



**Policy for issue of recommendation/support/endorsement
letter to startups under the Startup India Initiative of
Government of India**

(Version: 9 April 2016)

1. Background

- A. 16 January 2016: Launch of the Startup India Action Plan by the PM
(http://dipp.nic.in/English/Investor/startupindia/StartupIndia_ActionPlan_16_January2016.pdf)
- B. 17 Feb 2016: GSR 180(E): Notification by DIPP defining a “Startup” under the Startup India Initiative.
(http://dipp.nic.in/English/Investor/startupindia/Definition_Startup_Gazette_Notification.pdf)
- C. FAQs published by DIPP:
http://dipp.nic.in/English/Investor/startupindia/FAQs_StartupIndia_30March_2016.pdf
- D. List of incubators put up by DIPP:
http://startupindia.gov.in/upload/Startup_India_List_of_Incubators.pdf
- E. Formats for recommendation letters:
http://startupindia.gov.in/startup_registration.php

2. Definitions

A	Startups per Startup India Initiative	<p>A startup is defined an</p> <ol style="list-style-type: none"> 1. Entity that is structured as a private limited company (as defined by the Companies Act, 2013), or a registered partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2002), and 2. Entity is within up to five years from the date of its incorporation/registration, and, 3. Entity whose turnover (as defined under the Companies Act, 2013) for any of the financial years has not exceeded Rs 25 crore, and, 4. Entity that is working towards innovation, development, deployment or commercialization
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		<p>of new products, processes or services driven by technology or intellectual property (Qualifying Activity), and</p> <ol style="list-style-type: none"> 5. Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a startup 6. Entity that has applied on the Startup India Mobile App/ Portal
B	Startup as per Startup India Initiative who are eligible for tax and IP benefits	A startup as defined above that also has obtained a certificate of an eligible business from the Inter-Ministerial Board of Certification.
C	Inter-ministerial Board of Certification (IMBC)	<p>A board consisting of:</p> <ol style="list-style-type: none"> 1. Joint Secretary, DIPP 2. Representative of DST 3. Representative of DBT
D	Qualifying activity	<p>If it aims to develop and commercialize:</p> <ol style="list-style-type: none"> 1. A new product or service or process, or 2. A significantly improved existing product or service or process, that will create or add value for customers or workflow <p>Provided the following acts will not be covered under this definition:</p> <ol style="list-style-type: none"> 1. Mere act of developing products or services or processes which do not have potential for commercialization, or 2. Mere act of developing undifferentiated products or services or processes, or 3. Mere act of developing products or services or processes with no or limited incremental value for customers or workflow.
E	Incubators allowed to issue recommendation letters	<p>Incubators qualified to issue recommendation letters are:</p> <ol style="list-style-type: none"> 1. Any incubator established in a post-graduate college in India 2. Any incubator which is funded (in relation to the project) from the Government of India or any State Government as part of any specified scheme to promote innovation. 3. Any incubator recognized by Government of India.

3. Policy for issue of recommendation/support/endorsement letter to Startups

The Venture Center team has studied the DIPP’s notifications and announcements.

Venture Center appreciates and supports the DIPP’s efforts relating to the Startup India Initiative.

However, the current proposed process of DIPP wherein an incubator such as Venture Center recommends a startup presents the following challenges:

- Venture Center is expected to validate the nature of business as “innovative” – which is difficult in the context of differences in views on what constitutes an innovative business. Venture Center focuses on inventive and science based business and thus prefers to characterize businesses pursuing inventive technology ideas as innovative business.
- The process of validating businesses as innovative requires considerable investment of time and efforts, which Venture Center is unable to commit to except in the case of its own Resident Incubatees (which anyways are screened using a rigorous eligibility policy).
- Due to lack of objective and universally accepted criteria defining an “Innovative” business, there is a risk of conflicts and even risk of black listing by DIPP. Such conflicts would unnecessarily consume management bandwidth. And the risk of black listing by DIPP will not let Venture Center serve its resident incubatees once black listed.

In this context, Venture Center has decided on the following policy on issuing recommendation/ support / endorsement letter:

- The Venture Center shall only issue letters of recommendation/ support / endorsement to:
 - Current resident incubatees (Note: Soft Landing program members and Eco System Partner Program members do not qualify)
 - Past resident incubatees (Note: Soft Landing program members and Eco System Partner Program members do not qualify)
 - Associate incubatees
- The Venture Center shall not issue letters of recommendation/ support / endorsement to:
 - Pre-incubation program members
 - Entities which are not associated with Venture Center via its Resident / Associate Incubation program
- Additionally, Venture Center team will ensure that all criteria announced by DIPP are met beyond Venture Center’s eligibility/ admissions policy.

	One of A or B needs to be YES
A	Does the entity aim to develop and commercialize a new product or service or process?
B	Does the entity aim to develop and commercialize a significantly improved existing product or service or process, that will create or add value for customers or workflow

AND

	None of C, D and E should be NO
C	Is the entity merely developing products or services or processes which do not have potential for commercialization
D	Is the entity merely developing undifferentiated products or services or processes, or
E	Is the entity merely developing products or services or processes with no or limited incremental value for customers or workflow.

Additional indicators (F, G, H)

	Indicators
F	Entity has a letter of funding not less than 20 per cent in equity by any Incubation Fund/Angel Fund/Private Equity Fund/Accelerator/Angel Network duly registered with Securities and Exchange Board of India that endorses innovative nature of the business.
G	Entity has a letter of funding by Government of India or any State Government as part of any specified scheme to promote innovation
H	Entity has a patent filed and published in the Journal by the Indian Patent Office in areas affiliated with the nature of business being promoted.

- Venture Center shall not charge any fee for this service.
- Requests for issuing letters of recommendation/ support / endorsement may be directed to the,

Manager Incubator

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Dr. Homi Bhabha Road, Pune – 411008

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Email: managerincubator@venturecenter.co.in

- The General Manager, Venture Center, shall issue the letter.

4. Contact person for this policy

General Manager

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