



# **Central and State Government Schemes for Startups and overviews**

## **Karnataka State Chartered Accountants Association**

**Chancery Pavilion, 135, Residency Road, Bengaluru – 560 025**



# Agenda

- ❖ What is startup
- ❖ Central Government benefit to Startups
- ❖ Government of Karnataka benefits to Startups
- ❖ SIDBI's Overview
- ❖ Stories of startup
- ❖ Conclusion



# What is Startup?

## An entity will be identified as Startup

- Till upto 7 years from the date of incorporation (10 years for Biotech)
- Its turnover does not exceed Rs.25 crore on the last 5 financial years.
- Its working trends, innovation, development, deployment and commercialization of new project, process or service adding significant value for consumer or work flow.
- Entity should be Private Limited Company as per Companies Act 2013 or Registered Partnership Firm under Section 59 of Indian Partnership Act 1932 or Limited Liability Partnership (LLP) as per LLP Act 2012. (No Proprietorship, Trust, Society, etc.)



# Annexure

- Definition Startup

## Annexure-1

### Definition of a Startup

**a. Should be Technology Based:** The facilitation under this policy is intended for only technology based startups, i.e. one that creates a technology based service or product or uses technology for enhancing functionality or reach of an existing product or service.

**b. Tenure:** The startup must not have been registered/incorporated for more than 4 (four) years from the date of such application for any incentive applied under this policy. The same shall be 7 (seven) years for BT companies. Though the startups may not have to be registered or incorporated for receiving various incentives or benefits under the policy, any funding beyond early stage funding shall require necessary registration or incorporation.

**c. Location:** The company/entity be registered in Karnataka under the Karnataka Shops and Commercial Establishment Act, 1981; and

**d. Employment:** The company employs at least 50 (fifty) per cent of its total qualified workforce in Karnataka, which shall not include contract employees.

**Notes:** The term "qualified" may be understood in connection with the National Skills Qualification Framework, issued by the Ministry of Skill Development and Entrepreneurship, Government of India (NSQF). Under NSQF, the term "qualification" has been defined as: "a formal outcome of an assessment and validation process which is obtained when a competent body determines that an individual has achieved learning outcomes to given standards".

**e. Exit Clauses:** A startup will cease to receive benefits under this policy upon the following:

*Revenue Criteria: Upon the company recording a revenue of its 50 Crores*



Karnataka Startup Policy 2015-2020

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# Central Government Benefits

- **Compliance regime based on self certification**
- **Startup India Hub**
- **Rolling out mobile application and portal**
- **Legal support and fast tracking patent examination at lower cost**
- **Relaxed norms for public procurement**
- **Easy exit for startup**
- **Funding support for startup**
- **Credit Guarantee Fund for Startup**
- **Tax exemption on Capital Gains**

# Central Government Benefits

- Tax exemption to startups for 3 years
- Organising startup festival for showcasing innovation and providing a collaboration platform
- Launch of Atal Innovation Mission (AIM) with self employment and talent utilisation (SETU) Program.
- Harnessing Private Sector expertise for Incubator setup.
- Building Innovation Centres at National Institute.
- Setting up 7 new Research Parks model on the research park set up at IIT, Madras.
- Promoting startup in the Biotechnology sector
- Launching of innovation focus programme for students.
- Annual Incubator grand challenge.





# Government of India Startup Schemes

Indian Government Startup Schemes			
Name Of The Scheme	Headed By	Industry Application	Fiscal Incentive (T&C applied)
Support for International Patent Protection In Electronics & Information Technology (SIP-EIT)	Department of Electronics and Information Technology (DeITY)	IT Services, analytics, enterprise software, technology hardware, Internet of Things, AI	Up to INR 16 Lakhs per invention or 50% of the total expenses incurred in filing and processing of the patent application upto grant, whichever is lesser.
Multipier Grants Scheme (MGS)	Department of Electronics and Information Technology (DeITY)	IT Services, analytics, enterprise software, technology hardware, Internet of Things, AI	Limited to a maximum of INR 5 Cr per project and the duration of each project should, preferably, be less than two years. For industry consortiums these figures would be INR 4 Cr and three years.
Software Technology Park (STP) Scheme	Software Technology Parks of India (STPI)	IT services, fintech, enterprise software, analytics, AI	Sales in the DTA up to 50% of the FOB value of exports is permissible and depreciation on computers at accelerated rates up to 100% over 5 years is permissible.
Electronic Development Fund (EDF) Policy	Department of Electronics and Information Technology (DeITY)	IT Services, analytics, enterprise software, technology hardware, Internet of Things, AI, nanotechnology	Companies will get risk capital from "Daughter Funds" set up by Electronic Development Fund (EDF).
Modified Special Incentive Package Scheme (M-SIPS) Scheme to Support IIR Awareness Seminars/Workshops In E&IT Sector	Department of Electronics and Information Technology (DeITY)	Technology hardware, Internet of Things, aeronautics/aerospace & defense, automotive, non-renewable energy, green technology, and nanotechnology	Majority provides capital subsidy of 20% in SEZ (25% in non-SEZ) for units engaged in electronics manufacturing.
NewGen Innovation and Entrepreneurship Development Centre (NewGen IEDC)	Department of Electronics and Information Technology (DeITY)	IT services, analytics, enterprise software, technology hardware, Internet of Things, AI	Organisations are provided with a grant between INR 2 Lakhs to INR 6 Lakhs.
The Venture Capital Assistance Scheme	NewGen Innovation and Entrepreneurship Development Centre (NewGen IEDC)	Chemicals, technology hardware, healthcare & life sciences, aeronautics/aerospace & defense, agriculture, AI, AR/VR (augmented + virtual reality), automotive, telecommunication & networking, computer vision, construction, design, non-renewable energy, renewable energy, green technology, fintech, Internet of Things, nanotechnology, social impact, food & Beverages, pets & animals, textiles & apparel.	Provide a limited, one-time, non-recurring financial assistance, up to a maximum of INR 25 Lakhs.
Credit Guarantee	Small Farmers' Agri-Business Consortium (SFAC)	Agriculture	The quantum of SFAC Venture Capital Assistance will depend on the project cost, location and the promoter's status.
Performance & Credit Rating Scheme	Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), National Small Industries Corporation (NSIC)	Sector-Agnostic	Both term loans and/or working capital facility up to INR 100 Lakhs per borrowing unit are being provided.
Raw Material Assistance Revamped Scheme of Fund for Regeneration of Traditional	National Small Industries Corporation (NSIC)	Sector-agnostic	The incentives are proportional to the turnover of the MSMEs.
Single Point Registration Scheme (SPRS)	National Small Industries Corporation (NSIC)	Sector-agnostic	MSMEs will be helped to avail economies of purchases like bulk purchases, cash discount, etc. Also, all the procedures, documentation and issue of letter of credit in case of imports will be taken care of.
Aspire - Scheme for promotion of innovation, entrepreneurship and agro-industry	Khadi and Village Industries Commission	Sector-agnostic	Funds limited to a maximum of INR 5 Cr to support soft, hard and thematic interventions are provided.
Infrastructure Development Scheme	National Small Industries Corporation (NSIC)	Sector-agnostic	Micro and small enterprises will get exemption from payment of Earnest Money Deposit (EMD) and will be issued tender sets free of cost.
	Steering Committee, Ministry of MSME	Agriculture, pets & animals, social impact, healthcare & life sciences	Based on nature of existence of the incubator For a deposit of six months refundable rent, an office space of 467 sq.ft. to 8,867 sq.ft. is provided.
	National Small Industries Corporation (NSIC)	Sector-agnostic	

# Government of Karnataka Start-up benefits

## Vision

**To create a world-class startup ecosystem in the state through strategic investment and policy interventions leveraging the robust innovation climate in Bangalore.**





# Government of Karnataka Start-up benefits

## Goals

- Stimulate the growth of 20,000 technology based startups including 6,000 product startups by 2020 in Karnataka.
- Achieve creation of 6 lakh direct and 12 lakh indirect new employments in the sector
- Mobilize Rs. 2,000 Cr funding for investment in startups through Government intervention alone, by leveraging the Fund of Funds proposed to be put in place by the State Government
- Facilitate generation of at least 25 Innovative Technology solutions with a social impact in sectors like Health care, Food Security, Clean environment and Education for all etc..

# Government of Karnataka Start-up benefits Technology business incubators (TBIs)

## Thrust Areas:

- Information & Communication Technology (ICT)/Internet of Things (IOT)/Software Products
- Manufacturing including Electronics systems design, Robotics and 3 D Printing, Industry 4.0
- Healthcare and Bio Pharma
- Agriculture and allied fields
- Clean-Tech
- Energy
- Water and its recycling
- Education
- Nanotechnology and Composites



## Government of Karnataka Start-up benefits

- **Networking and Aggregation of Common Instrumentation Facilities (CIFs )**
- **Channelizing Innovation for Social Impact**
- **Providing State support in the form of incentives & concessions** (The startups that qualify the eligibility conditions in Karnataka would be entitled to the incentives and concessions provided in the i4, ESDM, AVGC, BT, Industrial policy etc.,)

# Government of Karnataka Start-up benefits

## New Age Incubation Network (NAIN)

- The new age incubation net work in engineering colleges will be expanded to all professional and post-graduate institutions in two-tier cities in a phased manner. At least 50 academic institutions shall be covered.
- Grants for supporting operational expenses in their incubator e.g. Salaries of Regional Coordinators, mentoring programs, networking meetings, conducting Hackathons etc.
- Annual Financial support for projects for upto Rs. 3 lakhs per project
- Training and Capacity Building for Faculty and students
- Exposure to Support and Network Programs conducted by the departments concerned
- Opportunity to visit international startup destinations



# Government of Karnataka Start-up benefits

## **Creating Incubation infrastructure through PPP**

- Such centers must provide all necessary infrastructure for the given sector such as R&D Labs, common centre for prototyping, common testing/QA/QC labs, design studios and tool rooms, etc.
- Land or built-up space would be provided at the applicable rates in Industrial/IT parks/SEZs developed by the Government in two-tier cities.
- The support from the Government for the PPP partner would be determined through price discovery through open bidding. The support shall be for a period of 3 years.

# Government of Karnataka Start-up benefits

## IDEA<sub>2</sub>POC FUND

- **Fund Size:** upto 50 Lakhs
- **Sector:** All technology based sectors.
- **Eligibility:** Students, professionals and startups may apply here for this GoK grant-in-aide



## Government of Karnataka Start-up benefits

- The Karnataka government has launched the 'Elevate 100' scheme to identify and nurture innovative start-ups.
- "Till date, Karnataka Government identified 46 start-ups and sanctioned ₹15.68 crore in the field of biotech (26 start-ups, ₹10.70 crore), tourism (8 start-ups, ₹1.80 crore) and IT (12 start-ups, ₹3.18 crore).

# SIDBI Startup Mitra portal

**An electronic platform connecting all the stakeholders in the start up Eco system**

[www.sidbistartupmitra.in](http://www.sidbistartupmitra.in)





## SIDBI STARTUP MITRA PORTAL

### What is it?

- ✓ **SIDBI has developed an electronic platform ([www.sidbistartupmitra.in](http://www.sidbistartupmitra.in)) for Indian startup ecosystem.**
- ✓ **The main objective is to bring all the stakeholders (namely start up entrepreneurs, incubators, investors (angels/ Venture Capital Funds), advisors, industry bodies, Banks on this electronic platform, to meet the financing and other needs of the early stage and start up enterprises**
- ✓ **The platform facilitates entrepreneurs to engage with incubators, investors and government schemes for startups in India by becoming the knowledge partner for State and Central Government.**
- ✓ **The platform was launched by Shri.Pranab Mukherjee, Hon'ble President of India on March 17,2016 at Rashtrapathi Bhawan, New Delhi.**
- ✓ **Till now around 9458+ startups, 89 investors, 17 Mentors and 118 incubators are registered on the portal.**



# Features of the portal

## For Startups

- a) Find incubation programs of your choice located anywhere in India, apply to them in a single click
- b) Discover comprehensive financing choices for your startup by leading VCFs, banks and angel networks, apply to them in a single click
- c) Discover the ecosystem of mentors, advisors and service providers, connect with them with a single click
- d) Highly secure data-vault to store your venture presentations and collaterals, powered by multi-level control for sharing with other stakeholders in the ecosystem
- e) Powerful idea scan facility to search for patents, research, startup landscape and events around new ideas
- f) Find all latest government policies and schemes related to startups at one place



## Features of the portal contd.....

### For Venture Capital Firms/Angel Networks

- a) Create online offers of any financing/investment programs for startups in less than 5 minutes
- b) Large variety of startup profiles to pick for investments
- c) Access to startup data-vault to conduct quick preliminary due-diligence for funding
- d) Invite advisors and mentors to provide structured online assessment of the startups

# Features of the portal contd.....

## For Incubators

- a) Create offers of variety of incubation and training programs online for startups in less than 5 minutes
- b) Easy tracking and management of incubation application for startups
- c) Easily manage the profile of incubation portfolio
- d) Access to startup data-vault to conduct preliminary assessment for incubation
- e) Invite advisors and mentors to provide structured online assessment of the startups



## Startup friendly portal features

- a) Hosting testimonials of stakeholders in Startup Ecosystem.
- b) Having tie-up with institutions like TIE for on boarding mentors on the portal.
- c) Publicity through social media.
- d) Listing of Start-up events on the Portal.
- e) Interactive dashboards for Incubators and Investors

## **SIDBI Startup Mitra Portal - Statistics**

- **Status of applications as on date**

<b>Nos. of Startups Registered on the Portal</b>	<b>7972+</b>
<b>Nos. of Investors registered on the portal</b>	<b>87</b>
<b>Nos. of Mentors registered on the portal</b>	<b>17</b>
<b>Nos. of Incubators registered on the portal</b>	<b>116</b>



# Fund of Funds operations of SIDBI

# SIDBI's Early initiative on Fund of Funds

- SIDBI started supporting Venture Funds as an arm of the Government of India in 1995
- Initially, SIDBI supported Regional Venture Funds



# SIDBI's initiative on Fund of Funds

1997

2009

MSME - RCF

Budget Speech

"...SIDBI will participate in VCFs set up by public sector institutions as well as private companies upto 50% of the total corpus of the Fund (dedicated to the financing of small-scale industry)"

SIDBI started contributing to All India Venture Funds.

"...In order to give a fillip to the sector (MSME), I propose to create a **risk capital fund** in the Small Industries and Development Bank of India (SIDBI)"

MSME-RCF of Rs.2000 crore was launched

Budget Speech



# SIDBI's initiative on Fund of Funds

2014

## India Aspiration Fund

India Aspiration Fund (IAF) was formally launched by Shri Arun Jaitley, Hon'ble FM, on August 18, 2015. Corpus revised to Rs. 2000 crore and renamed as IAF

2015

## ASPIRE Fund

"...To establish technology centre network to promote innovation, entrepreneurship and agro-industry, I propose to set up a fund with a corpus of Rs. 200 crore"

The Scheme envisages setting up of a Fund of Funds [ASPIRE Fund] of Rs. 60 crore with SIDBI (out of Rs 200 cr)

Formally launched on October 20, 2016 by Shri Kalraj Mishra, then Hon'ble Minister of MSME

Budget Speech



# Major Intervention in Fund of Funds

2016

Fund of Funds for Startups

**Hon'ble PM's  
Announcement in January  
2016**

Union Cabinet approved Startup India Action Plan in June 2016 with corpus of Rs.10000 crore, as part of Startup Action Plan

# Fund of Funds operations at SIDBI

	MSME – RCF	IAF*	FFS	ASPIRE Fund
Year of Launch	2009	2015	2016	2016
Corpus	Rs. 2000 crore	Rs.2000 crore	Rs.10,000 crore	Rs.60 crore
Commitments	Rs. 1188 crore	Rs. 1243 crore	Rs.623.50 crore	Rs. 55.50 Crore

- LIC has co-invested Rs.200 crore alongside IAF under SIDBI – LIC MoU

- commitments – Rs. 3399 crore to 116 Funds



## Identification of Fund Manager/AIFs – Sanction process

- Preliminary discussions are held with the Fund Managers by Senior officials on broad parameters like Investment Focus, Sector, Tenor, Fund Manager Experience.
- Based on the Preliminary Information Forms submitted by the Fund Managers, the proposal is put up to Venture Capital Investment Committee (VCIC).
- The Fund Managers make presentations and the proposals are deliberated during the meeting of VCIC. Since July 2015, VCIC has met 9 times till date.
- Based on the in-principle clearance by the VCIC, formal application in the form of detailed Questionnaire is issued to the Fund Managers.
- Upon submission of detailed application, due diligence exercise is taken up by SIDBI team and proposals are put up for formal sanction by the Executive Committee (EC) of the board of SIDBI.

## Some of the unsuccessful Startups which are closed

- AutoRaja
- Aagaur
- Getnow
- Franklyne
- AppSurfer
- Flashdoor
- Dazo
- Fashionara
- You We Can
- AskMe.com



# Some of the Successful Startups In India

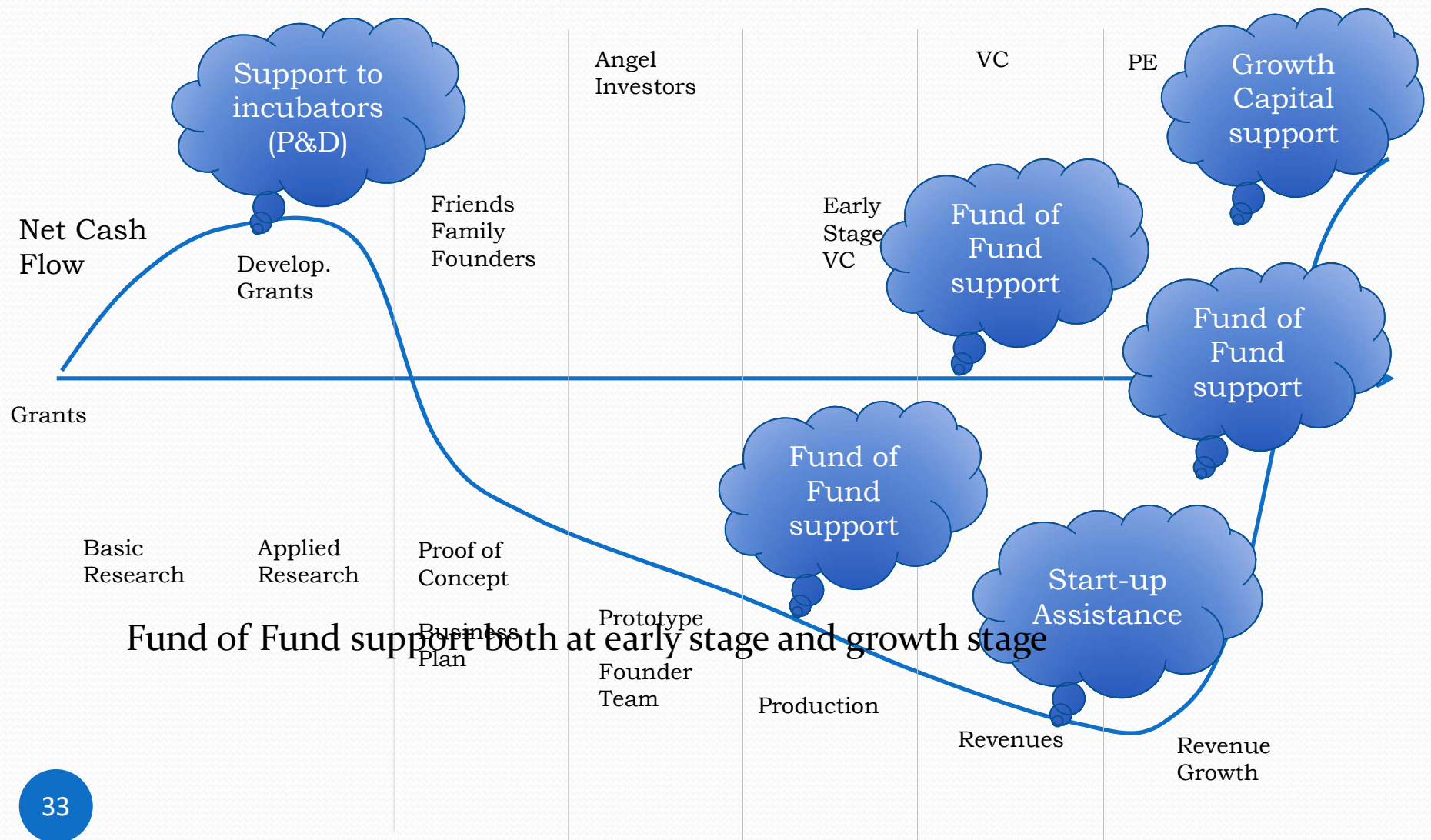
- Uber
- Flipkart
- Snap deal
- Ola
- In mobi
- Hike
- MVSigma
- PayTM
- Zomato
- Quikr

## Certain other value based Startups

- **BRIGTAP**
- **Meethere**
- **Freshy**
- **One Test Diagnostics**
- **Openwater.in**
- **Qeye**
- **Marini Naturals, Kenya**
- **Karz, Israel**
- **Boltt Sports Technologies, India**



# Startup Life Cycle





SEEK HANDHOLDING SUPPORT



ACCESS LENDERS



FASTER LOAN PROCESSING

**LOAN IN EASY STEPS FOR**  
BUSINESS ENTERPRISES AND MSMEs



APPLY HERE





The background is a solid blue color with a gradient. At the top, there are several thin, wavy lines in shades of blue and green that curve across the width of the slide.

# Thanks