



Startup India



Source: www.thehansindia.com

The Government of India introduced Startup India as an initiative aimed towards a pragmatic approach to promote development through innovation and entrepreneurship. It endeavors 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. The main objective of this initiative is to enable the job seekers to be job creators leading to employment generation and wealth creation.

Benefits

In order to reduce the regulatory burden on Startups and allow them to focus on their core business, the Startup India plan provides certain relaxation in the compliance regime. It provides financial and legal support including fast-tracking Intellectual Property examination at reduced costs and tax exemption for 3 years to nurture the development of a Startup.

Registration Criteria

The benefits under the Startup India scheme is available to the Startups which are:



- Incorporated as a Private Limited Company (as defined in the Companies Act, 2013) or a Registered Partnership Firm (under the partnership Act, 1932) or Limited liability Partnership (under the Limited Liability Partnership Act, 2008);
- Incorporated or registered in India not prior to seven years, however for Biotechnology Startups not prior to ten years;
- With annual turnover not exceeding INR 25 Crore in any preceding financial year;
- Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation;

Provided that

- Such entity is not formed by splitting up, reconstruction, of a business already in existence.
- An entity shall cease to be a Startup if its turnover for previous financial years has exceeded INR 25 Crores or it has completed the specified years from the date of the incorporation/ registration
- The business should aim to develop and commercialize new product/ service/ process or significantly improve the existing product/ service/ process that creates or adds value for customers.

Being Innovative an Essential prerequisite

The Startup India focusses to inculcate and encourage the creation and reinforcement of the skill of innovation. To be classified as a Startup so as to entail the benefits secured therein, the essential criteria for the entities is the establishment of innovation. The application for Startup registration requires innovative nature of business which may be supported by a patent granted by the Indian Patent Office or funding by the Government under any scheme to promote innovation.

Entitlement to Benefits

A Startup shall be eligible for the tax exemption under the Startup India provisions only after it has obtained certification from the Inter-Ministerial Board and recognition by Department of Industrial Policy and Promotion.

Recently, the Government rejected the grant of Startup status to many entities as they failed to qualify the innovation criteria laid down under the Startup policy. It is worthwhile to mention that for initial registration as a Startup, it is essential to establish the fact of innovation for the fulfillment of the registration criteria.

The Patent, Trademark and Design applications under “Startup India” scheme may be filed by a Startup entity through a facilitator (who is an IP Lawyer/Agent recognized by the Government to provide IP related assistance), the list of which is available on the IPO’s website. The Startup entity only has to the pay official fee applicable at the stage of filing and prosecution of the application. The facilitator is not to charge anything from the Startup or the individual entrepreneur, and the fee will be paid directly to the facilitator by the central government through



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the office of Controller of Patent, Design & Trademark (hereinafter referred to CGPDTM) and disbursed by the respective IP Office. In order to claim fee benefit provided to Statups, the Certificate of Recognition issued by Department of Industrial Policy and Promotion Board is required to be submitted to the CGPDTM at the time of filing the application.

The regulations put forth under the Startup India scheme aim to ensure that the advantages thereunder do not act as a media to obtain undue gains by unscrupulous entrepreneurs to evade off their liabilities by encashing the available subsidies. While benefiting the newly developed creative and innovative business hubs, the Government also keeps a watch to prevent the Startup policy from being misused with mala-fide intent for the purposes such as tax evasion by obtaining the Startup status upon mere filing of a frivolous application.

Conclusion

In the days to come, these startups will glitter like stars of the galaxy which will be the industrial units of our nation thereby boasting the Indian economy striving for greater heights and eradicating poverty.