

STAND-UP MOMENT FOR START-UPS

Three-year I-T holiday; no capital gains tax and relief on investments over fair market value

Self-certification for compliance; app-based registration in one day

₹ 10,000-cr special fund; ₹2,000-cr credit guarantee scheme; 80% patent fee rebate

Exit policy to allow wind-up within 90 days, no labour inspection for 3 years

BS REPORTER
New Delhi, 16 January

The day-long wait on a weekend was worth it for hundreds of start-ups who had gathered at Vigyan Bhavan in New Delhi on Saturday in the hope of tax breaks and easier business environment for entrepreneurs. Prime Minister Narendra Modi arrived sharp at 6 pm following more than eight hours of deliberations among the start-ups, investors and policy-makers. The PM announced the sops past 7 pm, only after he had received thunderous applause in the packed auditorium on his address that sounded like a pre-election speech.

In the end, what was on offer was quite wholesome, though the government called it Startup Action Plan. Modi started with saying the government would not come in the way of start-ups, reminding many of his popular slogan — minimum government, maximum governance. The PM gradually raised the bar, announcing a slew of measures. There will be self-certification-based compliance, he said, and the crowd clapped loudly.

There will be no inspection for three years, the PM went on, and the sound of claps grew louder. The list followed — creation of start-up hub, mobile app to enable registration in one day, fast-track mechanism for patent application, panel for legal support in patent filing, 80 per cent rebate on patent application fee, relaxed norms in public procurement for start-ups and so on.

By this time, the audience was euphoric, wanting more from the PM. Modi continued to woo the start-ups, while narrating his experience at the Silicon Valley in between. Exits will be simpler and faster for those who don't want to continue — it was one of the biggest demands of the start-up companies. The exit clause will be included in the Insolvency & Bankruptcy Bill 2015 that will make exit possible within 90 days. "You know rest of the problems," the PM said referring to legislative bills getting stuck in the Parliament. Speaking in the language of start-ups, he inspired them



Prime Minister Narendra Modi (second from left) with SoftBank Founder Masayoshi Son, InMobi Founder Naveen Tewari and Mapmygenome Founder Anuradha Acharya at the Startup India event in New Delhi on Saturday
PHOTO: SANJAY K SHARMA

MODI AT STARTUP INDIA

GOVT OFFICES ARE USUALLY IN HOLIDAY MODE ON SATURDAYS. IF SOMEONE ASKS ME WHERE IS THE DIFFERENCE? HERE IT IS

IF INDIA HAS MILLIONS OF PROBLEMS, IT ALSO HAS BILLION-PLUS MINDS TO SOLVE THEM

WHEN I WAS LISTENING TO RITESH AGARWAL (OF OYO ROOMS), I WONDERED, AS A TEA-SELLER WHY DIDN'T I THINK OF A HOTEL CHAIN?

TODAY'S GATHERING IS NOT TO TELL US WHAT TO DO; IT IS ABOUT WHAT THE GOVT SHOULD NOT DO

THERE'S NO SHORTAGE OF JUGAAD IN THIS COUNTRY. PEOPLE RUN PUMPS WITH THEIR MOTORCYCLES IN AREAS WITHOUT ELECTRICITY

to send messages on Twitter and Facebook to make things happen (in the Parliament).

Many of these measures would be part of the Union Budget. Looking at finance minister Arun Jaitley, the PM said, "he will have to do it now", and announced ₹10,000 crore corpus fund for start-ups and a credit guarantee scheme for ₹500 crore a year for four years. Tax exemption on capital gains and income

tax holiday for three years were among the other big-bang incentives announced to "promote growth and profit". There was more — tax exemptions on incubation, investments, partnerships with academia, launch of Atal Innovation Mission, seed funding and research parks.

Earlier in the day, revenue secretary Hasmukh Adhia had said the Budget would

look at several announcements around start-ups.

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STARTUP INDIA

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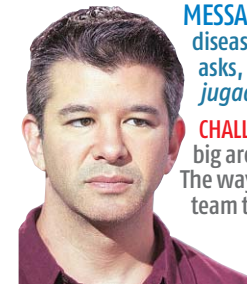
WHAT START-UPS SAY

PLEDGE: "We have already invested \$2 billion and would be scaling up to \$10 billion. I believe there would be more new start-ups popping up in India and not consolidation... For a start-up, it is like falling in love with a beautiful girl, it's not always about logic"

CHALLENGE: "Start-up companies can't take care of infrastructure. Infrastructure requires a lot of capital. So today in India, the two things lacking are mobile broadband infrastructure, the connectivity is too slow and expensive and the second is electricity"



MASAYOSHI SON, founder and Chairman, SoftBank



MESSAGE: In office we have the saying "fear is the disease, hustle is the answer". And my Indian team asks, what is hustle in Hindi? It is always *jugaad*.

CHALLENGE: In India, payments is very different, it's a big area where we need to change the way we serve. The way we deal with that is to empower the local team to find the local solution. You do not need to be from India to love India.

TRAVIS KALANICK, co-founder and CEO, Uber

PLEDGE: I've started investing in start-ups. There are enough number of people in the market who are interested. I'm hoping that with time, we'll have people raising \$50m-\$100m from domestic investors

CHALLENGE: Indian markets are not yet ready for a large Internet company listing but we would absolutely love to list here when the time comes



SACHIN BANSAL, co-founder, Flipkart



PLEDGE: Trust and safety are key for our industry, we have to keep improving tech, design, compliance.

CHALLENGE: Availability of skilled manpower at different levels of capability is a big challenge for us. We have a lot of people but we need to impart the right skill

BHAVISH AGGARWAL, co-founder and CEO, Ola

PLEDGE: "We want to build a local business in India and hire all local management... We will launch here soon"

CHALLENGE: 83% of millennials in India will prefer to work for a company with intention for a lower pay than for a company without intention.



ADAM NEUMANN, founder, WeWork