

# Rajan: Make it easy for start-ups, they can create jobs

**OUR BUREAU**

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RBI Governor Raghuram Rajan on Monday batted for creating an easier business environment for start-ups even while cautioning against the discounting model being followed by most online retailers.

Delivering the YB Chavan memorial lecture organised by the Indian Institute of Public Administration (Maharashtra Chapter), Rajan said: "Start-ups are closing because they are not making money, which suggests that the business model needs to be rethought. If the only reason you are making revenue (not profits) is that you are giving 50

per cent discount, it can't be viable in the long run."

"All these businesses are trying to establish viability. Some are still being financed in a big way. After the initial entry, people try to establish a business model, some work, some do not," the Reserve Bank of India chief added while acknowledging that the sector has huge potential to create new jobs. He advocated lighter regulation for start-ups so that they could have a better environment and a level-playing field to grow.

Rajan said the RBI's move to licence small finance banks would lead to financing of micro and small enterprises, including start-ups. He said that

three competing exchanges (tradexes) — where firms could trade their receivables from large corporates — were on the anvil and would help in financing the working capital needs of these small companies.

The RBI chief observed that an exit policy for firms was already being worked out by the Centre in the form of a bankruptcy code.

**Unemployment insurance**

He said that firms should not fail the people and mooted a safety net in the form of unemployment insurance for those laid off due to firms closing operations, besides health insurance and pension

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**RAGHURAM RAJAN**  
RBI Governor

for those on the verge of retirement.

Finally, he urged the bureaucracy to be more sympathetic while dealing with the common man who came to

them for various clearance saying that "we come to understand of the common man's problems only post retirement."

**Realty issues**

Turning to the real estate sector, the RBI Governor hoped home prices get adjusted such that it encouraged people to buy. He said the processes of access to land, of buying land and of construction had to be made more transparent. He said the biggest concern was if we "can track the flow properly, know who is financing the project and where the money was flowing." Transparency on these counts will increase access to funding