

Policy Developments Update (Period: Feb 1, 2016- April 13, 2016)*

In this Issue:

| Govt. defines Start-ups | Policy Announcements in the Union Budget 2016-17|
| Ministry Specific Policies (Union) | State level policy changes |

Government defines Start-ups (late Jan, 2016)

According to the Action Plan of the Start-up India Initiative, a “start-up” is an entity, incorporated or registered in India **for not more than five years**, with an **annual turnover not exceeding INR 250 million** in any preceding financial year, and working towards **innovation, development, deployment or commercialization** of new or significantly improved products, processes or services driven by technology or intellectual property that will create or add value for customers or workflow. Additionally, to be considered as a “start-up”, such an entity should:

- Be supported by a recommendation with regard to innovative nature of business from a Government recognized/funded incubator; or
- Be funded by the Government or an Incubation Fund/Angel Fund/ PE Fund/ Accelerator/Angel Network registered with SEBI; or
- Have a patent in connection with its business.

From the Budget 2016-17

Jobs/Labor:

- 100 Model Career Centres to be operational by the end of 2016-17 under **National Career Service portal**. This will replace the traditional job search process and improve the reliability of the portal.
- State employment exchanges to be linked with the National Career Service platform.
- GOI makes a budget provision of Rs 1000 crore to pay **employers’ contribution to the Employee Pension Scheme (EPS)** (8.33% of salary for all new employees with salary less than Rs. 15000) for the first three years of employment.
- A bill in relation to ease of doing business will be taken up to amend the Companies Act, 2013.

Skill Development:

- Rs 1,700 crore has been set aside for setting up 1,500 multi-skill training institutes and scaling up **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)**
- **National Board for Skill Development Certification** to be set up in partnership with the industry and academia, to streamline job placements with a Rs 50-crore budget.
- Rs 33 crore allocated for **Apprenticeship Training**.

* Special thanks to Rick Rossow and his team at the CSIS team for providing key inputs to this document.

Entrepreneurship:

- Rs.500 crore allocated toward the **Stand-Up India** scheme to promote entrepreneurship among prospective entrepreneurs from scheduled castes, scheduled tribes and women.
- A national hub in the Ministry of Micro Small and Medium Enterprises (MSME) to be set up in partnership with industry associations to provide professional support to scheduled caste/scheduled tribes (SC/ST) entrepreneurs.
- **100% tax exemption** for 3 out of 5 years for start-ups setup during April, 2016 to March, 2019. Minimum Alternate Tax (MAT) will apply in such cases.
- Proposal to provide exemption from capital gains tax if the long term capital gains proceeds are invested in notified funds.
- Rs. 50 crore has been set up as the seed money for entrepreneurs. No indirect tax incentives for start-ups.

Ministry specific news

Social Justice and Empowerment:

- Government has launched the **Accessible India Campaign/Sugamya Bharat Abhiyan** as a step towards achieving Universal Accessibility. 50 Cities and 705 Railway stations in India are being covered under the Campaign and are being made disabled friendly. [Source](#)
- The Department of Empowerment of Persons with Disabilities (DPwD) launches the **National Action Plan**, in collaboration with the Ministry of Skill Development and Entrepreneurship on 21st March 2016. [See here](#)
- Women and Persons with disability (PwD) can take an extra year to complete an MA and two extra years to complete a PhD. [Source](#)
- The MSJE launches the **Inclusiveness and Accessibility Index Toolkit**, which is meant to help organizations become more inclusive of disabled persons. [Source](#)
- Budget 2016-17 allocated ~\$30 million USD for the Accessible India Campaign.
- GOI launches job portal for people with disabilities. [Portal Link](#)

Micro, Small and Medium Industries:

- Government lists existing schemes for the promotion of MSME: **UAM, ASPIRE, PMEGP, SFURTI**. [More details](#)
 - **Udyog Aadhaar Memorandum (UAM)**, launched on 18th September, 2015, is a measure to simplify the procedure for registration of MSMEs as a part of ease of doing business. Since its inception, more than 2.4 lakh units have been registered.
 - Ministry of MSME claims that more than 4,25,000 Jobs to be Generated Under PMEGP During 2016-17. [Source](#)
- Ministry of MSME proposed to promote entrepreneurship skills among the next generation, through **Massive Open Online Courses**. This Training will be provided in 2,200 colleges, 300 schools, 500 Government and 50 Vocational Training Centres through Massive Open Online Courses. [Source](#)
- Government relaxes procurement norms related to experience and turnover **for micro, small and medium start-ups** with a view to enabling these ventures to be part of its public procurement. The above to be applicable in case the goods and services delivered by the start-up MSME are as per prescribed technical and quality specifications. [Source](#)

Skill Development and Entrepreneurship:

- With the aim to support “Make in India” and “Skill India”, MSDE has announced the launch of “**Transnational Skill Standards**” in India. These standards in skill development which are benchmarked to United Kingdom across 82 identified job roles will support international mobility of Indian workforce and also prepare them to work in international companies having their operations in the country. [More details](#)
- MSDE has estimated that over 104 million people would need fresh skilling in over 24 priority sectors by 2022. In addition, around 300 million people of existing workforce (especially below 45 years) would need reskilling and upskilling in these sectors by 2022. [More details \(incl. listing of sectors\)](#)
- MSDE releases list of all the 40 different Central Government schemes for skill development, implemented by 18 ministries. [See here](#)

State level developments on Entrepreneurship/ SMEs

Delhi

- Announces a start-up incubation policy and distributes a total of \$1.35 million to six universities to promote entrepreneurship. [Source](#)

Haryana

- Liberalizes labour laws to allow businesses with fewer than 300 workers to downsize without first seeking government permission. [Source](#)

Karnataka

- Introduces a self-certification scheme for businesses and factories that eliminates repeated inspections by state safety and labour inspectors. [Source](#)

Maharashtra:

- Employers are now allowed to hire as many as 50 contract laborers without seeking permission from the Labour Commissioner. [Source](#)
- SMEs may purchase two-acre plots on state-owned land in industrial clusters for a subsidized price. [Source](#)
- Introduces a new retail policy that allows retail outlets to stay open seven days a week and creates online registration for businesses with fewer than 9 employees. [Source](#)

Gujarat:

- New IT policy provides a \$3.7 million subsidy to IT parks and also subsidizes registration fees and stamp duties for IT-related businesses. [Source](#)

Odisha

- Issues a draft start-up policy (not yet approved by the cabinet) designed to foster the growth of at least one start-up/innovation park and multiple incubators. Allows universities and other incubators to apply for grants of up to \$75,000. [Source](#)

Rajasthan:

- Opens a MSME technology center, the first of a planned 15 in India, and plans to create a business incubation center in every district of the state. [Source](#)

Telangana:

- Announces a new information and communications technology policy that includes \$350 million in seed- and venture-capital funding for startups as well as state-developed start-up clusters. [Source](#)