

EIL's INITIATIVE UNDER GOVERNMENT OF INDIA'S START-UP INDIA PLAN

Introduction

The Prime Minister of India, Shri Narendra Modi in his Independence Day speech (on 15th August, 2015) had announced the "Start-up India" Campaign. This initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of Start-ups. The objective is that India must become a nation of job creators instead of being a nation of job seekers.

Start-up India was formally launched on 16th January, 2016. The details are available on the official website "startupindia.gov.in".

Definition of Start-Up

In brief, an entity (Private Limited Company or Registered Partnership Firm or Limited Liability Partnership) shall be considered as a 'start-up'-

- a) Up to five years from the date of its incorporation/ registration,
- b) If its turnover for any of the financial years has not exceeded Rupees 25 crore, and
- c) It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property;

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'start-up'.

A proprietorship or a public limited company is not eligible as a startup. A one person company, being a private limited company is entitled to be recognized as a 'startup'.

Detailed definition of start-up is as per notification no. 5(91)/2015-BI.I dated 17.02.2016 of Ministry of Commerce and Industry (copy enclosed).

Key Objectives of Start-Up India

Key objectives of start up India are:

- Encourage entrepreneurship
- Start up India hub to act as a single point of contact for the entire start up ecosystem and enable knowledge exchange.
- Single window clearance even with the help of a mobile application.
- Access to high quality intellectual Property services & resources and 80% reduction in patent registration fee
- Relaxation in norms of Public Procurement for Startups
- Modified and more friendly bankruptcy code to ensure 90 day exit window
- Fund support through a Funds of Funds with a corpus of Rs 10,000 Cr
- Freedom from mystifying inspections for 03 years

- Freedom from Capital Gain Tax for 03 years
- Freedom from tax in profits for 03 years
- Elimination of Red tape
- Compliance through Self Certification
- Innovation hub under Atal Innovation Mission

An entity is required to get certificate of recognition as a “Start-up”. An entity can register itself through MCA or Registrar of Firms using the existing processes and subsequently register itself as a start-up on the “Start-up India portal” or through mobile app as a “Startup” to avail the benefits.

Relaxed Norms for Public Procurement for Startups as per Startup Action Plan

As per the “[Start-up India](#)” Policy issued by Ministry of Commerce and Industry, under the relaxed norms for Public Procurement for Startups, Central Ministries/ Departments/ CPSUs may exempt Startups (in the manufacturing sector) from the criteria of “prior experience/ turnover” without any relaxation in quality standards or technical parameters. However, the Start-ups will have to demonstrate requisite capability to execute the project as per the requirements and should have their own manufacturing facility in India.

EIL’s Initiative for encouraging start-ups in EIL’s Procurement

Presently, in EIL, for Press tendering cases or for enlistment, a supplier/ contractor/ agency is required to meet the technical/ experience criteria to support their technical capability & capacity and Finance criteria (Turnover, Net worth and Working Capital criteria) to support their Financial soundness. Bidders are required to furnish their PTR and Financial statements to support their meeting technical/ experience/ financial criteria.

Following methodology shall be applicable in EIL’s Procurement for Start-ups covered under Government of India’s Start-up India Action plan:

1. For Enlistment in EIL

- a) Enlistment, in general, shall continue with required technical/ experience and Financial criteria. But, Start-ups would not be required to meet the required PTR and prior turnover/ network criteria and instead following provision shall be applicable:
 - i) Start-ups shall confirm to meet the technical requirements of the product. However, it shall not be necessary to meet the required PTR & prior turnover/ network criteria.
 - ii) Start-ups shall be considered for relaxation only for those items/ products for which they are recognised as a “Start-up”. Otherwise, they shall need to meet the required technical/ experience and Financial criteria.
 - iii) If a start-up confirms to meet the technical requirements of the product, capacity and capability assessment shall be carried out by EIL through demonstration route, as follows, based on their prevailing guidelines:

- Design review alongwith shop survey shall be carried out to assess the supplier's capability to manufacture and test the product, within the normal delivery schedule.
 - Similarly, assessment shall also be carried out to ascertain whether the works of the supplier under consideration have the capacity to manufacturer and deliver the items of the required quantity, value and within the normal delivery schedule.
 - Fee to be charged from startup for such survey shall be as under:
 - Rs 10,000 for SC/ ST Start-ups
 - Rs 1 lakh for Start-ups other than SC/ ST
- iv) After the job survey, if a start-up is considered suitable for enlistment in EIL for the subject product/ item, based on the recommendations in job survey report and necessary back-up documents, the start-up shall be enlisted.
- v) Start-up shall be required to furnish following documents duly authenticated as per the prevailing authentication system in EIL, to qualify as start-up:
- Certificate of recognition from statutory body as Start-up India issued under the provision of Start-up India.
 - Certificate of Incorporation by Registrar of Firms.
- vi) Considering the assessed capacity to manufacturer the product, Start-up entities may be qualified for only a corresponding limited quantity of products.

2. For Press Enquiries

- a) Press enquiries for MRs shall be issued with the required technical/ experience and Financial criteria. However, for start-ups not possessing the required PTR and prior turnover/ net worth/ working capital, following provision shall be incorporated in the enquiry:
- i) Start-ups shall meet the technical requirements of the enquiry. However, it shall not be necessary to meet the required PTR & prior turnover/ net worth/ working capital criteria.
 - ii) Start-up shall be considered for relaxation only for those items/ products for which they are recognised as a "Start-up". Otherwise, entity shall need to meet the required technical/ experience and Financial criteria.
 - iii) If a start-up meets the technical requirements as per enquiry, capacity and capability assessment shall be carried out by EIL through demonstration route, as follows, based on their prevailing guidelines:
 - A shop survey shall be carried out to assess the supplier's capability to manufacture the item as specified in the MR, within the required delivery schedule.
 - Similarly, assessment shall also be carried out to ascertain whether the works of the supplier under consideration have the capacity to manufacturer and deliver the items of the required quantity, value and within the requisite delivery schedule.

- Fee to be charged from start-up for such survey shall be as under:
 - Rs 10,000 for SC/ ST Start-up
 - Rs 1 lakh for start-up other than SC/ ST
- iv) Start-up shall be required to furnish following documents duly authenticated as per the prevailing authentication system in EIL, to qualify as start-up:
 - Certificate of recognition from statutory body as Start-up India issued under the provision of Start-up India.
 - Certificate of Incorporation by Registrar of Firms.
- v) Based on the assessment/ survey by EIL PDD, start-up may be considered qualified for the enquiry. Also, considering the assessed capacity to manufacturer the product, Start-up entities may be qualified for a limited quantity of items/ products in the enquiry.

3. Conditions of Relaxation to Start-ups

The relaxation shall be subject to the following conditions :

- a) The acceptance criteria in the core areas of hydrocarbon projects is very restrictive in view of plant safety considerations and relaxation shall not be available in these areas. Therefore, depending upon the highly technical nature or safety concern or specialised nature of the item/ equipment/ package, technical experience or financial criteria may be required for all the bidders (including start-ups) with adequate justification brought on record.
- b) However, start-ups shall be encouraged in the non-hydrocarbon areas such as water, utility block, new technologies for optimisation, efficiency improvement and certain other areas depending on the nature of requirement.
- c) Start-ups associated with Swach Bharat linked schemes shall be encouraged.

4. Items covered at present in view of above

To start with, BQC relaxation / enlistment relaxation shall be permitted to start-ups in following items:

- a) Instrumentation items : Local control panels, thermowells, thermocouples, hooter, beacons, lighting/power panel, high mast lighting,
- b) Piping items : Sample cooler, SS/CR manifolds, static mixer, hose pipes, spray nozzles
- c) Equipments : Plate exchangers, steam condensers