

Startups seek regulatory clarity from new govt

Industry Faces Enforcement Woes, Tax Dept's Approach Concerning, Say Founders & CEOs

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Mumbai: With a new coalition govt at the centre set to swear in, the startup industry is seeking enhanced regulatory clarity, help to expedite the process of shifting domicile to India and an easier law and enforcement regime from authorities for the sector.

"The approach of the tax departments towards startups is one area that is concerning the industry a lot... whether it is the misinterpreted angel tax issue or the GST notices that a lot of startups are getting and other law & enforcement challenges. This is one aspect we expect the new govt to address. They should ensure that startups building in this country are not unnecessarily harassed at the hands of various authorities. Generally, startup business models are unique and many times, tax department misinterprets issues," the CEO of a top unicorn firm on condition of anonymity.

Streamlining regulations through simplified registration and set rules can make it easier for startups to get started and operate, said Sabyasachi Goswami, CEO at newly minted unicorn Perfios. The ecosystem, Goswami said, would benefit from tax breaks wherever possible and better access to debt financing for businesses. "In the upcoming term, we look forward to policies encouraging ease of doing business and reforms that

support businesses," he said.

Additionally, startups that are working to shift their base to India from foreign countries like the US or Singapore are seeking the new govt's help to fast-track the process. A founder with a unicorn, which is in the midst of such an exercise, said that the process currently takes over 12 months. "It's a long and

funding and establishment of incubators. Besides, expansion of initiatives like the production-linked incentive (PLI) scheme must be expanded to reduce dependency on imports and boost local growth, he said. "As we look to the new govt, there is a collective expectation for policies that continue to foster a conducive environment for

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| 1 Enhanced regulatory clarity | 5 Phased introduction of MDR on merchant UPI transactions |
| 2 Easier law and enforcement regime | 6 Tax breaks wherever possible |
| 3 Fast-tracking the process to shift domicile to India (takes over 12 months currently) | 7 Forward-looking policies for emerging sectors |
| 4 Support for small-town cos | 8 Expansion of initiatives like PLI to boost local growth |

cumbersome process. We urge the new govt to simplify the same and cut down the time taken for such transactions," the founder said.

As far as the fintech sector is concerned, several of them continue to bat for the introduction of a tiered MDR (merchant discount rate) regime for UPI merchant transactions. "This is our biggest ask... else, the ecosystem will become financially unviable," said an executive with a top fintech.

Ritesh Agarwal, founder and CEO at Oyo Hotels and Homes, said that small town startups with potential should be supported by the new govt through improved infrastructure, easy access to

growth. Enhanced regulatory clarity, improved access to funding and incentives for technological advancements will be crucial," said Harshil Mathur, CEO & co-founder at Razorpay.

The Tech Entrepreneurs Association of Mumbai (TEAM) — which includes startups like Zepto, Dream11 and upGrad — said that forward-thinking policies and regulations will be essential to enable the growth of emerging sectors like AI, deep tech and renewable energy. "We urge govt to introduce new platforms and policies that will help our vibrant tech ecosystem to flourish further... fostering international tie-ups will help," the association said.