



#startupindia

Start Up INDIA Action Plan 2016

Start ups Innovation
and growth In INDIA

What if your idea is not just an idea?

What if it sees light?

What if it's really born?

What if you can get someone to believe in it?

And help you nurture it?

What if you can set a clear path for it?

What if it can actually travel?

What if it grows and blooms?

What if the whole world embraces it?

What if your idea is not just an idea?



Financial Hospital wishes a very
Happy Birthday
to our Hon'ble Prime Minister Shri Narendra Modi

वक्त कम है, जितना दम है लगा दो...

कुछ लोगो को मैं जगाता हूँ...

कुछ लोगो को तुम जगा दो... - नरेंद्र मोदी



What is good time for Startups



Few Thoughts....

Starting
a startup
revolution.

Startup India @startupindia

24 Aug

55% founders think that this is best time to be an [#entrepreneur](#) in [#India](#)
bit.ly/2bLf8h6 [#startupindia](#)



Having second thoughts about starting up? Time for rethink - The Economic Times

What majority of influential people in startup sector have to say in a first-of-its-kind survey, there is no better time than now to begin a career in entrepreneurship.
economictimes.indiatimes.com



14



22

Startup India retweeted



ETtech @ETtech

1 Sep

[Video] @NandanNilekani on key startup differentiators and 2016's breakout sector #ETStartupAwards buff.ly/2bDRplu



Fintech will be the breakout sector in 2016: Nandan Nilekani | ETtech

Nandan Nilekani points out the various challenges faced by startups in India
tech.economictimes.indiatimes.com

← ↻ 33 ❤️ 36 +👤

Now, Chattisgarh kicks off startup plans to boost entrepreneurship in State

At least 3,000 ideas would be collected through these camps and in the first phase, 36 start-up units selected of these ideas will be developed in next four months, the CM said.

Singh also announced a slew of measures to nurture and support startups.

First 36 startups established in the State would be reimbursed (with) all State government taxes paid by them for first three years. Apart from this, assistance will be given in preparing the project report, quality certifications, technical patent costs, he said.

Starting
a startup
revolution.

Startup India @startupindia

3d

Bihar #startup policy approved! Launches Startup Venture Capital Fund Of \$750 Mn(INR 5000 Crore) #startupindia bit.ly/2cDIBt4



Bihar Government Approves State's Startup Policy; Launches Venture Capital Fund Of \$750 Mn

In yet another boost to the Indian startup ecosystem, the Bihar Government has cleared the launch of the state's startup policy. The policy includes a Start Up venture capital fund that aims at...

inc42.com



24



37

Startup India @startupindia

8 Sep

Reliance Jio Infocomm Limited (RJIL) launches a \$748 Mn (INR 5000 Cr) Digital India #Startup Fund bit.ly/2bN6EUd #startupindia



Mukesh Ambani Launches \$748 Mn Fund For Indian Digital Startups

Mukesh Ambani's Reliance Jio Infocomm Limited (RJIL) has launched a \$748 Mn (INR 5000 Cr) Digital India Startup Fund. It aims to help budding entrepreneurs in the country to build their busines...

inc42.com



32



39



Ramesh Abhishek

@rabhishek1982



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Good initiative by @udaykotak ! Bank starts Innovation Lab, open to investing in start-ups



Kotak Bank starts Innovation Lab, open to investing in start-ups

Kotak Bank has put together a seven-member core team which is working with an equal number of start-ups in the artificial intelligence, analytics and machine learn...

livemint.com

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New Delhi, India

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NITI Aayog @NITIAayog

29 Aug

NITI receives 3658 applications for its Atal Incubation Centres. Transparent screening process begins [#AIMtoInnovate](#)

Application Statistics (I)

Application Type	Total
Academic	1719
Non-academic	1939
Total	3658

← ↻ 99 ❤️ 172 + 👤



Startup Funding Data for 2016

Funding Data For January 2016 (104 Deals)

Funding Data For February 2016 (100 Deals)

Funding Data For March 2016 (85 Deals)

Funding Data For April 2016 (79 Deals)

10 THINGS TO KNOW ABOUT INDIAN START-UPS

28

The average age of start-up founders

\$5 billion

Estimated total funding for start-ups in 2015

110

Number of incubators and accelerators in India

4200-4400

Number of start-ups in India (third highest in world after US and UK)

80,000-85,000

Number of people employed in start-ups

3-4

Number of start-ups born every day

\$2.5-2.7 million

Average valuation of start-ups

13-15%

proportion of start-ups in e-commerce, the highest in any segment

65

Number of M&A deals and exits involving start-ups seen in the first three quarters of 2015

292

Number of active angel investors in 2015-10-13

Source: Nasscom India and Zinnov Consulting's Start-up India report





Shri Narendra Modi
Prime Minister of India

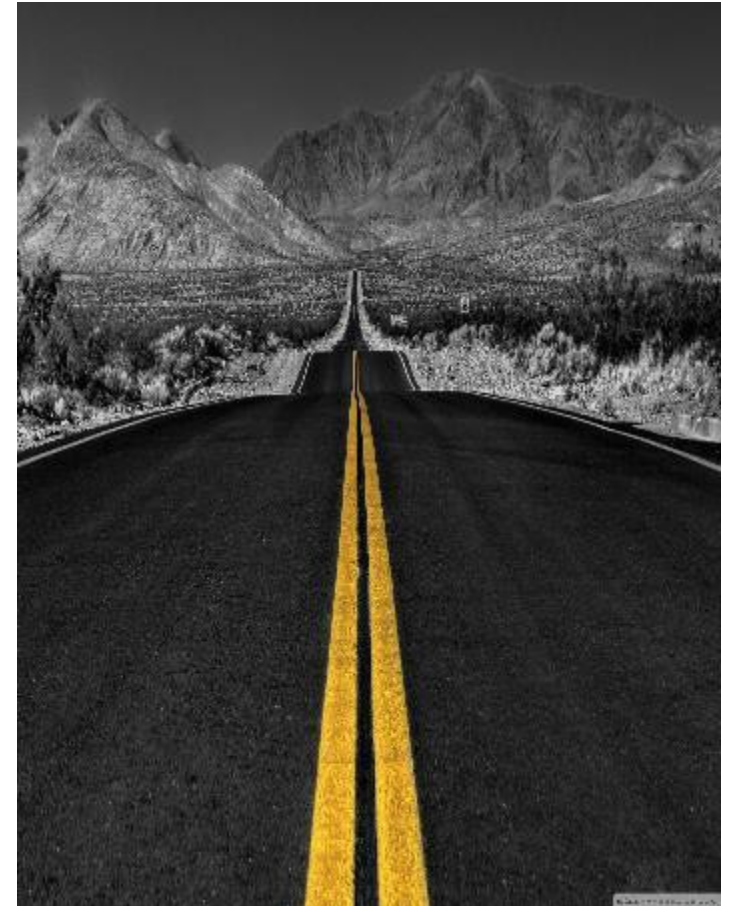
Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design.

Start Up India Action Plan 2016



To meet the objectives of the initiative, Government of India is announcing this Action Plan and with this they hope to accelerate spreading of the Startup movement:

- From Digital or IT Sector to a wide array of other sectors and
- From existing tier 1 cities to tier 2 and tier 3 cities (semi-urban and rural areas).



Start Up - Definition

An entity (Private Limited Company or Registered Partnership Firm or Limited Liability Partnership) shall be considered a “Startup” –

- a) **Upto 5 years** from the date of its incorporation/ registration, AND
- b) If its **turnover** for any of the financial years has **not exceeded INR 25 crore**, AND
- c) It is **working towards** innovation, development, deployment or commercialization of new products, processes or services driven by **technology or intellectual property** AND

NOTE: A one person company, being a private limited company is entitled to be recognized as a 'startup'.



Definition of Startup

(only for the purpose of Government schemes)



Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence.

Provided also that an entity shall cease to be a Startup if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 5 years from the date of incorporation/ registration.

Provided further that a Startup shall be eligible for tax benefits only after it has obtained certification from the Inter-Ministerial Board, setup for such purpose.

Identification of businesses covered under the definition



In order for a “Startup” to be considered eligible, the Startup should

- be supported by a recommendation (with regard to innovative nature of business), in a format specified by DIPP, from **an Incubator established in a post-graduate college in India**; or
- be supported by **an incubator which is funded** (in relation to the project) from Gol as part of any specified scheme to promote innovation; or
- be supported by a recommendation (with regard to innovative nature of business), in a format specified by DIPP, from **an Incubator recognized by Gol**;
or

Identification of businesses covered under the definition



Contd...

- be funded by an Incubation Fund/Angel Fund/ Private Equity Fund/ Accelerator/Angel Network **duly registered with SEBI*** that endorses innovative nature of the business; or
- be **funded by GoI** as part of any specified scheme to promote innovation; or
- **have a patent granted** by the Indian Patent and Trademark Office in areas **affiliated** with the nature of business being promoted.

*** DIPP (Department of Industrial Policy and promotion) may publish a 'negative' list of funds which are not eligible for this initiative.**

Identification of businesses covered under the definition



A **business is covered** under the definition if it aims to develop and commercialize

1. a new product or service or process; or
2. a significantly improved existing product or service or process, that will create or add value for customers or workflow.

The mere act of developing

3. products or services or processes which do not have potential for commercialization; or
4. undifferentiated products or services or processes; or
5. products or services or processes with no or limited incremental value for customers or workflow

would not be covered under this definition.

Start Up India Action Plan 2016



AREA TO FOCUS

- Simplification and Handholding
- Funding Support and Incentives
- Industry-Academia Partnership and Incubation



Simplification and Handholding



- ✓ Compliance Regime based on Self-certification
- ✓ Startup India Hub
- ✓ Rolling out of Mobile App and Portal
- ✓ Legal Support and Fast-tracking Patent Examination at Lower Costs
- ✓ Relaxed Norms of Public Procurement for Startups
- ✓ Faster Exit for Startups

Compliance Regime based on Self-certification



Problems

Compliance with various labour and environment laws - time consuming and difficult in nature.

Solution

- ✓ **Self-certify compliance** with 9 labour and environment laws.
- ✓ In case of the labour laws, **no inspections** for a period of 3 years.
- ✓ In case of environment laws, Startups would be able to **self-certify compliance** and only random checks would be carried out in such cases.



Labour Laws:

- The Building and Other Constructions Workers' (Regulation of Employment & Conditions of Service) Act, 1996
- The Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
- **The Payment of Gratuity Act, 1972**
- The Contract Labour (Regulation and Abolition) Act, 1970
- **The Employees' Provident Funds and Miscellaneous Provisions Act, 1952**
- The Employees' State Insurance Act, 1948

Environment Laws:

- The Water (Prevention & Control of Pollution) Act, 1974
- The Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003
- The Air (Prevention & Control of Pollution) Act, 1981

Startup India Hub

Objective

To create a **single point of contact** for the entire Startup ecosystem and enable knowledge exchange and access to funding



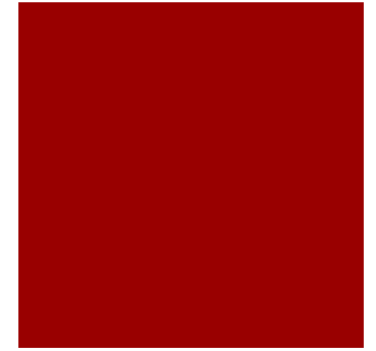
Startup India Hub



The “Startup India Hub” will be a key stakeholder in this vibrant ecosystem and will:

- ✓ **Work in a hub and spoke model** and collaborate with Central & State governments, Indian and foreign VCs, angel networks, banks, incubators, legal partners, consultants, universities and R&D institutions.
- ✓ Assist Startups through their lifecycle with specific focus on important aspects like **obtaining financing, feasibility testing, business structuring advisory, enhancement of marketing skills, technology commercialization and management evaluation.**
- ✓ Organize **mentorship programs in collaboration with government organizations, incubation centers,** educational institutions and private organizations who aspire to foster innovation.

Startup India Hub



To all young Indians who have the courage to enter an environment of risk, the Startup India Hub will be their **friend, mentor and guide** to hold their hand and walk with them through this journey.



Mobile App and Portal



To provide on-the-go accessibility for:

- **Registering Startups** with relevant agencies of the Government through **a simple form**.
- **Backend integration** with MCA and ROF for seamless information exchange and registration.
- A **digital version** of the final **registration certificate** shall be made available for downloading through the Mobile App.

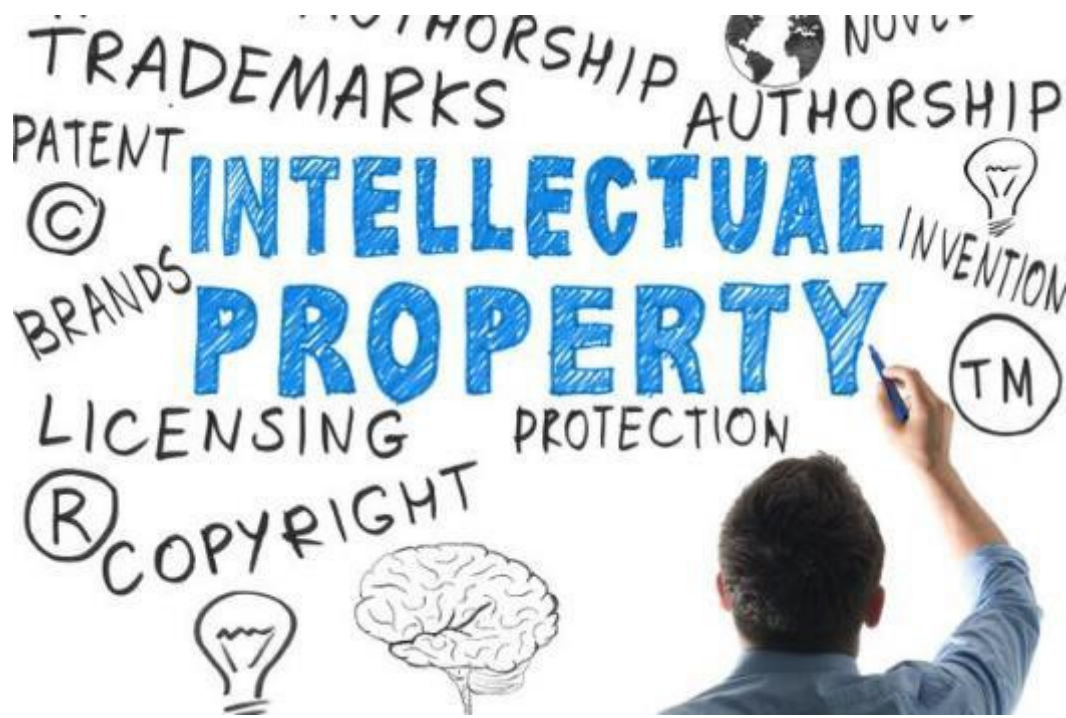


Mobile App and Portal

Contd...

- **Filing for compliances** and obtaining information on various clearances/ approvals/ registrations.
- **Collaborating** with various Startup ecosystem partners.
- **Applying for various schemes** being undertaken under the Startup India Action Plan.





Legal Support and Fast-tracking

Patent Examination at Lower Costs

Legal Support and Fast-tracking Patent



Objective

The scheme for Startup Intellectual Property Protection (SIPP) shall facilitate filing of Patents, Trademarks and Designs by innovative Startups in low cost with faster process and approvals

Solution

- ✓ **Fast-tracking of Startup patent applications**
- ✓ **Panel of facilitators to assist in filing of IP applications**
- ✓ **Government to bear facilitation cost**
- ✓ **Rebate on filing of application – 80% rebate**

The scheme is being launched initially on a pilot basis for 1 year; based on the experience gained, further steps shall be taken.



Relaxed Norms of Public Procurement (Tenders)

Relaxed Norms of Public Procurement



Objective

To provide an equal platform to Startups (in **the manufacturing sector**) vis-à-vis the experienced entrepreneurs/ companies in public procurement

Solution

- ✓ Effective from April 1, 2015 Central Government, State Government and PSUs have to **mandatorily procure at least 20%** from the Micro Small and Medium Enterprise (MSME).
- ✓ In order to promote Startups, Government shall **exempt** Startups (in the manufacturing sector) **from the criteria of “prior experience/ turnover”** without any relaxation in quality standards or technical parameters.



Faster Exit for Startups

To promote entrepreneurs to experiment with new and innovative ideas, without having the fear of facing a complex and long-drawn exit process.

Faster EXIT

- The Insolvency and Bankruptcy Bill 2015 (“IBB”), has **provisions for the fast track and / or voluntary closure of businesses.**
- In terms of the IBB, Startups with simple debt structures or those meeting such criteria as may be specified **may be wound up within a period of 90 days** from making of an application for **winding up on a fast track basis.**



Faster EXIT

- ✓ Appointment of an **Insolvency Professional**, who shall be in charge of the company (the promoters and management shall no longer run the company) for liquidating its assets and paying its creditors within six months of such appointment.
- ✓ **The liquidator** shall be responsible for the swift closure of the business, sale of assets and repayment of creditors in accordance with the distribution waterfall set out in the IBB.





Funding Support and Incentives

Funding Support and Incentives



- ✓ Funding Support with a Corpus of INR 10,000 crore;
- ✓ Credit Guarantee Fund for Startups
- ✓ Tax Exemption on Capital Gains
- ✓ Tax Exemption to Startups for 3 years
- ✓ Tax Exemption on Investments above Fair Market Value



Funding Support

- ✓ Government set up a fund with an initial corpus of **INR 2,500 crore** and a total corpus of INR 10,000 crore over a period 4 years (i.e. INR 2,500 crore per year) .
- ✓ It will be FOF (Fund of Funds) - it will not invest directly into Startups, but shall participate in the **capital of SEBI registered Venture Funds.**



Funding Support

Features:

- ✓ FOF shall be **managed by a Board** with private professionals drawn from industry bodies, academia, and successful Startups;
- ✓ Life Insurance Corporation (LIC) shall be a co-investor in the Fund of Funds;
- ✓ FOF shall contribute **maximum of 50%** of the stated daughter fund size. In order to be able to receive the contribution, the daughter fund should have already raised the balance 50% or more of the stated fund size as the case maybe.



Credit Guarantee Fund for Startups

Credit guarantee mechanism through National Credit Guarantee Trust Company (NCGTC)/ SIDBI is being envisaged with a budgetary Corpus of INR 500 crore per year for the next four years.



Tax Exemption on Capital Gains



Exemption shall be given to persons who have capital gains during the year, if they have invested such capital gains in the **Fund of Funds recognized by the Government.**



Tax Exemption on Capital Gains



Section 54 GB; In addition, existing capital gain tax exemption for investment in newly formed manufacturing MSMEs by individuals shall be extended to all Startups. Currently, such an entity needs to purchase “new assets” with the capital gain received to avail such an exemption.

Investment in ‘computer or computer software’ (as used in core business activity) shall also be considered as purchase of ‘new assets’ in order to promote technology driven Startups.

Tax Exemption on Capital Gains



Points to Note:

- 1) Amount should be invested as an equity participation and the assessee (Investor) should have more the 50% share capital or more then 50% voting rights.
- 2) The eligible startup of the company whose equity is subscribed to, shall within one year from the date of subscription utilize the amount for purchase of new assets.
- 3) Not applicable for second hand plant and machinery and vehicles (new or second hand).

Tax Exemption for 3 years (Sec. 80- IAC)



- ✓ Exemption for 100% of the profits of eligible startups for 3 consecutive years out of a block of 5 years.
- ✓ Points to note
 - ✓ The Company must be formed on or **after 1st April 2016 but before 1st April 2019.**
 - ✓ The proposed tax provision is limited to Pvt. Ltd. Company and LLP only. **(Not for Partnership Firm).**
 - ✓ The exemption shall be **available subject to non-distribution of dividend** by the Startup.
 - ✓ The company should not achieved a turnover of Rs. 25 Crore in any of the year during the block of 5 years.

Tax Exemption on Investments above Fair Market Value

- ✓ Under The Income Tax Act, 1961, where a Startup (company) receives any consideration for issue of shares which exceeds the Fair Market Value (FMV) of such shares, such excess consideration is taxable in the hands of recipient as Income from Other Sources.



Tax Exemption on Investments above Fair Market Value

- ✓ In the context of Startups, where the idea is at a conceptualization or development stage, it is often difficult to determine the FMV of such shares. In majority of the cases, FMV is also significantly lower than the value at which the capital investment is made. This results into the tax being levied under section 56(2) (viib).



Tax Exemption on Investments above Fair Market Value



- ✓ Currently, investment by venture capital funds in Startups is exempted from operations of this provision. The same shall be **extended to investment made by incubators in the Startups.**





Industry Academia Partnership and Incubation

Start Up fest and Collaboration Platform

Provide a platform to Startups in India to showcase their ideas and work with a larger audience comprising of potential investors, mentors and fellow Startups.

- **One fest at the national level annually** to enable all the stakeholders of Startup ecosystem to come together on one platform.
- **One fest at the international level annually** in an international city known for its Startup ecosystem.





**Atal Innovation Mission (AIM) with Self-Employment
and Talent Utilization (SETU) Program**

Atal Innovation Mission (AIM)



Two core functions:

Entrepreneurship promotion through Self-Employment and Talent Utilization (SETU)

Innovation promotion: to provide a platform where innovative ideas are generated



Entrepreneurship promotion

- ✓ **Establishment of sector specific Incubators** including in PPP mode,
- ✓ Establishment of **500 Tinkering Labs**,
- ✓ **Pre-incubation training** to potential entrepreneurs,
- ✓ Strengthening of incubation facilities in existing incubators and mentoring of Startups,
- ✓ **Seed funding** to potentially successful and high growth Startups.



Innovation Promotion

- ✓ Institution of Innovation Awards (3 per state/UT) and 3 National level awards,
- ✓ Providing support to State Innovation Councils for awareness creation and organizing state level workshops/conferences
- ✓ Launch of Grand Innovation Challenge Awards for finding ultra-low cost solutions to India's.





Harnessing Private Sector Expertise for Incubator Setup

Setup of new Incubators

Government shall encourage setting up of;

- **35 new incubators in existing institutions:**
 - Funding support of 40% by Central Government (subject to a maximum of INR 10 crore), 40% funding by the respective State Government and 20% funding by the private sector has been committed. The incubator shall be **managed and operated by the private sector.**
- 35 new **private sector incubators.** A grant of 50% (subject to a maximum of INR 10 crore) shall be provided by Central Government for incubators established by private sector in existing institutions. The incubator shall be managed and operated by the private sector.



Entrepreneurship Promotion



India currently lacks availability of incubation facilities across various parts of the country. Incubation facilities typically include physical infrastructure, provision of mentorship support, access to networks, access to market, etc. Of all these features, physical infrastructure entails large capital investments which can generally be facilitated by the Government. However, requisite skills for operating an incubator are pivotal as well, for which expertise of the private sector needs to be leveraged.

Setting up an Incubators

The funding for setting up of the incubators shall be provided by NITI Aayog as part of Atal Innovation Mission.

Participating Departments and Agencies:

- ✓ Department of Science and Technology
- ✓ Department of Biotechnology
- ✓ Department of Electronics and Information Technology
- ✓ Ministry of Micro, Small and Medium Enterprises
- ✓ Department of Higher Education
- ✓ Department of Industrial Policy and Promotion
- ✓ NITI Aayog.

(By entering into into a standard MoU with identified private sector players for creation of academia-industry tie-ups for nurturing innovations in academic institutions.)



Innovation Centers at National Institutes



The Startup India Action Plan has announced the setting up or scaling up centers of innovation:

- **31 Centers at National institutes**
- **13 Startup Centers**
- **18 Technology Business Incubators**

To propel successful innovation through augmentation of incubation and R&D efforts.



Seven New Research Parks

To promote innovation through incubation and joint R&D efforts between academia and industry, the Government has announced the setting up of 7 new Research Parks in institutes like IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Kharagpur, IISc Bangalore, IIT Gandhinagar and IIT Delhi.



Programs for Students



To promote research and innovation among young students, the Government has proposed the implementation of the following programs in the Startup India Action Plan.

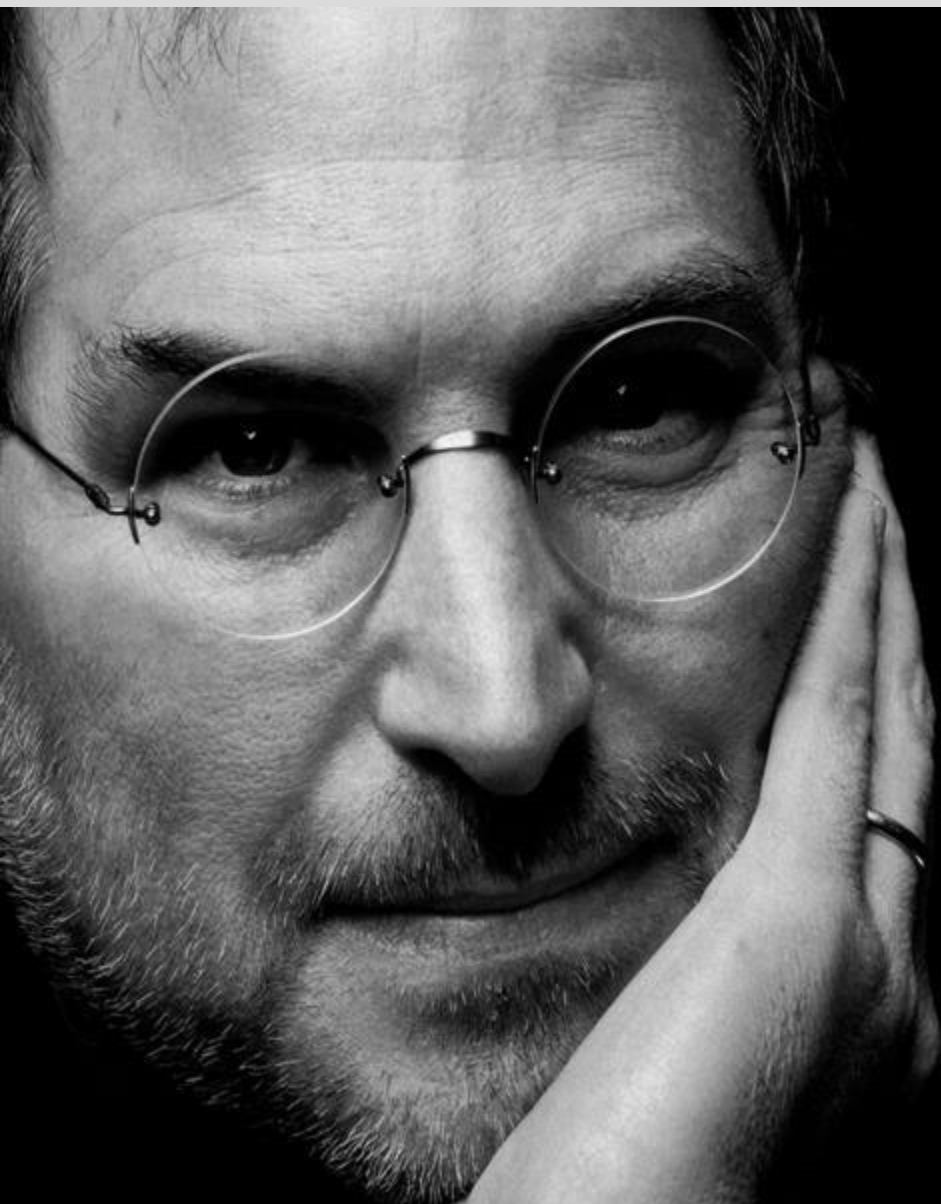
1. Innovation core program to target school kids with an outreach to **10 lakh innovations from 5 lakh schools.**
2. A grant challenge program to support and award **Rs.10 lakhs to 20 student innovations.**
3. Earmarking of **Rs.250 crore per year** for fostering high quality research amongst IIT students.



Final Note



- Be innovative.
- Have a Big Vision.
- Always backed by latest technology.
- Update yourself with knowledge.
- Never never never never Give up.
- Lets make INDIA better place by small steps.



Steve Jobs

1955-2011

**"The ones who are crazy enough to think
that they can change the world,
are the ones who do."**



“it makes you more beautiful...”

CA Manish P.

