

Startup Watch

ISSUE NO 20
15 SEPTEMBER 2021

FORTNIGHTLY
NEWSLETTER



This Issue

FinX Labs to hand-hold Fintech startups from GIFT City P.2

RBI, Singapore's MAS launch project to link UPI and PayNow P.3

Startup Funding P.4

Startup Events & FAQs P.6

STARTUP POLICIES

RBI's Regulatory Sandbox Selects 8 Startups For 2nd Cohort, 3rd Cohort To Focus On Lending

Inc42

The Reserve Bank of India's (RBI) regulatory sandbox refers to live testing of new products or services in a controlled or test regulatory environment

The application for the third cohort for medium, small and micro enterprises (MSMEs) lending use cases may be submitted from October 01, 2021 to November 14, 2021

For the second cohort, the RBI had received 27 applications from 26 entities, of which eight entities have been selected for the 'Test Phase' which will commence from the third week of September. The Reserve Bank of India (RBI) has announced that applications for the third cohort of its regulatory sandbox are now open. The third cohort, which will focus on lending use cases for medium, small and micro enterprises (MSMEs), was announced in December 2020 but the application window has now been opened.

RBI's regulatory sandbox refers to live testing of new products or services in a controlled or test regulatory environment for which regulators may (or may not) permit certain regulatory relaxations for the limited purpose of the testing.

The regulatory sandbox allows the regulator, innovators, financial service providers and customers to conduct field tests to collect evidence

on the benefits and risks of new financial innovations, while carefully monitoring and containing their risks. According to the RBI, the application for the third cohort may be submitted from October 01, 2021 to November 14, 2021.

India allocates Rs 120 Cr to incentivise domestic drone manufacturing

<https://entrackr.com/2021/09/india-allocates-rs-120-cr-to-incentivise-domestic-drone-manufacturing/>

The Indian government approved to allocate Rs 120 crore spread over the next three financial years towards production linked incentives (PLI) for manufacturing drones and its components in the country.

Industry experts say the move could be a major shot in the arm for the local drone industry especially when seen in tandem with the highly liberal new drone rules. It could be a key driver for the Indian market where domestic drone companies have so far largely depended on importing a number of components from China to build their drones.

The incentive for a manufacturer of drones and drone components shall be as high as 20% of the value addition made by them. The value addition shall be calculated as the annual sales revenue from drones and drone components (net of GST) minus the purchase cost (net of GST) of drone and drone components.

The government has kept the PLI rate constant at 20% for all three years, which is unique to the

drone industry. In PLI schemes for other sectors, the rate reduces every year.

The proposed tenure of the PLI scheme is three years starting in FY 2021-22 and will be extended or redrafted after studying its impact in consultation with the industry.

“The scheme will bring huge economic multipliers for India, where drones & drone components manufacturing sector is likely to see an investment of over INR 5000 cr and generate 10000 direct jobs over 3 years,” Civil Aviation Minister Jyotiraditya Scindia said in a statement.

“The annual sales turnover of the drone manufacturing industry may grow from Rs 60 crore in 2020-21 fold to over Rs 900 crore in FY 2023-24,” the Civil Aviation Ministry said in a statement.

The minimum value addition norm has been fixed at 40% of net sales for drones and drone components instead of 50%, another exceptional treatment given to the drone industry. Industry experts say this could allow more players to take part in the scheme.

“The PLI scheme will encourage all drones and components manufacturers to come to India to leverage the low cost manufacturing environment and even the great talent pool we have here,” Ankit Mehta, co-founder of ideaForge, one of India’s biggest drone makers, said.

MSMEs and startups with an annual sales turnover of Rs 2 crore (for drones) and Rs 50 lakhs (for drone components) are eligible for the scheme. For non-MSME companies, annual sales turnover has been kept at Rs 4 crore (for drones) and Rs 1 crore (for drone components).

Meity to fund 300 early-stage startups in India through new Samridh Programme

<https://www.livemint.com/companies/start-ups/meity-to-fund-300-early-stage-startups-in-india-through-new-samridh-programme-11629886326737.html>

NEW DELHI: The Ministry of Electronics and Information Technology (MeitY), on Wednesday, announced the Startup Accelerator for Product Innovation, Development & Growth (SAMRIDH) programme, which aims to help grow-

ing startups in India. The programme was announced in the annual report of the MeitY earlier this year and was under approval at the time. “The part when an idea is being converted into a product, and the product is being scaled, is the most vulnerable part (of a startup). As we all know more than 50% of startups are not able to cross this bridge due to various reasons,” said Ashwini Vaishnaw, minister of electronics and information technology. The minister also said that the government wants to scale up the networks of incubators and startups to 10x, 20x and more. The government has invited existing startup accelerators to partner with and will provide funding of up to ₹40 lakh to them. The scheme claims to fund 300 early-stage startups that are close to the product development stage over a period of time.

Only accelerators that have been in the incubation business for at least three years and supported more than 50 startups, with at least 10 having a non-public business will be able to apply for the scheme. They must also have operations in India and the necessary space and infrastructure to be eligible.

This isn’t the first time the government has partnered with startup accelerators. On August 7, the MeitY Startup Hub joined hands with India Accelerator under a program called SOMA, which aims to promote deep tech startups in the country. MeitY Startup Hub is another programme under MeitY that aims to promote startups in the country.

STARTUP STORIES

FinX Labs to hand-hold Fintech startups from GIFT City

Fiinews, August 27, 2021

FinX Labs is set to mentor Fintech startups by hand-holding them with a structured framework and creating opportunities to scale from its newly opened startup accelerator and co-working space at the International Financial Services Centre (IFSC) in the Gujarat International Finance-Tec City (GIFT City).

“It is the need of the hour for verticals to have

segment-oriented accelerators to drive growth and provide every advantage possible. FinX labs is ideally positioned to mentor Fintech startups by handholding them with a structured framework and creating opportunities to scale,” Umesh Uttamchandani, Co-founder & CGO, DevX Co-working & Accelerator said in a release on 26 Aug 2021.

“GIFT city is the obvious choice and ideal place to locate the Fintech accelerator with the ease of doing business and various financial incentives being offered like lower taxation numbers. We are sure that FinXlabs will help propel the Fintech startups forward,” he said.

Inaugurated under the vision of Injeti Srinivas, Chairperson GIFT IFSCA, Tapan Ray, MD & Group CEO, GIFT City and Dipesh Shah, Head Development and International Relations, GIFT IFSCA; FinX Labs has also signed an MoU National Stock Exchange (NSE) as a knowledge partner.

Jaxay Shah, MD Savvy Group, added, “The GIFT IFSC was conceived precisely to act as a catalyst for ideas, ventures and endeavors that spur growth and harness synergies, propelling India’s standing in the international markets. FinX under the umbrella of IFSCA, will nurture fintech startups providing them with mentoring, funding, networking and access to global financial centres.” Emphasizing the need for collaboration, Ravi Varanasi, President, NSE Group, said, “We believe this partnership will nurture fintech innovation to make GIFT City one of the foremost international hubs for breakthrough fintech products. Keen developmental approach of IFSC Authority is the catalyst in bringing about this transformation.”

Aniruddh Jhaveri, Partner at Flexworx, elaborated, “When we talk about dynamism we generally refer to startups or entrepreneurs, but we often forget that regulators also take the leap of faith alongside. The team at IFSCA is unparalleled and access to the regulatory sandbox is a wonderful way to test ideas under a controlled environment. FinX labs opens up a plethora of opportunities for businesses looking to setup shop in GIFT IFSC; give growing business a tint of agility with flexible plug and play infrastructure.” FinX Labs is a joint venture by Indians – Jaxay Shah (MD, Savvy Infrastructure), DevX co

-working & accelerator and Flexworx.

RBI, Singapore’s MAS launch project to link UPI and PayNow

<https://indianstartupnews.com/news/rbi-singapores-mas-launches-project-to-link-upi-and-paynow/>

India’s Reserve Bank of India (RBI) and Singapore’s Monetary Authority of Singapore (MAS) today announced the launch of a project to link their respective payments systems, Unified Payments Interface (UPI) and PayNow.

Following this, Users will be able to make instant, low-cost fund transfers on a reciprocal basis without a need to get onboarded onto the other payment system, RBI said in a release. The linkage of both payments systems is targeted to be operational by July 2022.

The central bank believes that this linkage is a significant milestone in the development of infrastructure for cross-border payments between India and Singapore and closely aligns with the G20’s financial inclusion priorities of driving faster, cheaper, and more transparent cross-border payments.

The central bank further added that the linkage builds upon the earlier efforts of NPCI International Private Limited (NIPL) and Network for Electronic Transfers (NETS) to enable cross-border interoperability of payments using cards and QR codes, between India and Singapore.

The announcement is also a part of RBI’s vision of reviewing corridors and charges for inbound cross-border remittances outlined in the Payment Systems Vision Document 2019-21. UPI, which was developed by NPCI, is a mobile-based fast payment system that allows users to make round-the-clock payments instantly using a Virtual Payment Address (VPA) created by the bank account holder. The main purpose of UPI is to eliminate the risk of sharing bank account details by the emitter.

Whereas PayNow also enables users to send and receive instant funds from one bank or e-wallet account to another in Singapore by using just the mobile number, Singapore NRIC/FIN, or VPA. Earlier in July this year, NPCI’s International payments arm had partnered with the Royal Monetary Authority (RMA) of Bhutan to

enable and implement BHIM UPI QR-based payments in Bhutan. Since then, NPCI has been partnering aggressively with companies to expand UPI payment systems in other countries.

Earlier this week, NPCI, through its international payments arm, had partnered with Singapore's Liquid Group to enable UPI QR-based payments acceptance in 10 North and South-east Asian markets.

Singapore's Teachee enters the Indian market

Fiinews, August 23, 2021

Singapore-based education technology company Teachee has announced its launch in India with follow on plans to be in 10 more countries by the end of 2022 as part of its plans to disrupt EdTech SaaS market in the Asia Pacific region.

A subsidiary of Vlight Technology Pte, the brand enters the Indian market on the back of huge success in South Korea. Teachee already boasts of more than 35,000 educators on the platform since the launch of its beta in October of last year, said the company in a release on 23 Aug 2021, listing out its vision to become the most widely used SaaS platform for educators in the region.

With online education gaining momentum in the country, Teachee is uniquely placed to help educators build a successful practice. Teachee's revolutionary platform lets educators design a fully branded website without having the need of any prior technical background. The unique patented and secured platform allows instructors to build and curate their own curriculum with ease. Teachers and educators can now sell online courses, take tests and assignments, conduct live classes, share recorded videos and do much more.

Teachee's user-friendly platform is engaging for teachers and students alike. Teachers can chat with students and check their performance reports with just a couple of clicks. The powerful marketing solutions embedded in the platform helps institutes acquire students online with tools including Promo Codes, Affiliate Marketing, Blogs, Open Courses, etc. Teachee also helps educators manage and analyse their revenue on their dashboards.

Aakash Kasaundhan, an IIT-BHU alumnus with more than 10 years of start-up experience, and co-founder of 2 EdTech ventures, will lead the operations for Teachee in India.

"Teachee was created to help educators start up their own institute and have the ability to expand their business in a cost-effective manner. During the pandemic, the ability to teach and learn were pushed to the limits with people forced to turn to online platforms for learning," said Kasaundhan, Country Manager, Teachee India. "However, this has also created the need for a specialized learning platform that benefits both the educator and the student. Before the India launch, our team of experts spent a lot of time in understanding the expectations, needs and hurdles being faced by students and educators. These insights helped us to create a product that we feel will be a perfect fit for them." said Kasaundhan.

Teachee, a subsidiary of Vlight Technology Pte is a Singapore-born EdTech start-up with operations in India, South Korea and Singapore. Teachee provides an innovative and highly secured online live streaming education platform where teachers can teach anywhere using their personal computers or desktops and students can have an immersive live learning experience anytime with their smartphones.

With R&D team from the world's top tech firms and outstanding academic staff graduated from top-rank universities in the United States and Singapore, Vlight Technology is committed to creating EdTech products that meet the needs for real education scenarios and bring changes to the global education industry .

STARTUP FUNDING

Fintech Startup MODIFI Raises \$24 Mn in Series B, To Empower Indian SMEs

Inc42

European fintech startup MODIFI, which empowers small and medium enterprises (SMEs) to trade internationally with digital trade financing, tripled its business in India in August 2021. The newly-acquired funds will be deployed to grow MODIFI's digital trade finance platform for

the Indian SMEs into a global trade management hub

The platform provides SMEs with simple digital solutions to finance their trades, protect them from counterparty risk, and easily track and manage their shipments

Currently, nearly 99% of all firms are small and medium enterprises (SMEs) in India, contributing to 48% of the country's exports. Moreover, SME lending and financing are also picking up pace during the pandemic. For instance, between January and August 2021, lending tech startups secured \$860 Mn in funding.

In an attempt to help Indians SMBs grow further, fintech startup MODIFI has raised \$24 Mn in a Series B round, which brings its valuation to more than \$120 Mn. MODIFI, which empowers SMEs to trade internationally with digital trade financing, tripled its business in India in August 2021, and is on track to distribute \$1 Bn to the Indian SMEs by 2023.

MODIFI's Indian business has represented 36% of the company's financed volume so far in 2021, maintaining the country's lead as the largest single market for MODIFI. It said the funds will be used to grow MODIFI's digital trade finance platform for SMEs into a global trade management hub.

The round was led by new investor Heliad Equity Partners with a co-investment from Neva SGR, the venture capital investment vehicle of Italy's banking group Intesa San Paolo. The round also saw participation from existing investors such as Global Founders Capital, Maersk Growth and Picus Capital.

Apna Fastest Indian Startup To Become A Unicorn After Raising \$100 Mn At \$1.1 Bn Valuation

Inc42

As the Indian job market goes through a churn amid the digital transformation, Apna, a job marketplace for India's blue-collar workers, has entered the unicorn club after raising \$100 Mn in a Series C round led by Tiger Global, along with participation from Owl Ventures, Insight Partners, Sequoia Capital, Maverick Ven-

tures and GSV Ventures, at a valuation of \$1.1 Bn.

Apna has become the fastest startup to enter the unicorn club within 2 years of its inception. Earlier, the record was held by Bhavish Aggarwal's Ola Electric. Apna is now the 26th Indian startup to have entered the celebrated unicorn club this year, and overall the 68th Indian startup to have crossed the \$1 Bn valuation.

Apna said it will utilise the fresh capital to strengthen its presence in 28 cities and expand pan-India by the end of this year. The job marketplace will further expand its upskilling platform and hire talent, and aims to increase its footprint globally such as the US, South-East Asia, and Middle East and Africa, starting in 2022.

Founded by Nirmal Parikh in 2019, Apna provides communities for skilled professionals such as painters, carpenters, sales agents, among others. A job seeker can find the available opportunities on the platform, and even connect with his peers. The platform claims to have grown 125X in the past 15 months and, at present, conducts 18 Mn interviews per month from a million it recorded in August last year.

"Apna has a deep social purpose, and is committed to discovery and creation of opportunities to enhance a billion livelihoods, across geographies," said Parikh.

Apna claims to have served more than 16 Mn job seekers, and helped 150K employers hire talent through its platform. At present, the platform has over 5 Mn jobs available and has more than 70 job categories and vertical communities. Some of the clients that Apna serves are newly-listed Zomato, Urban Company, PhonePe, BurgerKing, edtech giant BYJU's and Bharti AXA, among others.

The startup had raised its Series A round worth \$8 Mn in September last year and then raised \$12.5 Mn in an extended part of the round in March this year. The round was led by Lightspeed India and Sequoia Capital in participation with Greenoaks Capital Rocketship VC. Back then the platform was operational in only eight cities. The startup, in June this year raised \$70 Mn in Series B led by Insight Partners and Tiger Global.

STARTUP EVENTS >> UPCOMING

FinTech Festival India

9-11 March 2022, New Delhi, India

Website: <https://www.fintechfestival.in/event/6cf223a8-3f97-45d0-a2d9-1e8c1cae49ba/summary>

- FinTech Festival India 2022 will play a pivotal role in further strengthening the ecosystem and enhancing collaboration between Indian & Global FinTechs.
- FinTech Festival India will be one big celebration of new ideas, technologies, rich dialogues, productive engagements involving the greatest minds from the world of Finance and Technology. It will be preceded by a series of 10 Hybrid Micro Experiences in 8 cities in India until February 2022 and the culmination Mega Event will be held in March 2022 in New Delhi.
- FinTech Festival India aims to unleash the potential of FinTech in India and showcase the opportunities for global investors and global FinTech fraternity to venture in the Indian market.

STARTUP FAQs

Which are the bodies and agencies that fall under the category of “Funding Bodies”?

As per the notification no. G.S.R 180(E) dated February 17, 2016, Alternate Investment Funds, Venture Capital Funds, Angel Fund and Seed Funds registered with SEBI will be eligible for providing support to entities in which not less than 20 percent equity is taken up by such funds. The list SEBI registered funds(VCFs and AIFs) has been published on Startup India portal

What are the aspects that need to be reviewed before issuing support?

A funding agency is required to validate if the entity under review is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize :

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.

The following activities are not considered as a valid case for issuing support :

1. Products or services or processes which do not have potential for commercialization; OR
2. Undifferentiated products or services or processes; OR

Products or services or processes with no or limited incremental value for customers or workflow.

For Feedback & Comments, please contact:

High Commission of India,
31 Grange Road, Singapore- 239702.

Email : com2.singapore@mea.gov.in ; com.singapore@mea.gov.in

URL : www.hcisingapore.gov.in