

PM to Put More Fire in the Belly of Start-ups

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<http://economictimes.indiatimes.com/small-biz/start-ups/start-ups-may-get-tax-breaks-incubation-centres-and-easier-approval-to-boost-indias-entrepreneurial-spirit/articleshow/49363432.cms>

Prime Minister Narendra Modi's ambitious bid to take India to the head of the global entrepreneurship league is likely to be backed by tax breaks, incubation centres and easier approval processes. This is part of a comprehensive to-do list that the Prime Minister's Office (PMO) is drawing up to help create a robust ecosystem in which entrepreneurship will flower, as envisaged by the Start-up India, Stand Up India initiative Modi announced in this year's Independence Day address.

An action plan is being drawn up based on inputs received from various ministries and departments, a senior government official told ET. "We want to bring the world's best practices to India," he said. "While banks can provide the debt, equity has to come from venture capital funds, angel investors. Many countries exempt them from tax to encourage start-ups, why can't we?"

The suggestions were made at a recent meeting chaired by the principal secretary to the PM, Nripendra Misra.

Amending the bankruptcy law to ease entry and exit norms and rejuvenating ties between academia and research are also on the cards. The government is also considering changes to rules on intellectual property rights to encourage innovation.

India is among the top five largest start-up communities in the world and these companies have created more than 80,000 jobs in the country so far, according to a report by the National Association of Software and Services Companies (Nasscom) lobby group. The prime minister wants this entrepreneurial streak, confined mostly to tech, to spread to manufacturing, given its vastly greater job-creation prospects. Among Modi's poll pledges was the creation of more than 1 crore jobs for the country's youth in order to raise income levels and speed up growth.

That's why the government has pegged start-ups as a vehicle of growth for the manufacturing sector, employment opportunities and the overall economy.

"We are one of those few economies in the world where there are so many billion-dollar opportunities waiting to be created," said Ankit Bhati, cofounder of taxi aggregator Ola, winner of ET's first Start-up of the Year award in Bengaluru earlier this week.

The government wants to redirect start-up energy especially toward 25 focus areas identified in the Make in India plan, including textiles, leather, and gems and jewellery. "If we want to boost manufacturing, we have to start with single window clearance," said Nitin Saluja, founder of Chaayos, a Gurgaon-based chain of upscale tea shops. "Tax breaks for investors and even employees for things like Esops (employee stock options) will help us attract more talent, create more jobs and up the risk appetite." Part of the plan is also to encourage start-ups in tier II and tier III cities instead of concentrating such activity in the big metros such as Bangalore, Pune, Delhi and Mumbai.

The government is also talking to premier engineering schools such as the Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) to reactivate incubation centres for providing a plug-and-play model for start-ups. The commerce ministry's Department of Industrial Policy and Promotion (DIPP) has been given the mandate to run the Start-up India, Stand Up India programme. Speaking at the ET Start-up Awards, Rishad Premji, chief strategy officer of Wipro, said start-up.