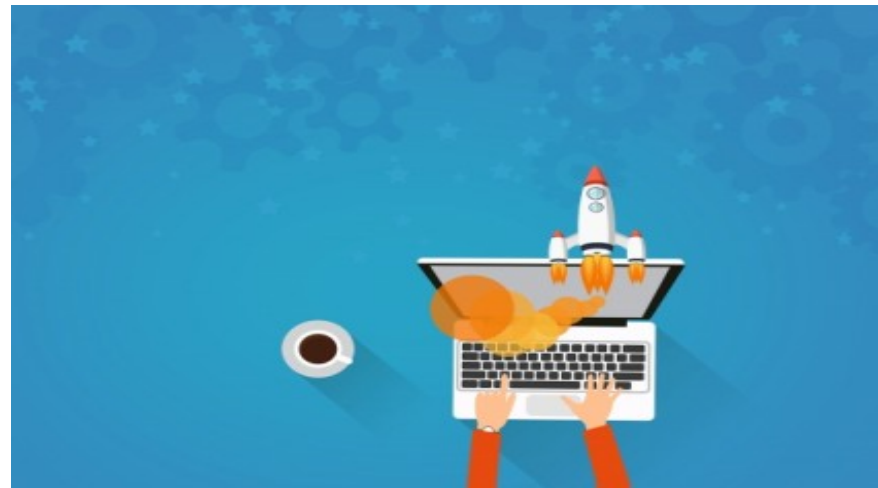


*De Jure*

*April 2, 2016*

THE WAIT ENDS HERE



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## INTRODUCTION

In the month of January, our Prime Minister Mr. Narendra Modi pulled a masterstroke, which has the potential to provide an environment to propel young entrepreneurial India into a growth mode, by launching the Startup Action Plan (SAP). There is no doubt about the fact that this initiative is aimed towards encourage the youth of India to become employment-generators as against employment-seekers, and also to assist the entrepreneurs in translating their vision and ideas into reality which in turn can provide a sustained growth environment for young businesses and ultimately the economy to grow.

The process of setting up a business in India has been marred by bureaucracy and red tapism which coupled with an elaborate compliance regime is highly discouraging, and often hinders an entrepreneur's growth. Many a times it also deters potential entrepreneurs from setting up businesses. It is daunting especially when start-ups are taking baby steps.

In such a scenario, wouldn't it be a huge relief if one doesn't have to stand in government-office queues at every step for obtaining approvals? And assistance for this is available on your smart phone/laptop?

## FOR THOSE WHO CAME IN LATE, THIS IS WHAT HAS HAPPENED UP UNTIL NOW:

The Government has come out with a 12-point Start up Action Plan intended to build a strong ecosystem for nurturing innovation and startups in the country with the objective of ensuring sustainable economic growth and generating large scale employment opportunities.<sup>1</sup>The SAP comprises of a bundle of incentives such as Tax exemptions, better access to funds, reduced compliances, etc.

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1. Introduction to Start-up Action Plan issued by Government of India on January 16, 2016

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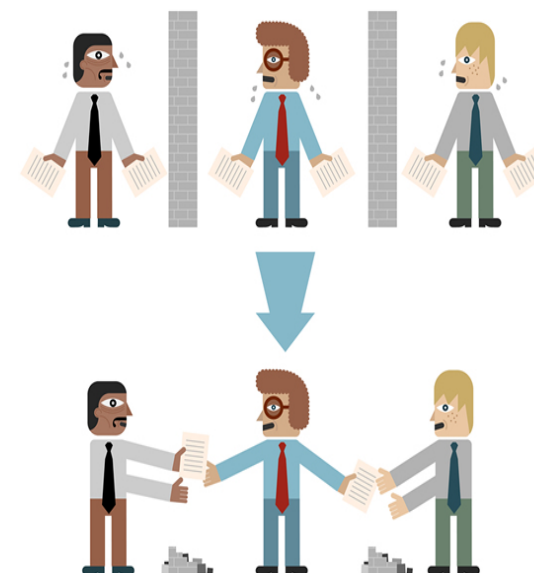
Keeping in line with the aforementioned proposed Governmental initiative, the RBI in its Sixth Bi-Monthly Monetary Policy Statement for 2015-16<sup>2</sup> announced a slew of measures to further the objectives of the SAP. These include enabling start-ups to raise funding irrespective of the sector of their operations, enabling transfer of shares from foreign venture capital investors to other residents/non-resident investors, permitting escrow or indemnity arrangements for up to a period of 18 months simplifying delayed reporting of Foreign Direct Investment, deferment of purchase consideration in case of transfer of the start-up ownership etc.

The Ministry of Commerce and Industry came out with a notification on Feb 17, 2016<sup>3</sup> which has defined a start-up company and clarified the fundamentals thereof. This has been followed up with FAQs on start-ups, by which the DIPP has clarified questions relating to the start-ups concept and implementation.

## HERE WE ARE NOW.

While the white-paper and certain clarifications are in place, the vision of the Government for start-ups has now translated into reality on April 1, 2016, when the Government of India, keeping its promise, has rolled out a mobile application and portal for start-ups which is dedicated solely to act as a single-window interface for start-ups to interact with regulators, government, incubators, stakeholders and investors. It is also intended to serve as an easy exchange of information amongst various stakeholders.

Will it live up its promise and deliver all what it promises?? Only time can be the answer to that. In the meanwhile, set put below are some of the features of the Portal and Mobile Application:



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2. [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=36126](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=36126)

3. [http://dipp.nic.in/English/Investor/startupindia/Definition\\_Startup\\_GazetteNotification.pdf](http://dipp.nic.in/English/Investor/startupindia/Definition_Startup_GazetteNotification.pdf)

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## PORTAL FEATURES:

- The Startup India portal <http://startupindia.gov.in>, has been launched by Secretary, DIPP on April 1, 2016. The Portal is intended to serve as a platform for information exchange in the Start-up ecosystem;
  - The Portal has a strong visual identity and is well put together. The layout is very simple yet effective. At one glance, one can make out the purpose of the portal. The Make in India logo has been aptly used;
  - The inspiration was to help entrepreneurs have an easy access to all the information pertaining to the startup ecosystem at one place and at their fingertips. The Portal serves that right by giving dedicated access to SAP, Start-up recognition (registration and formats), Notifications (government circulars/notifications), Information (relating to Incubators and SEBI registered Funds) and social media links (You tube, Facebook, LinkedIn, Instagram, Pinterest and Twitter);
  - The procedure for startup recognition is simple and involves just a single page form to be filed. It also has formats for the recommendation/support letters that needs to be attached to the application form;
  - Information regarding incubators and SEBI registered funding agencies recognized for the purpose of recommending Startups, which is an essential part of Startup recognition is available on the portal;
  - A comprehensive list of FAQs has also been made available on the portal which will assist the entrepreneurs, incubators and funding agency to fundamentally understand the SAP scheme.
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## MOBILE APPLICATION FEATURES:

- The Portal has an assigned link to download the Startup India mobile application;
- The layout and the features of the mobile application and portal have been kept similar;
- It is apropos, to the point. There are precisely five relevant tabs and a few social media links on its homepage, making it free from any level of complexity. One would not have to be extremely technology -savvy in order to utilise the mobile application;

All in all, the SAP initiative is highly ambitious and Government of India is taking considerable efforts to assist zealous entrepreneurs in converting their dreams into reality.

**Contributed by:**

**Poorvi Sanjanwala** : [poorvi@rajaniassociates.net](mailto:poorvi@rajaniassociates.net)

**Zil Shah**: [zshah@rajaniassociates.net](mailto:zshah@rajaniassociates.net)

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## AREAS OF PRACTICE

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| Real Estate & Trust | Corporate & Commercial | Banking & Finance | Structuring | TMT | IPR | Employment

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## DISCLAIMER

This update only contains a summary/ limited description of the topic dealt with hereinabove for general information purposes and should not be construed as a legal opinion or be relied upon in absence of specific legal advice. For further information or legal advice please feel free to contact us.

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## Contact US



## Rajani Associates

simple solutions

<b>Address:</b>	Krishna Chambers 59 New Marine Lines Churchgate Mumbai 400020 Maharashtra, India
<b>Telephone:</b>	(+91-22) 40961000
<b>Facsimile:</b>	(+91-22) 40961010
<b>Email:</b>	<a href="mailto:dejure@rajaniassociates.net">dejure@rajaniassociates.net</a>
<b>Website:</b>	<a href="http://www.rajaniassociates.net">www.rajaniassociates.net</a>

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