

# ₹10,000-cr start-up fund to be force multiplier, say experts

■ Fund will catalyse investments of at least ₹1 lakh crore in next 7-8 years: Mohandas Pai

Vidya Ram &  
PP Thimmaya  
Bengaluru, Jan 17

**T**HE ₹10,000-crore fund announced in the Startup India policy by Prime Minister Narendra Modi is expected to be the force multiplier that may boost investments many times into this segment, industry experts believe, even as the government plans to liberalise the regulatory environment for entrepreneurs.

The fund to be set up by the government will place its money in other Sebi-registered venture capital funds that will invest in start-ups in sectors such as manufacturing, agriculture, health and education. Initially, it will have a corpus of ₹2,500 crore, which will be managed by a board of professionals picked up from industry bodes, academia and start-ups.

TV Mohandas Pai, chairman, Manipal Global Education and a leading angel investor, said, "The ₹10,000-crore fund will catalyse investments of at least ₹1 lakh crore in the next 7-8

## Govt to bear patent cost for start-ups

■ **New Delhi, Jan 17:** To encourage young entrepreneurs and innovation, the government has decided to bear the entire cost of facilitation for filing of patents, trademarks or designs as well as relaxed public procurement norms for start-ups. As per the action plan announced by Prime Minister Narendra Modi on Saturday, the start-ups would only have to pay the statutory fees. "The central government shall bear the entire fees of the facilitators for any number of patents, trademarks or designs that a start-up may file, and the start-ups shall bear the cost of only the statutory fees payable," the action plan said. The move is aimed at promoting awareness and adoption of intellectual property rights (IPRs) by start-ups and facilitate them in protecting and commercialising those rights. Experts said that the incentives given by the government for IPR related things would help the start-ups in filing more number of patents, trademarks and designs.

PTI

years. This is very important as it will invest around 10-15% in various funds too apart from start-ups."

A start-up fund by the government has always been talked about but never really saw the light of the day. Now with the Prime Minister's announcement, venture capitalists can hope access funds at a lower interest rate. Radhika Agarwal, co-founder, Shopclues, said, "The government has acted like a disruptive start-up. The policies around clean-

ing the licence raj will be a huge booster for startup community while both setting up and dissolving a company."

As Vamsi Krishna, co-founder & CEO, Vedantu, a leading edutech startup, said, "Between 2010 and 2015, Indian start-ups raised \$18 billion and 8 Unicorns emerged by 2015. The next five years would be significantly more action-packed with both these numbers increasing manifold."

To further liberalise the

regulations surrounding the VCs, the policy has provided for exemption of 20% capital gains tax on funds raised by the Sebi-registered entities. This has been one of the key demands of the VC community and this will now ensure easier movement of funds into the country.

Anil Joshi, managing partner, Unicorn India Ventures, said, "Exemptions in Capital Gains tax and tax on profit, will ensure that during the early days, a start-up will focus on innovation more and will be able to invest from the revenue generated from the business."

The start-up policy announced by the government will largely ensure that many of the key pain points of entrepreneurs and investors on the finance front will no more be a hindrance like income tax exemption for three years, self-certification of firms, easier exits etc.

Greg Moran, founder and CEO, Zoomcar, told *FE*, "All the points are very encouraging for people looking to start up. I think the biggest news was regarding registration of companies. Prior to this initiative, it was extremely

draconian as it took around three months to get done with the registration process. But now it will take only a day to get it done with the process through the mobile app."

However, there are certain issues which still need to be resolved by the government and entrepreneurs are not clear on many implications. Nidhi Agarwal, founder and CEO of Kaaryah, said, "There is only so much that a base plan can articulate but I will be curious to know how they think about indirect taxes because for a startup like mine 5-10% of the cashflow goes towards indirect taxes."

But still entrepreneurs believe the policy is a big step in the right direction provided the implementation is thorough. The big push has come from the Centre towards creating the startup nation but much needs to be done at the state level, some feel. Shashank ND, founder and CEO, Practo, said, "It is a great push from the top and what is really required is constant & consistent engagement from the state governments."