

Modi eases norms for start-ups to enter, exit

CUTTING RED TAPE ₹100-billion fund, tax breaks to boost PM's flagship plan

HT Correspondent

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NEW DELHI: Prime Minister Modi announced on Saturday a string of initiatives to promote the country's start-ups, including three years of tax and compliance breaks aimed at cutting onerous government regulations and red tape.

Modi also reiterated plans to set up a ₹10,000 crore start-up fund, first announced by finance minister Arun Jaitley in the interim budget of 2014-15. He also said start-ups would benefit from cheaper and faster patent applications, a capital gains waiver if the money is

ACTION PLAN

Here's what start-up businesses can look forward to

No tax on profits, inspection for 3 yrs

Credit guarantee scheme

No capital gains if money invested in another start-up

Easy exit policy

Self certification-based compliance for labour and environment laws

Single-point **Start-up India hub** for clearances

Mobile app, portal for registrations

Handholding, with government

New **intellectual property rights protection**, 80% reduction in patent fee

Encourage **start-ups in govt purchases**, with relief in experience and turnover criteria

Fund with **₹10,000 crore corpus**

Special scheme for **women entrepreneurs**

Encouragement to **incubation centres**

Support to **biotechnology start-ups**

Programme to encourage **innovation**

When we started, it was only 4-5 venture capitalists, and it was tough to get a meeting with them... Over the next years we want to create a million entrepreneurs



KUNAL BAHL, Snapdeal CEO/co-founder

In areas of technology, companies can scale up globally, but in areas of e-commerce like services, you need to be local. This is a country which has a huge domestic market to grow.



MASAYOSHI SON, SoftBank founder

reinvested in a similar venture, as well as easier exit for failed projects.

India already has a handful of successful e-commerce marketplaces such as Flipkart and Snapdeal, along with ride-sharing company Ola, but Saturday's high-profile event was the first major policy push by Modi's government to boost start-ups and innovation.

The Prime Minister made his speech before hundreds of investors and entrepreneurs, seeking to promote new businesses and cutting-edge technology in a country that needs to quickly create millions of jobs as the workforce expands.

"People who have achieved success are not just entrepreneurs but also adventurous. Success of entrepreneurs depends on their ability to take risk," he said.

"That's how (taxi aggregator) Uber became (god of wealth) Kuber," Modi said to peals of laughter from the audience.

India is home to the third-larg-

acting as a friend and colleague

among students in 500,000 schools

SoftBank founder and CEO

est number of technology start-ups after the United States and Britain, and they attract billions of dollars in funding every year, despite crippling government regulation and red tape — a hurdle Modi referred to in his speech.

"A lot can happen if the government did not meddle. We are here so that you can tell us what we should not do," he said.

Modi said the government would make it easier for founders to exit their companies, responding to concerns that though it is difficult to start a company in India, it is almost impossible to shut one down.

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India has market to fight global giants, says SoftBank CEO >>P11

Innovation, intolerance can't coexist, says Rahu

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MUMBAI: Congress vice-president Rahul Gandhi said on Saturday that start-ups and intolerance cannot exist together, reviving the debate over intolerance on a day when Prime Minister Narendra Modi launched his ambitious Start-up India plan to boost entrepreneurship.

"There is a contradiction in saying that I want start-ups and I would be intolerant. Start-ups require free movement of ideas. Intolerance doesn't allow that," Gandhi said in an interaction with students of Narsee Monjee Institute of Management

Studies in Mumbai.

He, however, said start-ups need a boost. "A start-up requires a whole ecosystem including infrastructure, finance and doing away with red tape to allow an entrepreneur to grow... businesses can go around regulations, small businesses can do that," Gandhi said.

In an interaction that went for more than an hour, Gandhi answered students' questions on the economy, China-India relations, the goods and services tax bill, start-ups, censorship, education, terrorism and involvement of politicians in sports administration.

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Modi eases norms for start-ups

“We understand that to build a large and successful corporation, you cannot escape failure. I want to promote those who have the courage to fail,” he said.

“Those who run from water will never learn to swim. You have to drown once to be able to learn to swim.” The Prime Minister also sought to encourage start-ups in government purchases, which now have rigid qualifications based on experience and turnover. “Turnover will rise if they get an opportunity. Experience has to begin somewhere. We are seriously looking to give relief on those, without compromising on quality. Nobody should be denied an opportunity because he is new,” he said.

“The finance minister will do the rest, but since I have said all this in his presence, things

...in the presence, things should move," Modi said, as a Vigyan Bhawan packed with the best known entrepreneurs of the country, and some from overseas, applauded each of his announcements. Earlier in the day, Jaitley said this year's budget, due February 29, will unveil taxation policies friendly to entrepreneurs, to help them build businesses for both the local market as well as global.

That, he said, would be the ultimate break from the so-called Licence Raj of shackles on businesses.