

PM starts up new biz era with tax breaks, mega fund

Govt To Limit Its Role To A Facilitator

TIMES NEWS NETWORK

New Delhi: The government on Saturday unveiled a raft of measures – ranging from tax waiver for three years, ending inspector raj and a mega fund — to help boost the start-up eco-system.

The 19-point action plan, which was announced by Prime Minister Narendra Modi after a day-long event, came with the promise that the government will only play the role of a facilitator and not burden entrepreneurs with complicated compliance requirements.

“If the government doesn’t do anything, so much will happen. We have done a lot for 70 years. Where have we reached? Please tell us what not to do. If we decide not to do anything, they (entrepreneurs) will take us places,” Modi said at a jam-packed Vigyan Bhawan in the Capital.

The prime minister had announced the Start Up India campaign in his Independence Day speech last year to accelerate the pace of creating jobs at a time when employment growth in the government and the brick-and-mortar economy remained slow.

On Saturday, Modi —



STANDING UP FOR STARTUPS

PM Modi with (L-R) SoftBank CEO Masayoshi Son, InMobi founder Naveen Tewari and Mapmygenome CEO Anuradha Acharya

WHAT IS A START-UP?

- An entity, incorporated or registered in India less than 5 years ago, with an annual turnover of up to ₹25 crore in any preceding financial year
- It has to work towards **innovation, development, deployment or commercialisation** of new products, processes or services driven by technology or intellectual property

FUNDS & TAX INCENTIVES

- Three-year **income tax holiday** for entities incorporated between April 2016 and March 2019
- ₹10,000cr fund of funds for start-ups
- Tax exemption on capital gains if they have invested it in the fund of funds recognised by the govt
- ₹2,000-cr **credit guarantee** fund to help flow of venture debt from formal banking system

EASE OF DOING BUSINESS

- No labour law inspection for the first three years
- **Self-certification via app compliance** with 9 labour and environmental laws
- A **mobile app** to start a start-up in one day
- Faster processing of **patent approvals**, fee cut by 80%

who shared the dais with prominent names from Indian start-ups as well as global giants such as Uber founder Travis Kalanick and SoftBank chairman and CEO Masayoshi Son — put in place the first building blocks, by defining a start-ups and detailing the action plan to help these businesses grow.

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Capital gains tax cut in Budget?

The government on Saturday indicated that it would lower the capital gains tax on shares sold after three years. Currently, there’s no capital gains tax on share transactions in listed companies if the stocks are held for 12 months, but shares of unlisted entities face capital gains tax of 20%. TNN

Be a good geek & hustle: Uber CEO

Be a “good” geek and “be resilient even if everyone thinks you are crazy”, was Uber co-founder and CEO Travis Kalanick’s advice to entrepreneurs on Saturday. Calling himself problem-solver-in-chief at Uber, the 39-year-old, said business persons must “learn to hustle”. TNN

Govt to address funding issues faced by start-ups

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To begin with, any entity which has been around for less than five years and has a turnover of less than 25 crore qualifies to be defined as a start-up, provided it is working towards innovation, development, deployment or commercial of new products, process or services that are driven by technology or intellectual property.

If a company clears the test conducted by a government board, it will be entitled to several benefits including a three-year income tax holiday. In addition, the government announced capital gains tax benefits. Although the plan has been unveiled some of the measures can only be implemented after the budget is cleared by Parliament.

The policy recognises the potential that start-ups can play in the coming years after

a recent spurt which saw the number of in the technology space jump over nine times from 501 entities in 2010 to over 4,500 last year. The increase has come with the rise of Flipkart, Snapdeal, Ola Cabs and Paytm, which have become household names and attracted huge investor interest. Currently, Indian entrepreneurs depend on overseas investors for over 90% of the funding, which has been a major area of concern. The government sought to address this partly through a Rs 10,000 crore fund of funds and a Rs 2,000 crore credit guarantee fund. While the corpus was seen to be small, industrial promotion and policy secretary Amitabh Kant said that the steps announced on Saturday were just the beginning. But even before a start-up can claim benefits, the government promised to set up a forum for handholding apart from aiding patent applications.