

Why promoting the domestic start-up story is a key element of an Atmanirbhar Bharat

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PROFILE

Mr. Rameesh Kailasam is the CEO of IndiaTech.org and is considered as the emerging voice of the Indian start-ups in the internet space. Prior to joining IndiaTech, he was heading APCO Worldwide's India operations. Prior to APCO, he served as vice-president for governmental programs at IBM for India/South Asia. He was also a contributor to the National Solar Mission policy on renewable energy. Rameesh has been involved in the creation of next generation administrative reforms and e-Governance in various states and central government, and was actively involved in the set-up and running of the Centre for Good Governance at the Government of Andhra Pradesh. He has authored more than 100 papers and reports many of which have been adopted for driving policy in India and internationally. Mr. Kailasam holds multiple qualifications in accounting, finance, technology, as well as policy and governance reforms.

The Free Dictionary defines "Self Reliance" as the "Reliance on one's own capabilities, judgment, or resources and independence". Self-reliance is built on the belief that you can, and should, change and control your circumstances. This term first featured in an 1841 essay written by American transcendentalist philosopher and essayist Ralph Waldo Emerson. Many others have defined "Self Reliance" in their own way but none of the definitions do any justice to the concept as it is much beyond and larger in concept and context depending on an individual, society, region, state or country.

Looking from a country's standpoint, it may stand for economic self-sufficiency and may also partly imply practically seeking a reasonable amount of independence from other nations. While India needs to achieve reasonable momentum backed by a consumer behaviour that embraces products and services offered within India and made in India in brick and mortar space, it is also essential for the new age start-ups to focus, create and offer products and services in the online and offline world for the new age consumers of India.

India is currently amongst the top five countries in the world in terms of startups. Startups have demonstrated promising potential and have been in central focus in India. They also play an important role in economic development given the fact that they have a potential to create jobs across the economic strata of society. India, with its vast consumer and seller base in goods and services, can easily aspire to become one of the world leaders in the space of Internet-based startups. Start-ups are the centre of innovation and growth for economies across the world and will soon become a critical pillar of the Indian economy that not only

enhances economic prosperity but also creates a huge number of jobs for a large self-employed gig economy. Start-ups in fact are beginning to create more jobs than conventional companies since they are generating both formal and informal employment opportunities and are a major contributor to the gig economy and workforce.

As a crucial arm of the Indian economy, it is important for start-ups to receive all the support that they can to compete with the big tech emerging from the other economies. Start-ups need to continue to have easier access to capital as well as conducive policy frameworks that would accentuate ease of doing business for businesses across sectors. More importantly, it is critical that an environment that allows these start-ups to be self-reliant, is provided and enabled.

In order for India to become truly Atmanirbhar and to create an enabling mechanism that can allow startups to scale up and go to the next level, India needs to put in place a few regulatory unlocks. The Indian Government has been supporting the Indian start-up ecosystem immensely. There has been a slew of measures both fiscal and non-fiscal that have been introduced with the intent of supporting this budding sector. That said, there continue to be some reforms that if introduced can bring significant difference for the start-up ecosystem.

In case of high-growth technology companies and start-ups, exempting the promoters from complying with the minimum promoters' contribution requirement should be considered. This provision would ensure that Indian Founders are able to retain decision making and strategic control even after having

gone through multiple rounds of capital infusion from institutional investors and list in India instead of listing elsewhere. This way wealth creation will be in India.

Reconsideration of certain direct tax regulations like sec 194O that relate to compliance burden issues not only for start-ups, established businesses, and regulated sectors but also for millions of gig economy workers besides blocking working capital for all. Other provisions like Section 206C (1G) (b) inconveniences all tax filers and salaried taxpayers and risks moving away business from Indian travel agencies by granting unfair advantage to overseas travel agents and suppliers.

While goods and services tax (GST) has been an indirect tax game-changer, it has also been a bottleneck because invaluable working capital is trapped and unutilised. This is due to a peculiar so-called inverted structure for many industry sectors including textiles and a huge 'level playing field' issue in services sector in the consumer Internet space. Relook is required for onerous clauses in GST that currently force online service sector start-ups to unnecessarily open multiple offices in all states and UTs when their overseas competitors are exempt. Fixing the discrepancy that exists due to inverted tax rate structures in many sectors for start-ups that has locked in valuable working capital of the industry with the government will pave the way for a stronger Atmanirbhar Bharat.

Another area that's requires relook is ESOP taxation as most employees who co-found and co create a start-up initially work without any major considerations. This is the true essence of any start-up that builds cutting edge products and services hence a more liberal yet practical applicability of ESOP taxation rules can unlock huge amount of innovation and attract talent in the country. While the government attempted in its bit to bring out clarifications on demands from industry in this regard yet the definition of 'eligible start-ups' is still restricted to only those startups registered with the DPIIT or listed under 80-IAC and IMB. If the scope of relaxation can be extended to other start-ups having a turnover below a certain threshold, this will boost ownership by employees in the companies and allow start-ups to hire talent and consequently provide a boost to the economy.

Start-ups have undeniably proven to be the foremost factor in creating an Atma Nirbhar Bharat.

Start-ups today are present across sectors, making access to all services and facilities a tap away. With the ease that they provide, they are exceptionally important for India to compete with innovative technologies from across the world. India needs to be positioned as a creating nation and not only as a consuming nation. It is only then that a more Atma Nirbhar Bharat can be achieved.