

'Creation of single system for clearance and valuation will boost start-up ecosystem' says businessmen

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This will result in creating a system of fair market valuation as per the standards of international market, he said, adding that the government validated valuation system will give confidence to international investors to invest in Indian start-ups.



New Delhi: Creation of single system for clearance and valuation will further boost the start-up ecosystem in India, thus resulting in creating a system of fair market valuation as per the standards of international markets, says the start-ups sector ahead of Union Budget 2019 on February 1.

Mavyn Digital Trucking Founder Sachin Haritash says, "Creation of a single system for clearance and valuation will further boost the start-up ecosystem in India."

"Our request to the government for this budget would be to nominate an independent institute/entity who will be responsible for valuation of start-ups," he said.

This will result in creating a system of fair market valuation as per the standards of international market, he said, adding that the government validated valuation system will give confidence to international investors to invest in Indian start-ups.

"The impetus that the current government has made under the leadership of Prime Minister Narendra Modi for cultivating ecosystem to encourage start-ups in India is noteworthy. By relaxing the rules for self audit of books for first three years the government has not only supported the growth of existing start-ups but also generated opportunity for young entrepreneurs," he said.

SmartOwner Services, India, Pvt Ltd Founder and CEO Vikram Chari opined that the GST sought to solve the inefficiencies of multiple taxes like VAT, ST, Octroi, thereby reducing prices and boosting demand but unfortunately, but this streamlining has not been done in a carefully thought out manner across the project-stages and sectors - causing additional market inefficiencies in the two largest sectors: Residential and Commercial.

Residential real estate prices on projects tend to follow a straight line, as the project advances through its construction phases and risk for investors or buyers decreases.

Commercial real estate has been affected by the fact that GST paid on construction costs cannot be offset against the GST on sales. Coupled with volatile construction material inputs taxed at the highest GST bracket (for instance 28 per cent on cement), and lack of clarity on land value abatement, there is a large increase in developer costs that will have an impact on sales prices.

With the outlook for a commercial property being extremely bright, the only two things holding large

investors back are risks due to inefficiencies in the value chain and uncertainty in policy, both of which the current GST regulations suffer from.

"The GST was expected to reduce inefficiencies of various levels of rent-seeking in an already complex industry. Unfortunately, inconsistent treatment of input credit, total tax rates, and arbitrary hurdles have reduced the excitement for investors at a time where the government is trying to re-energise strategic infrastructure investments in the face of a Non Banking Financial Company (NBFC)-driven liquidity crunch", he said.

The HR departments, which are responsible for the happiness of the employees and also responsible for the business interests, say the HR sector is looking forward to some conducive policies during the union budget this year.

Noble House Consulting Pte Co-Founder Sanjay Lakhotia hoped that it will become easier for startups to pay salary, commissions and incentives in the form of employee stock ownership plans (ESOPs).

Allowing startup HRs to pay out salaries to vendors and consultants will help them find the right talent and in wealth creation, he said.

"We are also looking forward to creation of equal opportunities for people with disabilities who are not part of the traditional workforce. This will ensure diversity and inclusivity at the workplace," Mr Lakhotia said.

The government should also step up efforts in the area of offering post-retirement support and benefits. Incentives towards investment in retirement savings and making schemes like National Pension System more attractive should also be considered.