

# Bengaluru: the startup capital

Business



Lush green gardens, complacent weather, vintage coffee houses like Koshy's are some of the key things that are usually tagged along with Bangalore. However, over the last few years, the term startups has also become synonymous with Bangalore.

Bangalore or rather Karnataka has been showered with attention from large MNCs, VC funds and startup talent over the last couple of years. The city, which is home to headquarters of successful homegrown companies like Infosys, Biocon also houses the best of the startup names like Flipkart, Ola Cabs and a zillion of other names. However, data also suggests that the NCR region has raced past Bangalore in 2015 in terms of number of companies being founded.

This falls in-line with data produced by venture debt firm Innoven Capital, which shows that Delhi- NCR region has overtaken Bangalore in the amount of angel funding. However, Priyank Kharge's team continues to have big ambitions for the state. Tanusree Deb Barma, Managing Director, Information Technology and Biotechnology at Government of Karnataka, is hopeful of replicating Bangalore's success throughout the state of Karnataka.

Addressing a Startup Summit conducted by Franchise India Holdings, Tanusree said that the government is working with institutions and education bodies to encourage more entrepreneurial activities in the state. Under Kharge's helm, the government currently hosts a monthly startup open house where he along with his team, sit with startups and discuss their issues in detail.

**Why does the industry bet on Priyank Kharge**

Priyank Kharge, the newly appointed IT and BT (bio-tech) minister, has come up with a number of initiatives to motivate the startup community in Karnataka. Kharge, who is in his late 30s, is a qualified technology person, who has managed to gain the faith of industry veterans and entrepreneurs. He is extremely active on social media and is very prompt when it comes to addressing important queries online.

Kharge's team has introduced a booster kit for startups which will enable them to have subsidized or free access to basic amenities. Under the startup booster kit, the startups can avail subsidized software services, data testing tools, internet services, legal advisors, tax benefits, incubation space, mentoring and a host of services. The two most important aspects of the policy include validation of an idea by providing testing fields and funding opportunities. His government also wants to make sure that innovation mushrooms right at the college and institution level.

Naganand Doraswamy, Managing Director & Founder, Ideaspring Capital said, "Priyank has the right ideas and the mindset to help and influence the start-up ecosystem in Karnataka. He understands the nuances of start-ups as he himself has worked closely with start-ups. Many start-ups face financial crunch in the initial stages until they develop a prototype or Proof-Of-Concept. This fund will definitely alleviate this problem and will encourage entrepreneurship tremendously.

This is a great initiative by the Government of Karnataka." Gopalakrishna Hegde, C. A. & C. S., Council Member, The Institute of Company Secretaries

of India, believes that Karnataka has always been the cradle for technological innovations and entrepreneurial ventures, particularly in IT, ITES and financial technology.

“ The advent of new Start Up Fund in Karnataka will encourage the native Enterprising Spirit of many new generation entrepreneurs and the Start Up India and Stand up India initiative will get an imminent boost in the State of Karnataka. Hence the setting up of new “ Start Up Fund” in the state is the most needed and welcome initiative, which will sure ensure Industrial Growth of Karnataka excelling on the global platform,” Hegde added.

Pranav Pai, Founding Partner at 3one4 Capital, said, “ Minister Priyank Kharge has driven the Karnataka Startup Cell in the right direction by voicing his intention to revamp the initiative. Removing the dependence on government incubation centers and making the initiative sector-agnostic were critical steps, and that will remove significant hurdles for the entrepreneurs. If the initiative were to keep a 10 year horizon vs 5 years, increase its allocation to women entrepreneurs, install startup centers in tier 2 towns in the state with free wifi and basic infrastructure, penetrate into the state’s many engineering colleges to grab the attention of students earlier, and do more work to involve non-technology talent into the startup movement as well, I think this will make Karnataka a step ahead of most other states in the country as the startup destination.”

Vinay Rao, Venture Partner at Venture Factory said, “ Entrepreneurs usually find that seed investment is the costliest round of funding that their startup would go through, So Govt of Karnataka providing the seed capital at this

level will help an entrepreneur rationalize the cost of capital. We also believe that along with seed capital providing access to markets and creating an ecosystem where product-market fit experiments can be done in a low cost will help decreasing the risk involved in startup creation.

### **Entrepreneurs love him already!**

Kharge's political achievements include, conceptualizing a first of its kind Center of Excellence in Aerospace/Aviation for the Government of Karnataka and Initiation of country specific pavilions for global investors meet - Invest Karnataka.

Entrepreneurs across domains have lauded his efforts to boost the ecosystem. Dr. Fathima Benazir, CEO Azooka Life Sciences LLP said, “ Innovative programs like Multi Sector Startup fund, clearly breaks the general perception that governments are slow and their processes are long and winding. Karnataka Startup Cell's approach addresses problems that founders face from company creation, legal, funding to even data storage. Karnataka Government is an active partner in Startup Ecosystem and open and engaging programs like these are the main reason Bangalore remains the startup hub of India.”

“ In the current market scenario over 50% of the startups are shutting down due to lack of funds. Investors are taking significant time to evaluate a startup before they consider funding them, by then for some of the startups, it is too late. The new initiative by the government will boost the startup scene in Karnataka and take it to the stage it was in 2014,” Rajatha Rao, Head of Retail and Markets, Excellence4u Research Services “ The overall

Startup Karnataka package is a very well thought through one ... including credits, support through tax benefits etc, mentoring, as well as early stage funding,” Guhesh Ramanathan, CEO and Co-Founder, Excubator said.

Industry pundits believe that Kharge’s initiatives and policies will get more visibility and recognition once startups start applying to his program.

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