

- a recommendation (with regard to innovative nature of business), in a format specified by DIPP, from an Incubator established in a post-graduate college in India .
- an incubator, which is funded (in relation to the project) from GoI as part of any specified scheme to promote innovation
- a recommendation (with regard to innovative nature of business), in a format specified by DIPP, from an Incubator recognized by GoI or
- be funded by an Incubation Fund/ Angel Fund/ Private Equity Fund/ Accelerator/Angel Network duly registered with SEBI that endorses innovative nature of the business or
- be funded by GoI as part of any specified scheme to promote innovation or
- have a patent granted by the Indian Patent and Trademark Office in areas affiliated with the nature of business being promoted

Role of GOI for boosting start ups -

The Ministry of Human Resource Development (HRD) and the Department of Science and Technology have agreed to partner in an initiative to set up over 75 startup support hubs in the National Institutes of Technology (NITs), the Indian Institutes of Information Technology (IIITs), the Indian Institutes of Science Education and Research (IISERs) and National Institutes of Pharmaceutical Education and Research (NIPERs).

Scheme at a glance –

The Start-up India Action Plan lists out a comprehensive set of structural and regulatory reforms in order to achieve this. Income tax exemption, easing compliance through reduction of regulations and having fixed qualifications as to what a ‘start-up’ is, were expectations at the top of the entrepreneurial bucket-list. but the Action Plan goes further. It goes on, for instance, to provide

an 80 per cent waiver on patent filing fees by start-ups, provide advisory services and create a Rs.10,000 crore fund-of-funds which is to be managed by professionals drawn from the private sector. These are just a few of the 'sweetheart' deals for start-up entrepreneurs under the Action Plan.

Money Management

But the Action Plan also appears to have a few flaws which need to be addressed. For instance, it sets up an 'Inter-Ministerial Board' led by the Department of Industrial Policy and Promotion which 'validates' the innovative nature of an enterprise, thereby qualifying it as a start-up – an involvement of government in this ecosystem that is hardly desirable. It also requires a start-up to obtain a recommendation from an incubator in order to be eligible. The most obvious and tangible benefits to start-ups under the Action Plan are the tax breaks and funding support. The Action Plan waives income tax on profits for a period of three years and also exempts taxes on capital gains which are invested in the 'fund-of-funds'.

This move will help to reduce cash outflows and bring down the cost of running a start-up. In conjunction with the waiver of the 'angel investor' tax under the Finance Act, 2013, start-ups now can have improved access to funding opportunities. Pending reforms like the GST regime, would also make it easier for small start-ups to operate across the country.

Commitment of Rs.10,000 crore funds

Rs.10,000 crore fund is a significant financial commitment by the Government under the Action Plan. It is set to start with Rs.2,500 crore initially with the amount set to recur for 4 years this mega fund will not directly invest in start-up ventures. Instead, it will do so via SEBI registered venture funds. This fund will contribute a maximum of 50 per cent of the daughter fund size, providing a significant boost to the corpus of investments that start-ups have access to. It is important that this corpus is not managed by Politicians or bureaucrats, but smart, savvy fund managers who have a track record on investing. On the cost saving side, an 80 per cent rebate on patent filing costs alongside an exemption from having 'prior-experience' to be eligible under the public procurement process are steps taken to promote tech-based start-ups in particular.

While tax incentives, cost saving measures and funding support will undoubtedly drive up investment into innovative start-ups it is essential that the government not lose sight of non-tech start-ups. It should make special

provisions to ensure that this support structure extends to the agriculture, manufacturing, and handicrafts sectors.

Benefits in business

boost up to start-ups by improving ease of doing business is clearly at the forefront of the Action Plan. A significant benefit a start-up accrues under this policy is the waiver from labour inspections for 3 years.

If any one want run a business and navigated the maze of bureaucracy understands the quagmire that labour laws can be, especially for a start-up. Along with the ease in environmental checks, these changes to labour inspections are a step in the right direction — particularly for those start-ups which are based in the manufacturing sector. But the Action Plan exempts starts-up from inspection under a fixed number of labour laws — six to be specific. There are about 45 laws at the central level and about four times this number at the state level. The Centre needs to work with the States to ensure a smooth rollout of the benefits under the Action Plan and avoid discord between policies at the two levels.

Some of major star “Start-Up” of India –

1. Ola Cab – local Cab Services .
2. Zomato – food services .
3. Myntra - Online fashion retailer
4. Jabong India - Online Fashion Retailer
5. Bookmyshow - Booking Ticketing Portal.
6. CommonFloor is an Indian property portal

Major Benefits to Start-Up under the Scheme –

- a. 3 years **exemption from inspection** – “ inspector Raj ” is biggest problem in India . hence Govt. has liberal to support “Start-Up” and given exemption for 3 years from labour and of Inspection .
- b. **Exempted from Statutory regulations** – 3 years “Start-Up” are exempted from Provident Fund and ESIC mandatory provisions of the Law .

- c. Environmental and other statutory law are applicable by **self certification** of the “Start-Up” .
- d. **80 % finance to protect IPR** – Govt. try to promote to protect the intellectual properties of “Start-Up” hence providing 80 % financial support to protect the Intellectual Properties like – Patent , Trade Mark , Designs , Copyright etc .
- e. **Income Tax exemption** is available for first three years. However, the startup will be eligible for tax benefits only after obtaining certificate from the Inter-Ministerial Board, setup for this purpose.
- f. If money is invested in fund of funds recognised by the government, the investor can **claim capital gains tax exemptions**. In addition, existing capital gain tax exemption for investment in newly formed MSMEs by individuals shall be extended to all start-ups.

**One day Workshop from IIE (Institute for Industrial Entrepreneur)
Indore is Going to Orgnize One Day Work Shop at Indore (M.P.)
Interested participants may send request for the same –**

Day- 27th February 2016 (Saturday)

Venue – Indore (M.P.)

Participation Fees – Rs. 1000 /- (Rs. One thousand only) .

Including – Literature , Tea and Lunch .



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