Action Plan for Start-Ups

What is the issue?

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- A year ago, the government launched its ambitious initiative for start-ups with an action plan containing 19 measures.
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- However, the government’s initiative has had an impact on only a small section of start-ups.
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What should be done?

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- **Self-Certification -** To facilitate ease of doing business, the government promised a compliance regime based on self-certification.
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- 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.
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- So far, only 12 states have confirmed compliance with the advisory.
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- **IPR -** A fast-track, low-cost intellectual property regime was promised.
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- 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.
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- However, there are only 1,006 such recognized start-ups that enjoy these benefits.
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- **Innovation -** All start-ups, regardless of whether they are considered innovative by the government, should be able to enjoy these benefits.
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- The government should not get into defining and deciding what innovation

means.
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- **Closure -** A critical measure to enable start-ups which could go on to fail is the ease of closure.
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- The rules for voluntary liquidation are still in the works.
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- They should be released and notified soon permitting start-ups to wind up business within 90 days.
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- **Government Procurement -** The government is a huge buyer of goods.
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- 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.
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- The government instituted a Rs.10,000 crore fund-of-funds.
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- So far, there have been only limited disbursements compared to the nearly Rs.16,000 crore start-up funding in 2016.
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- Also, the details of the promised credit guarantee fund for start-ups are not out yet.
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- Tax – An exemption from “angel tax” was announced.
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- But so far only 13 start-ups have been certified for such tax benefits.
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Source: Livemint

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