

NASSCOM PARTNERS WITH GOVERNMENT TO CREATE A CONDUCTIVE STARTUP ECOSYSTEM

NASSCOM Executive Council Meets Hon'ble Minister for Communications and Information Technology to present industry growth roadmap

Bengaluru, 01 July, 2014: In an attempt to strengthen and leverage IT and innovation for economic growth & development of the start-up ecosystem, National Association of Software and Services Companies (NASSCOM) has put forth its recommendation to the Union government in a meeting of NASSCOM's Executive Council with Shri Ravi Shankar Prasad, Minister for Communications and Information Technology, Law and Justice.

NASSCOM, along with other industry leaders, came together to share critical areas that need immediate attention and intervention from the Government. Industry leaders stressed on the need to enable innovation and support entrepreneurship in order to foster an ecosystem and accelerate growth of product, and start-up companies. In order to promote growth and global competitiveness of IT industry, NASSCOM has also requested to the Government's help to build newer markets while expanding core markets, focusing on skill development, and employment creation. NASSCOM has also requested the government to provide relevant interventions to improve business environment in India to ease investment and operations for entrepreneurs in the country.

Mr. Ravi Shankar Prasad, Minister, Communications & Information & Technology and Law & Justice, said, *"This is my first formal interaction after taking up the position of minister of communications & IT, and I want to reiterate the need to transform India into a software product nation. The future of the Indian IT industry will be driven by products and there is a need to encourage investments in this segment. We will be holding many more such meetings in the future which will be more like 'IT panchayats' that will involve detailed discussions and a feedback mechanism from key stakeholders on how to leverage IT and Innovation for the start-up ecosystem and betterment of the industry."*

On the side-lines, **Mr. R Chandrashekhar, President, NASSCOM** stated that *"Of the total revenue, about 80% is contributed by 200 larger and mid-sized players and, rest 20% comes from more than 16,000 companies that are either small and emerging. With constant innovations both at global and domestic level, the smaller companies can become bigger and large companies can penetrate the market deeper, but only with right and immediate support by the government in terms."* **He further added that** *"Our future growth will be driven by innovation, IP and valuations, and hence NASSCOM has recommended five pronged agenda to achieve this."*

Launch India Technology Entrepreneur Mission (ITEM)

Betting big on India's young and emerging businesses and estimated impact of 50,000 technology start-ups adding 2% to India's GDP and 3 million jobs by 2020, NASSCOM recommends to launch Rs. 500 Crore ITEM to Foster an ecosystem and initiatives that accelerate growth of product, small and start-up companies. The primary focus areas for this project will be:

- Propose and action simplified regulation
- Enabling funding, incubators, accelerators
- Accelerate skill development, academia link
- Taxation
- Catalyze innovation – incentives & support for IP creation, ideas contest

Promote growth and global competitiveness of IT industry

At a domestic level, NASSCOM's proposal to the government focus on helping deliver as frictionless and level a playing field as is possible for the technology and product innovators. NASSCOM suggests building new markets and expanding core markets with special focus on skill development and employment creation.

At a global level, NASSCOM suggests to establish launch pad facilities for early stage India domiciled technology ventures who wish to crack into international markets. Setup the first batch of technology venture launchpads in US (San Francisco, Silicon Valley, NYC), Europe/UK (London), Singapore, Japan. These facilities will provide access to low cost office space for upto a year, connect companies to local talent/investors/customers/press/service providers, assist with visas, recommend pre-packaged cost-efficient legal /accounting services, and actively look to showcase the companies to the local ecosystem. Create strong incentives for local managers of launchpads with outcomes delivered to tenant ventures.

There is also urgent need to build awareness around the innovative work done by the Indian product companies and showcase India's outstanding products, facilitate international companies engaging with the Indian ecosystem, champion software product evangelists, and improve perception of India's IP Laws among international customers and buyers of software assets.

Improve business environment in India for investment and operations

Taxation:

- 1) R&D Tax Credits: for expenses related to generation of innovative software IP and filing of related patents.
- 2) GST: uniformity in taxation is desirable - especially due to definitional issues. Efficient and harmonized consumption tax system. Goods vs. Services should get resolved. If the gap between Services and Goods tax rates is kept relatively minor or equal then most of these problems go away.

Intellectual Property Rights (IPR):

- 3) Patent Accelerator Program: filing assistance and partially subsidize filing costs of patent filed in overseas jurisdictions.
- 4) Enhance Domestic Patent Laws: to allow India software related claims to be patentable and match global standards.

Maximally leverage ICT and innovation to improve Governance and achieve National development goals: Create Impact and develop domestic market

There is an imperative need to revamp cumbersome and restrictive procurement processes, hence it is recommended to co-opt industry as a partner and enable market access for entrepreneurs and SMEs. The government must also encourage IT adoption in Government and private sector while revisiting provisions of investment allowance and identify suitable allocations for IT adoption to enable access and efficiency.

Futuristic policies that catalyze emergence of the Digital Economy

Keeping digital identity in the center of every process, the government must focus to bring digitization and scale National Digital Literacy Mission. NASSCOM has requested the government to expedite roll out of broadband (OF & 4G), adopt and integrated approach to Electronics, design, IT products & Services, support growth of ecommerce and participate in global discussions on cross border data flows and associated issues to develop and communicate India position.

About NASSCOM

NASSCOM® is the premier trade body and the chamber of commerce of the IT-BPM industries in India. NASSCOM is a global trade body with more than 1400 members, which include both Indian and multinational companies that have a presence in India. NASSCOM's member and associate member companies are broadly in the business of software development, software services, software products, consulting services, BPO services, e-commerce & web services, engineering services off-shoring and animation and gaming. NASSCOM's membership base constitutes over 95% of the industry revenues in India and employs over 2.24 million professionals. The 10,000 start-ups programs is NASSCOM's most ambitious initiative to support 10,000 technology start-ups over ten years.

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