

PM makes big start to Startup India

■ Three-year tax holiday, ₹10,000-crore fund among slew of measures for budding entrepreneurs

Press Trust of India
New Delhi, Jan 16

PRIME Minister Narendra Modi on Saturday unveiled a slew of incentives to boost start-up businesses, offering them a tax holiday and inspector-free regime for three years, capital gains tax exemption and a ₹10,000-crore corpus to fund them.

He also announced a self-certification scheme in respect of nine labour and environment laws and said there will be no inspection during the first three years of launch of the venture. Also, a liberalised patent regime is being brought to help start-up businesses register patents, for which the fee will be slashed by 80%.

Addressing the first conference of start-up entrepreneurs, Modi announced an action plan to boost such ventures, which are seen as key to employment generation and wealth creation.

India, which has the third-largest number of start-ups globally, will also support the ventures by removing the criteria of expe-



Prime Minister Narendra Modi (centre) with finance minister Arun Jaitley and commerce minister Nirmala Sitharaman at the Startup India conference in New Delhi on Saturday

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rience and turnover for bagging government procurement contracts.

Modi said profits earned by start-ups will be exempt from payment of income tax during the first three years of business. To boost financing, a 20% tax on capital gains made on investments by entrepreneurs after selling own assets, as well as government-recognised

venture capitalists, will also be exempt.

He said an unencumbered easy exit option will be provided under the bankruptcy Act so that start-ups can exit within 90 days.

Earlier in the day finance minister Arun Jaitley said the efforts over the last few years have been "to restrict the role of the state, essentially as a facilitator" and the

aim now is to reduce obstacles and make the tax regime friendlier.

"We have already worked on an entrepreneur-friendly taxation regime. There are some steps which can be taken up by notifications, which would be taken forthwith. Others require legislative provisions, which can only come as part of the Finance Bill when

KICK-START



No labour inspection for three years



Environment compliance post self-certification



80% reduction in patent fee



Capital gains tax exemption for VC investments



Easy exit option under bankruptcy Act

process of doing business. "Another very significant difference of what makes it a landmark event is a final break or the ultimate break that you have with the conventional licence raj of India," Jaitley added.

The FM said Indian economy could only partially break off from the licence raj in 1991. "It was partial because... there was an invisible role of state, control over land permissions, foreign investment proposal and, of course, unless the political nod came to venture into newer areas that involved a lot of capital, a lot of energy going into it, an entrepreneur or investor was normally reluctant," he said.

the Budget is presented, in order to create a friendly taxation regime for start-ups," he said.

"The Reserve Bank of India and the government, acting in tandem, are going to add to bankers' ability to lend with vigour and in greater amounts," he said.

To promote start-ups, the finance minister said the government is easing the

On steps taken by the government to improve regulations for start-ups, corporate affairs secretary Tapan Ray promised that his department is working on a software in which registration of new ventures would be made possible in 24 hours in the next couple of months.

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Startups welcome PM's proposals

fe Bureau
Bengaluru, Jan 16

PRIME Minister Narendra Modi's proposals to provide income tax exemption for startups for the first three years and give tax exemption on capital gains were well received by the startups, who believed that these moves will enable more entrepreneurs to come into the system. The assurance by finance minister Arun Jaitley that the forthcoming budget will be more tax friendly for the startup ecosystem has raised hopes among entrepreneurs that capital flows into the segment will expand beyond the realm of venture capitalists and private equity.

The startups in India and investors are faced with niggling tax issues like the angel tax on investments and burdensome compliance procedure which defocuses entrepreneurs from their core business while discourages prospective investors. In this context these proposals are bound to provide great relief. The move to provide faster exit for startups, which can now rely on a fund of funds of ₹10,000 crore, and the setting up of a panel of facilitators to help in filing of patent applications were proposals which were met with maximum cheer.

Ashish Goel, co-founder and CEO, Urban Ladder, an online furniture company, told *FE*, "Clarity of listing norms, faster clearances and inclusive growth will encourage entrepreneurs to build innovative businesses. Secondly there is a need for a seasoned entrepreneur to chair the entrepreneurial

What they said... India's payment system prompted change in ops: Uber's Kalanick

India's payment system has been a big factor that made Uber Technologies change the way it handled transactions in the country, company founder Travis Kalanick said.

WeWork plans India foray very soon, says founder Neumann

WeWork, a New York-based provider of shared

cell to have a better perspective of the challenges faced and resolve issues faster."

Startups in India witnessed a total investment of \$9 billion in 2015 which is equal to the total flow into this segment between 2010 and 2014. But there is a view in the startup ecosystem that this would surge even further in a more simplified regulatory environment.

Pramod Saxena, chairman, Oxigen Services, a digital payment services company, said, "If government ensures a frictionless access to early-stage capital to young entrepreneurs, we will see many more startups in areas of priority."

IT trade body Nasscom's president R Chandrashekhara said, "Policy regulations like ease of compliance, reliance on self-certification instead of audits, tax exemptions for startups will allow entrepreneurs to devote their time, energy and resources to build upon their innovative ideas."

office space, is planning to set up a business in India, founder Adam Neumann said. "We want to build a local business in India and hire all local management....," Neumann said.

Indian markets not yet ready for large Internet listing: Bansal

Sachin Bansal, co-founder of Flipkart, said the country's stock markets were not yet ready for a large Internet listing. His comments came days after a rejig in the top management that was viewed by some as a step toward a stock market listing. *Reuters*

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Pursuant to Regulation 29(1)(a) read with Regulation 47(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, notice is hereby given that the 109th meeting of the Board of Directors of IDFC Limited will be held on **Saturday, January 30, 2016** at Mumbai to discuss and approve, among other items, the Unaudited Financial Results (subjected to Limited Review by Auditors) for the quarter and nine months ended December 31, 2015.

The notice of this meeting is also available on the Company's website (www.idfc.com) and also on the Stock Exchange's website viz. National Stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com).

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