- VII. **Comics:** Comics are a visual medium used to express ideas via images, often combined with text, voice, sound, or visual information. Comics include hand drawing, digital, 2D, 3D, motion graphics, and motion comics.
- VIII. **Extended reality:** Extended reality refers to all real-and-virtual combined environments and human-machine interactions generated by computer technology and wearables. It includes representative forms such as augmented reality, mixed reality, and virtual reality and the areas interpolated among them.
- IX. **Incubator:** The incubator is a physical or virtual infrastructure that provides a platform to eligible startups/MSMEs/Individuals for business support through mentoring, providing networking opportunities with investors, training, and other common facilities.
- X. **Accelerator:** A fixed tenure program to support early-stage start-ups, individuals, and SMEs who want to venture into the sector by way of mentoring, networking, and education.