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Start Up India

Startup India is a flagship initiative of the Government of India, intended to build a strong ecosystem that is conducive for the growth of startup businesses, to drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower startups to grow through innovation and design.

Several programs have been undertaken since the launch of the initiative on 16th of January, 2016 by Hon'ble Prime Minister, to contribute to his vision of transforming India into a country of job creators instead of job seekers. These programs have catalyzed the startup culture, with startups getting recognized through the Startup India initiative and many entrepreneurs availing the benefits of starting their own business in India.

The 19-Point Startup India Action Plan envisages several incubation centres, easier patent filing, tax exemptions, ease of setting-up of business, a INR 10,000 Crore corpus fund, and a faster exit mechanism, among others.

What is a Startup?

The action plan defines startups as, *“Startup means an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding INR 25 crore in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property. Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence. Provided also that an entity shall cease to be a Startup if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 5 years from the date of incorporation/ registration. Provided further that a Startup shall be eligible for tax benefits only after it has obtained certification from the Inter-Ministerial Board, setup for such purpose.”*

In addition to the above points, it's important to remember that an entity is termed as startup if it's registered under Companies Act, 2013, under section 59 of Partnership Act, 1932, as partnership firm or under Limited Liability Partnership Act 2002, as a limited liability partnership. Which means Solo Proprietorship Firms cannot benefit from the startup India scheme.

An entity is considered as a startup only if it aims to develop and commercialize a new product or service or significantly improves an existing product or service, that adds significant value for customers and workflow.

Key advantages of Startup India scheme

- Self certification
- 3 Years exemption from inspection
- An online portal and mobile application
- 80% deduction on patent filing fee
- A single point hub for hand holding
- No tax in profits for 3 years
- No capital gain tax for 3 years
- 10,000 crore fund dedicated to promote startup
- Bankruptcy bill 2015 – 90 days window to startups to close businesses
- 80% discount of patent filing fee
- Mobile app for startup registration in one day
- 500 tinkering labs
- 35 public private incubators
- 31 innovation centres at national institute
- credit guarantee scheme for loans
- 5 new bio clusters and 7 new research parks
- Patent regime and IPR to be simplified

A glimpse at its key highlights

With a new vigor and positive effervescence, the Prime Minister of India, Shri Narendra Modi declared a boost-up action plan for budding enterprises, well known as, 'Start-up companies' of India. The idea is to encourage and accentuate them in launching ways or ideas to do business, which in turn will benefit the economy as a whole by generating employment opportunities and creating wealth in the country.

Let's give a glimpse at the key highlights of this self-certification scheme i.e. 'start-up India':

- **Abridging complicated processes to simpler ones:** Start-up companies have the liberty to make their way in to the business world by just filling a short form on web portal or a mobile app. The registration can be made within a day by getting online clearances or approvals on portals.
- **Easy to exchange knowledge and swift access to funding from 'Start-up India hub':** This hub will be formed as a single point of contact for total start-up network.
- **Self-certification compliance system:** This system will mitigate the regulatory burden on new enterprises.
- **Fast-track patent examination:** Start-ups can easily adopt, protect and commercialize Intellectual property rights.

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- **Tax exemptions:** Under this scheme, the start-ups can avail exemptions on capital gains tax, investments and income tax.
- **Encouraging new talents:** The scheme has launched programs like Atal Innovation Mission, Start-up fests to boost the hidden talents among people and emphasize on innovation.
- **Incorporating Research parks and incubators in institutions:** In order to promote research, innovation and incubation, the plans are proposed to set-up number of research parks, incubators in the institutions and innovation centres.
- **Promoting bio-technology:** Plans and models are envisaged to set up bio-incubators, bio-clusters, technology transfer offices and bio-connect offices to foster bio-technology start-ups in India.
- **Separate corpus to provide funding support to start-ups:** The government will keep a separate trust/ corpus of about Rs.10, 000 Crores over 4 years and will be managed by private professionals. It will provide financial support and can help them in getting support from banking system also.
- **Credit Guarantee fund:** This new concept is a boon for start-ups as it will allow flow of venture debt from banking system by standing guarantee against certain kind of risks.
- **Facilitate legal support in filing patent application:** The scheme will set-up panel of facilitators to give legal assistance to the start-up companies on filing of IP related applications.
- **Special rebates will be provided on filing patent applications by the start-ups.**
- **Liberalization in public procurement norms**
- **Easy and swift exits for start-ups who fail while starting up their ventures.**

How is it improving the ease of doing business?

The current scenario for start-ups is quite challenging. The legal whirlpool and complex regulatory frameworks divert their focus from emancipating prospective ideas to create great products or services. In order to give them a liberalized breathing ambience to conduct business freely and efficiently, this self-certification scheme is launched by the Government of India to support start-ups. Easy access to funds and knowledge will give them leverage to stand on their feet with back support. It boosts their confidence and opens many avenues to experiment.

Innovation is essential for economic growth. Government will give new entrepreneurs a platform to innovate and make optimal use of the proposed research centers and incubators for the growth in business and economy. It will proliferate the thought of embracing entrepreneurship if one has practically feasible ideas and good intentions.

Tax reliefs, legal support, exemptions etc. will take away the sword of legal expenses from their business unit and will facilitate business operations. Most of the start-ups may witness failure in their start-up venture and still have to pay taxes. With this leverage, start-up companies can take a sigh of relief from the end.

Quick registration, online approval & clearances and swift filing of legal applications are undoubtedly a boon in doing start-up business. Evidently, it takes substantial time and energy of new entrepreneurs.

Failures in ventures are one probable risk that all enterprises are prepared for before they initiate any business. This scheme gives them faster and easier exit in order to stand again to start afresh.

Are there any New Legal compliance? Let's check it out.

'Start-up India' is one of the most promising initiatives by the government and is becoming the buzz word in newspapers, business world, social media and on global arena. Indeed, the government has paved their way to conduct business operations by streamlining the regulatory procedures, liberalizing the norms and allowing them funding or exemptions.

There is one compliance scheme that can be considered positively for start-ups is 'Compliance Regime based on Self Certification'. This scheme is launched to lessen the regulatory burden on budding companies. It will cover the current legal provisions on laws like contract labor, employees' provident fund, environmental pollution, payment of gratuity etc.

Then there is 'Registration Procedure' where start-ups can swiftly get registered or get necessary clearances through online mode i.e. via web portals/ mobile apps.

The essence of filing patent applications, if applicable on start-ups would be quite beneficial for them as they will get 80% rebate on filing patent applications. Moreover, the patent examination, if required, can be done fastly by proposed government legal support.

Conclusion

The initiative is bursting hope, enthusiasm, ease in doing business and government support. It seems ideal to take a plunge on entrepreneurship and avail these benefits to make India proud through new ideas and charismatic business presence..

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