

Startup India to be Recast to Woo More Participants

ACTION PLAN DIPP is designing module to educate startups in areas including business models

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New Delhi: Five months after its launch by Prime Minister Narendra Modi, the government's Startup India initiative is due for an overhaul to improve participation. The government recently held a review after fewer-than-expected startups applied for recognition and only one made the final cut for the incentives that are available under the programme. Subsequently, the Department of Industrial Policy and Promotion (DIPP) chalked out a strategy to upgrade the action plan and get more enterprises to take part, said a senior official.

About 200 companies had applied for recognition, of which, 30 were shortlisted for consideration last month by the inter-ministerial board formed by DIPP. Only Hyderabad-based Cygni Energy was selected while most others failed to provide the required paperwork, officials said.

In order to attract more startups, DIPP is designing a learning module to "educate the startups in areas, including incorporation of a company, business models," said the person cited above. The government will ex-

REASON
FEWER-THAN-expected startups applied for recognition

NEW PLAN
GOVT TO EXAMINE ALL applications within a day

NUMBER FACTOR
200 cos applied for recognition
30 were shortlisted
1 made the final cut

COMPANIES WILL NEED inter-ministerial board nod to avail of tax & intellectual property rights-related benefits

GOVT'S CERTIFICATE of recognition to access legal helps for filing patents won't be needed

CAP ON FEES LIKELY FOR certifying a startup as an "innovative business"

amine all applications within a day and ask those that haven't furnished the required documentation to provide these for counselling and training. Companies that want to avail of the tax and intellectual property rights-related benefits will have to wait for the approval of the inter-ministerial board.

Besides this, startups will no longer need a certificate of recognition from the government to access legal help for filing patents. The service is being provided free to startups through an empaneled group of advocates.

The industry department also plans to impose a cap on fees that can be charged by incubators for

certifying a startup as an "innovative business." This has been done after several companies complained of exorbitant charges for providing recommendation letters.

DIPP is hoping that increased outreach programmes and the upcoming national startup festival in Hyderabad will draw the attention of the community to the programme.

However, startups feel the government should only focus on scrapping regulations that are an irritant for businesses trying to get off the ground, often pushing them to leave India and set up shop elsewhere.

"Government is caught up in

the role of being a beneficiary and incentive provider. It need not become a coach but a facilitator by reducing compliances," said a senior executive at a think tank who did not wish to be named. To be sure, some of the government's initiatives have borne fruit. The Small Industries Development Bank of India (SIDBI) has approved ₹930 crore in disbursements from the ₹2,000 crore fund-of-funds it launched in Au-

gust to support venture capital funds for startups.

The startup corpus of ₹10,000 crore announced in the Startup India Action Plan is also expected to be put to use soon. A proposal to extend the tax holiday to five years from three for startups is also



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under consideration.

The self-certification scheme in respect of nine labour and environment laws has also been initiated by various government departments in order to reduce the regulatory burden on startups as per the action plan.