

# Start-up with SBI

February, 2016



भारतीय स्टेट बैंक  
State Bank of India

हर भारतीय का बैंक  
THE BANKER TO EVERY INDIAN



Dear Entrepreneurs,

In recent years, the Indian startup ecosystem has really taken off and come into its own—driven by factors such as massive funding, consolidation activities, evolving technology and burgeoning domestic market. Compared to a few years ago, Indian startups now have easier access to capital, mentors, and there is lesser taboo associated with starting a new venture.

Many startups and small and medium-sized firms dream of becoming big players one day. However, realizing that goal is a long and arduous task that requires several key elements to be in place. One of the significant element is to associate with a perfect banking and financial partner.

At SBI we were witnessing a continuous need for creating a one-window system for startups, designed for their financial requirements. To fulfil the need we have inaugurated SBI InCube, a dedicated branch for Startups at Bangalore.

We invite you to be part of the banking system by opening an account with InCube so that we can assist you in your journey to Unicorn.

With Best Wishes

Rajni Mishra, CGM Bangalore

What  
Stakeholders  
Say.....



**"I see startups, technology and innovation as exciting and effective instruments for India's transformation."**

Shri Narendra Modi  
Prime Minister of India

**PLEDGE:** I've started investing in start-ups. There are enough number of people in the market who are interested. I'm hoping that with time, we'll have people raising \$50m-\$100m from domestic investors

**CHALLENGE:** Indian markets are not yet ready for a large Internet company listing but we would absolutely love to list here when the time comes

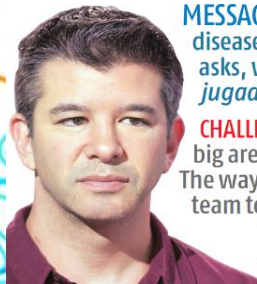
SACHIN BANSAL, co-founder, Flipkart



**MESSAGE:** In office we have the saying "fear is the disease, hustle is the answer". And my Indian team asks, what is hustle in Hindi? It is always be *jugaading*.

**CHALLENGE:** In India, payments is very different, it's a big area where we need to change the way we serve. The way we deal with that is to empower the local team to find the local solution. You do not need to be from India to love India.

TRAVIS KALANICK, co-founder and CEO, Uber



**PLEDGE:** "We have already invested \$2 billion and would be scaling up to \$10 billion. I believe there would be more new start-ups popping up in India and not consolidation... For a start-up, it is like falling in love with a beautiful girl, it's not always about logic"

**CHALLENGE:** "Start-up companies can't take care of infrastructure. Infrastructure requires a lot of capital. So today in India, the two things lacking are mobile broadband infrastructure, the connectivity is too slow and expensive and the second is electricity"

MASAYOSHI SON, founder and Chairman, SoftBank



**PLEDGE:** "We want to build a local business in India and hire all local management... We will launch here soon"

**CHALLENGE:** 83% of millennials in India will prefer to work for a company with intention for a lower pay than for a company without intention.

ADAM NEUMANN, founder, WeWork



**PLEDGE:** Trust and safety are key for our industry, we have to keep improving tech, design, compliance.

**CHALLENGE:** Availability of skilled manpower at different levels of capability is a big challenge for us. We have a lot of people but we need to impart the right skill

BHAVISH AGGARWAL, co-founder and CEO, Ola





Introducing

**SBI**  
**InCube**  
Nurturing Ideas. Empowering Growth.

State Bank of India  
THE BANKER TO EVERY INDIAN

It's where your start-up idea has a future.



Shri Mohandas Pai lighting up the lamp for inaugurating InCube along with SBI Chairman Ms. Arundhati Bhattacharya and Shri Rajnish Kumar, MD SBI. Also present Mrs. K Ratnaprabha, Addl Chief Secretary and Shri Sharad Sharma, iSPIRT



Chairman SBI, addressing audience at the gathering.

Chairman SBI, Inaugurating monthly newsletter "StartUps with SBI"



Panel discussion on "StartUp India: Emerging trends, Meeting Financial Challenges" Also Seen Ms. Ananya Tripathi, Head of Strategy & Planning, Mynta, Mr. Rajiv Srivatsa, COO Urban Ladder, Mr. GV Ravishankar, MD Sequoia Capital, Mr. Joydeep Sengupta, Director McKinsey & Co., Padma Shri Mohandas Pai, Mr. Vikram Vaidyanathan, MD Matrix Partners, Mr. Mayank Jain, Head of corporate strategy, Flipkart, Mr. Atul Tewari, COO Quickr

# StartUp India : Action Plan

## Start-up with SBI

On 16<sup>th</sup> January, 16 Prime Minister Mr. Narendra Modi presented the outline of the government's "Start-up India" plan to an enthusiastic audience. The intention of the plan is to be applauded, and there is much in it that is praiseworthy. However, euphoria over it needs to be tempered with a realistic assessment.

Action Points	Details	Positives	Minus
Compliance regime based on self-certification	<ul style="list-style-type: none"> <li>Self-certification through mobile app</li> <li>Nine labour laws, including gratuity without any inspection, for three years</li> <li>Three environmental laws</li> </ul>	No inspection Comply with laws according to mandate Random checks possible	Including gratuity, as in normal circumstances, it applies for companies over five years
Start-up India hub	<ul style="list-style-type: none"> <li>Ecosystem in hub-spoke model</li> <li>Collaborate with state and center, VCs, universities, R&amp;D centres</li> <li>Organise mentorship programmes</li> </ul>	Already informal model exists across India	No formal mechanism
Rolling out mobile app and portal	<ul style="list-style-type: none"> <li>The app shall be made available on all leading mobile/smart devices platforms from April 1</li> <li>Registering start-ups with agencies</li> <li>Mobile app integration with Ministry of Company Affairs</li> </ul>	Promise of simple Procedure	Need to upgrade MCA website to handle integration
Legal support and fast-tracking patent examination at lower costs	<ul style="list-style-type: none"> <li>Filing for compliances</li> <li>Launched on a pilot basis for one year</li> <li>Fast tracking start-up IPR shall help file patents</li> <li>Panel to assist patent filing</li> <li>80% rebate on patent filing</li> </ul>	Will help start-ups build IP-focused innovations	No long-term plans No clarity whether this would also apply for foreign patents
Relaxed norms of public procurement for start-ups	<ul style="list-style-type: none"> <li>Relaxes tender qualifications on prior experience/turnover</li> <li>Includes start-ups in MSME category that get 20 per cent preference in government sourcing</li> </ul>	Would help start-ups to bid for govt contracts Help innovative ideas to scale Need to prove capability to execute	No clarity whether new ideas and processes would be encouraged
Faster exit for start-ups	<ul style="list-style-type: none"> <li>Insolvency for simple structure start-ups in 90 days</li> <li>The Insolvency and Bankruptcy Bill, 2015, presented in Parliament already has the provisions</li> </ul>	If Bill is passed, good Start	
Providing funding support through a fund of funds	<ul style="list-style-type: none"> <li>Fund of funds</li> <li>Corpus of ~10,000 crore</li> <li>~2,500 crore investment each year for four years</li> <li>Fund managed by a board</li> <li>LIC as a co-investor</li> </ul>	Not just focused on tech, manufacturing, agriculture included	Clarity on how performance of the fund measured
Credit guarantee fund for start-ups	<ul style="list-style-type: none"> <li>Help flow venture debt from banks</li> <li>Credit guarantee mechanism through National Credit Guarantee Trust Co</li> <li>Corpus of ~500 crore every year for four years</li> </ul>	Provide credit guarantee for start-ups	Banks should give loans based on business opportunity, not be forced to lend
Tax exemption on capital gains	<ul style="list-style-type: none"> <li>Promote investments into start-ups by mobilising the capital gains arising from sale of capital assets</li> <li>Aimed at suitable incentives for investors to invest in start-ups</li> </ul>		

Overall, while the intent is praiseworthy and there are many laudable ideas in the policy, much in the fine print needs attention if its goal is to be realised. Hopefully, the government will be nimble in making any needed changes and in overseeing Start-up India's implementation.



On 2<sup>nd</sup> Feb, RBI Governor highlighted the steps being taken by the Reserve Bank of India, to promote the ease of doing business and contribute to an eco-system conducive for growth of entrepreneurship, particularly in respect of the start-up enterprises. The details are:

1. Enabling start-up enterprises to receive foreign venture capital investment and also explicitly enabling transfer of shares from Foreign Venture Capital Investors to other residents or non-residents;
2. Permitting, in case of transfer of ownership of a start-up enterprises, receipt of the consideration amount on a deferred basis as also enabling escrow arrangement or indemnity arrangement up to a period of 18 months;
3. Enabling online submission of A2 forms for outward remittances on the basis of the form alone or with document(s) upload/submission, depending on the nature of remittance; and
4. Simplifying the process for dealing with delayed reporting of Foreign Direct Investment (FDI) related transaction by building a penalty structure into the regulations itself.

## The Day We Cherish.....

Mr. Adithya Padala,(CEO of UmeVoice a leading Silicon valley Company pioneered in world's best noise cancelling headsets called the Boom and one of the charter members of The Indus Entrepreneurs (TiE) and one of the mentors for Silicon Valley Launchpad for TiE) visited SBI InCube on 25.01.2016. He appreciated the ambience and congratulated SBI for this initiative.

He enquired about the facilities SBI InCube is offering to Startups. Following are some of his observations:

- Initiatives of both Government of India and State Bank of India are unique and are in the right direction to give the Start-Up community the required boost.
- Start-Ups should concentrate on building a customer base and gaining traction by improvising their product which will automatically invite the VC attention and the projects will take off, instead of looking for VC funding in the initial stages.
- Mr Padala also threw some light on his interactions with the Prime Minister during his visit to the Silicon Valley and on Start-up India event. He is hopeful that the new policy for start-ups will benefit the start-up eco system in the country and help India become the next destination for start-ups.

*Thank you very much Mr. Padala, for your interactions and we move forward with your inspiration!!*

(Mr. Padala is in India, leading the delegation of Silicon Valley Entrepreneurs to the Start-Up India – Stand Up India campaign kick started on 16.01.2016 by Government of India)



## Important Events scheduled during the month

Date	Event	Venue
12.02.2016	Product offering in SBI InCube for startups	Ginserve (Global Incubation Services) Auditorium, HAL 3 <sup>rd</sup> Stage, Kodihalli, Bengaluru
27.02.2016	Startup Master class V3, organised by IIT Kanpur Alumni Association	JW Marriot hotel, 8th Road, Plot No 75, EPIP Area, Whitefield Bengaluru

To Know More visit our website [www.sbi.co.in](http://www.sbi.co.in) or call our toll free number 1800-112211

Start-up branch: SME Branch, State Bank of India,  
Local Head Office Campus, 65, St. Marks Road, Bangalore.

Sudhindra- 9535195706, Vandana- 9480841995, Deviga- 9845366362  
 080-25943334, 25943329, [sbi.11349@sbi.co.in](mailto:sbi.11349@sbi.co.in)

Follow us:



Editorial Team: Sunil Yadav (CM& Head), B.S.Rathore (Manager) SBI RTMU Bangalore

Disclaimer: In the preparation of the material contained in this newsletter, SBI has used information that is publically available, including information developed in-house. Information gathered & material used in this document is believed to be from reliable sources. SBI however doesn't warrant the accuracy, reasonableness and/or completeness of any information. All recipients of this material should seek appropriate professional advice before dealing and or transacting in any of the products referred to in this material and make their own investigation. SBI shall not be liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner whatsoever.