

NASSCOM WELCOMES THE START-UP INDIA ACTION PLAN

- Reaffirms its commitment to support 10,000 technology startups
- To expand its Network of Start-up Warehouses in 2016 for incubation and acceleration

New Delhi, January 18th, 2016: NASSCOM welcomed the Union Government's focus on creating a culture of entrepreneurship in India with the announcement of the 'Start-Up India' action plan. This action plan will not only foster a conducive ecosystem for start-ups to accelerate their growth but will also provide the much-needed fillip to ease of doing business and encourage development of innovative products and solutions in India.

The Government had been interacting with various stakeholders for inputs and NASSCOM had shared extensive recommendations with various Departments. NASSCOM is pleased to note that the government has taken into account most of its recommendations for removing bottlenecks while making a comprehensive action plan for start-ups.

Mr R. Chandrashekhar, President, NASSCOM said, "Startup India is a reflection of young India's aspirations and we congratulate the government for launching this comprehensive action plan. NASSCOM once again reaffirms its commitment to support 10,000 technology startups and expand its network of Start-up Warehouses across the country that will nurture early stage entrepreneurship. Our ambition is to see India as a startup nation, one that has exponential growth and also enables creation of unique solutions for India's challenges".

NASSCOM recommendations which have been considered include:

- Definition of start-ups: Registered in India within the last five years and has annual turnover not exceeding Rs.25 crore in the preceding year.
- Self-certification: Corner-stone of NASSCOM's suggestion aimed at simplifying compliance, making it easier for start-ups to focus on translating their ideas into products and solutions.
- Single Window for approvals and registrations: The startup India hub will serve as a single point for regulatory clarifications, easy and faster registration and filings.
- Timelines for company registrations to be reduced – the Government will crash the timelines of registrations to 1 day and also make available a portal for web/mobile based registrations, including automating several steps in name search, providing option of tracking status of registration.
- Fast track Exit - The bankruptcy and insolvency code introduced in the Parliament, proposes a 90 day exit for startups with simple debt structure
- 10,000 crore fund: A Fund of Funds (FoF) by way of SEBI registered venture fund to provide funding support to innovation driven enterprises

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- Support for filing patents: Delays in processing patent application, need for legal guidance and financial support for filing patents, registering designs etc has been a key ask and the action plan has articulated a detailed plan to facilitate IPR filing including fast tracking as well as legal advice.
- Changes in public procurement process: Removal of minimum turnover and experience criteria will provide a great mileage to the start-ups to work on government projects
- Tax exemptions:
 - Capital gains exemption for reinvestment in startups: Addressing the long pending demand of venture capital investors, this capital gains exemption has been extended to VCs and AIFs for investment in startups. Also, eligible expenses will include expenditure in computer and computer software as new assets which will help the IT and tech driven startups. NASSCOM also looks forward to the Union budget, 2016 to address some of the remaining issues relating to taxation of capital gains in line with the announcements made on 16th January that capital gains tax rates would be harmonized across various categories of investors.
 - Income tax exemption for startups: Exemption for three years for start-ups.
 - Fair market value: To encourage seed-capital investment, investment by incubators in startup is exempted from FMV evaluation and associate taxation

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