

Action Plan for Start-Ups

What is the issue?

\n\n

\n

- A year ago, the government launched its ambitious initiative for start-ups with an action plan containing 19 measures.

\n

- However, the government's initiative has had an impact on only a small section of start-ups.

\n

\n\n

What should be done?

\n\n

\n

- **Self-Certification** - To facilitate ease of doing business, the government promised a compliance regime based on self-certification.

\n

- It issued an advisory to states, union territories, EPFO and Employees' State Insurance Corporation offices not to inspect start-ups in the first year of set-up and, for the next three years, only with the approval of a senior officer.

\n

- So far, only 12 states have confirmed compliance with the advisory.

\n

- **IPR** - A fast-track, low-cost intellectual property regime was promised.

\n

- Now, a list of more than 400 empanelled patent and trademark registration agents is published, and the government is supposed to pay them for services to recognized start-ups.

\n

- However, there are only 1,006 such recognized start-ups that enjoy these benefits.

\n

- **Innovation** - All start-ups, regardless of whether they are considered innovative by the government, should be able to enjoy these benefits.

\n

- The government should not get into defining and deciding what innovation

means.

\n

- **Closure** - A critical measure to enable start-ups which could go on to fail is the ease of closure.

\n

- The rules for voluntary liquidation are still in the works.

\n

- They should be released and notified soon permitting start-ups to wind up business within 90 days.

\n

- **Government Procurement** - The government is a huge buyer of goods.

\n

- So central ministries and departments should be directed to relax the turnover and experience criteria for public procurement, so as to promote purchases from start-ups.

\n

- The government instituted a Rs.10,000 crore fund-of-funds.

\n

- So far, there have been only limited disbursements compared to the nearly Rs.16,000 crore start-up funding in 2016.

\n

- Also, the details of the promised credit guarantee fund for start-ups are not out yet.

\n

- Tax - An exemption from “angel tax” was announced.

\n

- But so far only 13 start-ups have been certified for such tax benefits.

\n

\n\n

\n\n

Source: Livemint

\n

