

## Meeting of the Hon'ble Commerce and Industry Minister with Incubators and Accelerators

Hon'ble Commerce and Industry Minister, Smt. Nirmala Sitharaman, held a meeting with various incubators and accelerators to gather feedback, hear their concerns and address key challenges faced by them in the Startup ecosystem. This is in continuation to her previous initiative to reach out to various stakeholders of the ecosystem.

Incubators are critical for driving the growth of startups at all stages of their entrepreneurial journey. They help provide mentorship & handholding support and above all foster a culture of innovation. It is therefore incumbent on the Government of India to support the incubators/accelerators so that they in turn can nurture startups, which would help India become a nation of job creators instead of job seekers.

It is hence important to address the challenges, issues and concerns faced by the incubators.

### Some of the key points of discussion and suggestions that came up during the interaction were:

- Umbrella recognition of incubators, accelerators, co-working spaces and mentors as 'Startup builders'
- Service tax exemption is being currently provided to incubators duly recognized by Government; it should be extended to other incubators as well.
- The requirement of seed stage funding for Startups was highlighted. Incubators should be given grant by Government to help Startups at the initial stages. E.g. PRISM under DSIR which gives a grant of Rs. 2 lakhs for startups at the seed funding stage is extremely helpful; a similar seed stage funding from 5-10 lakhs for startups was proposed.
- Startups registered with incubators need to get their valuation done which is a financial burden on them. Startups below a particular threshold may be exempted from the same.
- Greater corporate engagement with incubators may be facilitated.
- Section 35(2AA) of Income Tax Act may be extended to incubators as well.
- Marketing and funding support to startups is critical, hence a separate fund for incubators needs to be created especially through CSR mandate for corporates.
- A Central repository of all schemes and funds available under the Government for the benefit of startups should be created.
- State Governments and municipal bodies may be requested to extend relaxed procurement norms to startups.
- The current Foreign Contribution Regulation Act (FCRA) regulations prohibits charitable trusts to use the foreign funds received by them as investment in startups as such investments are treated as speculation.
- A national survey can be undertaken to collate and address all challenges of startups on a common platform.

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Warm regards,

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