

यूनियन बैंक  
ऑफ इंडिया



Union Bank  
of India

Credit Policy & MSME Department, Central Office

Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai 400021

Instruction Circular No: 646 - 2016

11 November 2016

TO ALL BRANCHES/OFFICES

**MANAGEMENT OF CREDIT PORTFOLIO - UNION START-UP SCHEME**

1. In order to stimulate sustainable economic growth and generate large scale employment, Government of India has launched a flagship initiative known as "Start-up India" and published a Gazette Notification on 17.02.2016 (Copy enclosed). The initiative is to provide financial support for innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
2. The aforesaid initiative of Government of India aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for the growth of Start-ups. Further, "Start-up" certification will be issued by Government Authority based on defined norms. Hence, Bank has introduced a new MSME Scheme, Union Start-up to provide a bankable platform for business units identified as Start-up and to meet their need based business requirement.
3. The attractive features of Union Start-up Scheme are detailed as under:
  - a. Working Capital & Term Loan Finance to eligible Start-ups upto Rs.5.00crore.
  - b. Provision for financing soft cost in project cost.
  - c. Flat Margin of 20% for Working Capital and Term Loan Finance.
  - d. 1% concession over applicable ROI subject to minimum appropriate MCLR.
  - e. NIL Processing Charges / Inspection Charges/Documentation Charges
  - f. Collateral security not to be insisted upon.
  - g. Repayment period of TL upto 120 months including moratorium period upto 36 months
4. As and when Entity cease to be a start-up i.e. within a maximum period of 5 years as per Start-up India Scheme, the concessions in interest rate/ service charges allowed under the scheme will be reviewed by the Bank on case to case basis.
5. The guidelines are effective from the date of issuance of this circular. The details of Union Start-up Scheme are enclosed as Annexure I.
6. Field functionaries are requested to effectively market the aforesaid scheme and also ensure good publicity so as to garner maximum quality business.

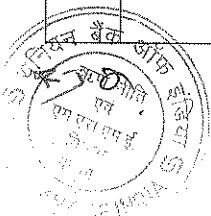
(D. C. Chauhan)  
General Manager

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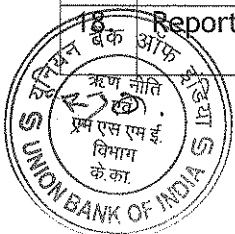


UNION START-UP SCHEME

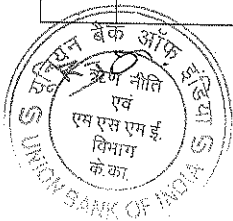
S. No.	Particular	Details
1.	Scope	The scheme will be operational Pan-India.
2.	Eligibility	<p>a. The Unit must be eligible and certified as "Start-up" by the concerned Government Authority as per Start-up India scheme launched by Government of India (GoI).</p> <p>b. The constitution of the Unit should be Private Limited Company, Registered Partnership and Limited Liability Partnership or as acceptable for classification as "Start-up" under Start-up India Scheme of GoI.</p> <p>c. All the statutory approvals / NOCs from the respective Department etc should be in place as per the progress of the project/operational stage of the Unit.</p> <p>d. Credit Rating of the New Borrowers should not be below the Hurdle Rate as per Loan Policy.</p> <p>e. The Unit to avail loan under sole banking arrangement (excluding retail loans).</p> <p>f. Any deviation in the eligibility criteria under the scheme shall be subject to prevalent / latest Loan Policy.</p>
3.	Purpose	To finance for innovation, development, deployment or commercialization of new product, processes or services driven by technology or intellectual property as per Start-up India Scheme.
4.	Nature of Facilities	Term Loan and / or Working capital (Fund Based and Non-Fund Based)
5.	Quantum of Finance	Minimum: Rs.0.10crore Maximum: Rs.5.00crore
6.	Assessment	<p>a. Assessment is to be made as per the lending methods indicated in the Loan Policy.</p> <p>b. The assessment of loan to New Projects will be based on projections as per norms.</p> <p>c. Composite loan including term loan and working capital limit may be considered at the time of initial sanction.</p> <p>d. Upper ceiling for considering soft cost in total project cost for assessment of Term Loan:</p> <p>i. Provision for interest during construction may be included in Project Cost as per the accepted construction period.</p> <p>ii. Provision for contingencies not exceeding 10% of project cost.</p> <p>iii. Margin Money for working capital (MMWC) not exceeding 10% of project cost.</p> <p>iv. Provision for expected losses Post-DCCO not exceeding 10% of project cost.</p> <p>v. Total Soft cost including i, ii, iii &amp; iv above not to exceed 25% of project cost.</p>



S. No.	Particular	Details
7.	Margin	20% (Working capital as well as Term Loan)
8.	Interest rate	1% less than the applicable ROI subject to minimum appropriate MCLR.
9.	Processing Charges	Nil
10.	Inspection Charges	Nil
11.	Documentation Charges	Nil
12.	Other service charges	As applicable
13.	Credit rating norms	As per extant guidelines.
14.	Security	<p><b>Primary:</b> All tangible assets created out of Bank's finance shall be charged in favor of Bank by way of hypothecation / mortgage etc.</p> <p><b>Collateral:</b> May not be insisted upon.</p> <p><b>Guarantee:</b></p> <ul style="list-style-type: none"> <li>- Personal guarantee of promoter directors, partners of the firm/company having sufficient means and of all mortgagors of collateral security, if any.</li> <li>- If Credit Guarantee cover from approved institution is available, no third party guarantee shall be taken (or as per terms of Credit Guarantee Scheme.)</li> </ul>
15.	Repayment	<p><b>Working Capital:</b> 12 months subject to renewal as per extant guidelines. (The Working capital limit may be kept in abeyance pending completion of project or earlier as the case may be.)</p> <p><b>Term Loan:</b> Maximum Door to Door repayment shall be 10 years including moratorium period not exceeding 36 months. Repayment can be in monthly / quarterly installments. Interest shall be recovered separately.</p>
16.	Delegation	Delegation as per policy on delegation of loaning powers. However, RLCC-I (Headed by Regional Head) and above only may exercise delegation under the scheme.
17.	Due diligence	Due diligence to be carried out as per extant guidelines of the bank.
18.	Reporting	All sanctions to be reported to the Controlling Office in M-27 on monthly basis.



S. No.	Particular	Details
19.	Insurance	Comprehensive insurance of all the securities with Bank's clause is to be taken as per norms.
20.	Scheme codes	To be communicated separately by the Bank.
21.	Credit Guarantee	Credit Guarantee from approved institutions i.e. CGTMSE, CGFMU, CGSSI and CEGSSC wherever available must be obtained without any exception.
22.	Relaxation	<p>Relaxation may be permitted by next higher authority upto ZLCC and respective Credit Approval Committees at Central Office thereafter in following cases:</p> <p>a. Breach in upper ceiling of 25% for soft cost in cost of project. b. Reduction in margin requirement.</p> <p>(Besides above, the authority for permitting deviation will be same as permitted in Loan Policy. Any other deviation from the defined scheme is to be approved by CAC-II and above.)</p>
23.	Other Terms and Conditions	<ul style="list-style-type: none"> <li>- The Start-up certification issued by the Government Authority must be kept on record.</li> <li>- Branches to ensure proper verification of mandatory certificate issued by GOI and other necessary statutory approvals / NOCs from department's concerned to arrive at eligibility.</li> <li>- Sanctioning Authority to explore possibility of creating charge on future cash inflows by way of escrow TRA mechanism.</li> <li>- Initial outlay of Rs.200.00crore is allocated under the scheme, which may be enhanced with the permission of the Executive Director overseeing CP&amp;MSME Vertical.</li> <li>- Finance to Start-ups under the scheme will be controlled by Regional Office/s without the involvement of SARAL. (The aforesaid proposals will be outside the scope of SARAL.)</li> <li>- Other applicable Terms &amp; Conditions as per extant guidelines of Bank are to be complied with.</li> </ul>







# भारत का राजपत्र

## The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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वाणिज्य और उद्योग मंत्रालय

(औद्योगिक नीति एवं संवर्धन विभाग)

अधिसूचना

नई दिल्ली, 17 फरवरी, 2016

सा.का.नि. 180(अ).—भारत सरकार द्वारा देश में स्टार्ट-अप के लिए अनुकूल वातावरण उपलब्ध कराने के उद्देश्य से 'स्टार्टअप इंडिया' पहल की घोषणा की गई है। भारत सरकार के विभिन्न मंत्रालयों द्वारा इस प्रयोजन के लिए कई कार्यक्रमलाप शुरू किए गए हैं। पहचान किए गए उद्यमों में एकरूपता लाने के उद्देश्य से किसी संस्था को निम्नानुसार 'स्टार्टअप' माना जाएगा-

- उसके निगमीकरण/पंजीकरण की तिथि से पांच वर्ष तक,
- यदि किसी वित्तीय वर्ष में उसका कारोबार (टर्नओवर) 25 करोड़ से अधिक नहीं है, और
- वह अभिनवीकरण, प्रौद्योगिकी या बौद्धिक संपदा आधारित नए उत्पादों, प्रक्रियाओं अथवा सेवाओं के विकास, अनुप्रयोग या वाणिज्यीकरण के संबंध में कार्य कर रहा है;

पहले से ही अस्तित्व वाले किसी व्यवसाय के विभाजन या उसके पुनर्निर्माण के माध्यम से बनाई गई किसी संस्था को 'स्टार्टअप' नहीं माना जाएगा;

उपर्युक्त परिभाषा अनुसार पहचान किए गए किसी 'स्टार्टअप' को कर लाभ प्राप्त करने के लिए अंतर-मंत्रालयी प्रमाणन बोर्ड से पात्र व्यवसाय का प्रमाण-पत्र प्राप्त करना अपेक्षित होगा जिसमें निम्नलिखित शामिल हैं:

- संयुक्त सचिव, औद्योगिक नीति एवं संवर्धन विभाग,
- विज्ञान एवं प्रौद्योगिकी विभाग के प्रतिनिधि, और
- जैव-प्रौद्योगिकी विभाग के प्रतिनिधि।

**स्पष्टीकरण:**

1. कोई संस्थान अपने निगमीकरण/पंजीकरण की तिथि से पांच वर्ष पूरे होने पर अथवा किसी विगत वर्ष में उसका कारोबार 25 करोड़ रुपए से अधिक होने पर 'स्टार्टअप' के रूप में नहीं माना जाएगा।
2. संस्थान का अर्थ है - कोई निजी क्षेत्र लिमिटेड कंपनी (कंपनी अधिनियम, 2013 में यथा परिभाषित), अथवा पंजीकृत साझेदारी फर्म (साझेदारी अधिनियम, 1932 के खण्ड 59 के तहत पंजीकृत) या लिमिटेड देयता साझेदारी (लिमिटेड देयता साझेदारी अधिनियम, 2002 के अन्तर्गत)।
3. कारोबार का अर्थ, कंपनी अधिनियम, 2013 में परिभाषित किए अनुसार है।
4. किसी संस्थान को अभिनवीकरण, प्रौद्योगिकी या बौद्धिक संपदा आधारित नए उत्पादों, प्रक्रियाओं या सेवाओं के विकास, अनुप्रयोग या वाणिज्यीकरण के संबंध में कार्यरत माना जाता है, यदि उसका लक्ष्य निम्नलिखित को विकसित करना और उनका वाणिज्यीकरण करना है:

क) एक नया उत्पाद या सेवा या प्रक्रिया अथवा

ख) महत्वपूर्ण रूप से सुधार किए गए मौजूदा उत्पाद, सेवा या प्रक्रिया, जो ग्राहकों या कार्य के प्रवाह के सृजन या उसके मूल्य संवर्धन में सहायक हो।

मात्र निम्नलिखित को विकसित करने संबंधी कार्य को इस परिभाषा में शामिल नहीं माना जाएगा:-

क) उत्पाद या सेवाएं या प्रक्रियाएं जिनमें वाणिज्यीकरण की संभावना नहीं हो, अथवा

ख) एकसमान उत्पाद या सेवाएं या प्रक्रियाएं अथवा

ग) उत्पाद या सेवा या प्रक्रियाएं जो ग्राहकों या कार्य के प्रवाह के संबंध में मूल्य संवर्धन नहीं करते या सीमित वृद्धि करते हों,

5. 'स्टार्टअप' के रूप में मान्यता संबंधी प्रक्रिया, औद्योगिक नीति एवं संवर्धन विभाग के मोबाइल एप/पोर्टल के माध्यम से होगी। स्टार्टअप को निम्नलिखित दस्तावेजों में से एक के साथ साधारण आवेदन-पत्र प्रस्तुत करना होगा:

- (क) भारत में किसी स्नातकोत्तर महाविद्यालय में स्थापित किसी इन्क्यूबेटर से औद्योगिक नीति एवं संवर्धन विभाग द्वारा विनिर्दिष्ट प्रपत्र में अनुशंसा (व्यवसाय की अभिनव प्रकृति के संबंध में); या
- (ख) किसी इन्क्यूबेटर का समर्थन पत्र जिसका निधियन (परियोजना के सन्दर्भ में), अभिनवीकरण को प्रोत्साहित करने के लिए किसी निर्दिष्ट योजना के भाग के रूप में भारत सरकार या कोई राज्य सरकार द्वारा किया जाता हो; या
- (ग) भारत सरकार द्वारा मान्यता प्राप्त किसी इन्क्यूबेटर से औद्योगिक नीति एवं संवर्धन विभाग द्वारा विनिर्दिष्ट प्रपत्र में अनुशंसा (व्यवसाय की अभिनव प्रकृति के संबंध में); या
- (घ) किसी इन्क्यूबेशन फंड/एंजल फंड/निजी इक्विटी फंड/त्वरित/एंजल नेटवर्क जो भारतीय प्रतिभूति एवं विनियम बोर्ड में पंजीकृत हो, के द्वारा इक्विटी में 20 प्रतिशत या इससे अधिक के निधियन का पत्र जो व्यवसाय के अभिनव स्वरूप को स्वीकारता हो। औद्योगिक नीति एवं संवर्धन विभाग ऐसे कारणों के लिए नकारात्मक सूची में ऐसे किसी भी फंड को शामिल कर सकता है जो वह उचित समझे; या
- (ङ) भारत सरकार या किसी राज्य सरकार का अभिनवीकरण को प्रोत्साहित करने के लिए किसी निर्दिष्ट योजना के भाग के रूप में निधियन पत्र; या
- (च) व्यवसाय के स्वरूप को संवर्धित करने वाले क्षेत्रों में भारतीय पेटेंट कार्यालय द्वारा पत्रिका में दर्ज किया गया और प्रकाशित किया गया पेटेंट।



औद्योगिक नीति एवं संवर्धन विभाग ऐसे मोबाइल एप/पोर्टल के शुरू होने तक स्टार्टअप को मान्यता देने की वैकल्पिक व्यवस्था कर सकता है। एक बार संबद्ध दस्तावेज के साथ ऐसा आवेदन अपलोड हो जाने पर स्टार्टअप को वास्तविक समय मान्यता नम्बर जारी किया जाएगा। यदि बाद में सत्यापन के समय यह पाया जाता है कि यह मान्यता, दस्तावेज के बिना अपलोड किए या अन्य दस्तावेज अपलोड होने या जाली दस्तावेज होने के कारण प्राप्त हुई है, तो संबंधित प्रार्थी दण्ड का भागी होगा जो स्टार्टअप की प्रदत्त पूंजी का 50 प्रतिशत होगा, लेकिन यह 25,000 रुपए से कम नहीं होगा।

यह अधिसूचना, राजकीय राजपत्र में प्रकाशन की तारीख से लागू होगी।

[फा. सं. 5(91)/2015-बीई. I]

रवनीत कौर, संयुक्त सचिव

**MINISTRY OF COMMERCE AND INDUSTRY**  
**(Department of Industrial Policy and Promotion)**

**NOTIFICATION**

New Delhi, the 17<sup>th</sup> February, 2016

**G.S.R. 180(E).**—The Government of India has announced 'Startup India' initiative for creating a conducive environment for startups in India. The various Ministries of the Government of India have initiated a number of activities for the purpose. To bring uniformity in the identified enterprises, an entity shall be considered as a 'startup'—

- Up to five years from the date of its incorporation/registration,
- If its turnover for any of the financial years has not exceeded Rupees 25 crore, and
- It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property;

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'startup';

Provided further that in order to obtain tax benefits a startup so identified under the above definition shall be required to obtain a certificate of an eligible business from the Inter-Ministerial Board of Certification consisting of:

- Joint Secretary, Department of Industrial Policy and Promotion,
- Representative of Department of Science and Technology, and
- Representative of Department of Biotechnology.

**Explanation:**

- An entity shall cease to be a startup on completion of five years from the date of its incorporation/registration or if its turnover for any previous year exceeds Rupees 25 crore.
- Entity means a private limited company (as defined in 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).
- Turnover is as defined under the Companies Act, 2013.
- An entity is considered to be 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:
  - A new product or service or process, or
  - A significantly improved existing product or service or process, that will create or add value for customers or workflow.

Provided that the mere act of developing:

- a. products or services or processes which do not have potential for commercialization, or
- b. undifferentiated products or services or processes, or
- c. products or services or processes with no or limited incremental value for customers or workflow

would not be covered under this definition.

5. The process of recognition as a 'startup' shall be through mobile app/portal of the Department of Industrial Policy and Promotion. Startups will be required to submit a simple application with any of following documents:

- a) a recommendation (with regard to innovative nature of business), in a format specified by Department of Industrial Policy and Promotion, from any Incubator established in a post-graduate college in India; or
- b) a letter of support by any incubator which is funded (in relation to the project) from Government of India or any State Government as part of any specified scheme to promote innovation; or
- c) a recommendation (with regard to innovative nature of business), in a format specified by Department of Industrial Policy and Promotion, from any Incubator recognized by Government of India; or
- d) a letter of funding of 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. Department of Industrial Policy and Promotion may include any such fund in a negative list for such reasons as it may deem fit; or
- e) a letter of funding by Government of India or any State Government as part of any specified scheme to promote innovation; or
- f) a patent filed and published in the Journal by the Indian Patent Office in areas affiliated with the nature of business being promoted.

Department of Industrial Policy and Promotion may, until such mobile app/portal is launched make alternative arrangement of recognizing a 'startup'. Once such application with relevant document is uploaded a real-time recognition number will be issued to the startup. If on subsequent verification, such recognition is found to be obtained without uploading the document or uploading any other document or a forged document, the concerned applicant shall be liable to a fine which shall be fifty per cent of paid up capital of the startup but shall not be less than Rupees 25,000.

This notification shall come into force on the date of its publication in the Official Gazette.

[F. No. 5(91)/2015-BE. I]

RAVNEET KAUR, Jt. Secy.