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Startups and India's Economic Transformation: The Expanding Role of Chartered Accountants

Startups are no longer a buzzword; they have become a part of our daily lives. We can see why the term startup revolution feels more real today than before. A transformation is happening now. Families that once pushed children toward professions such as engineering, medicine, law or government service now celebrate risk-taking as a real career choice. The startup revolution is

driving a transformation in the Indian business landscape, reflecting how families are increasingly valuing risk-taking. We can notice that discussions around seed funding, valuation, and acquisitions take place in company boardrooms, while conversations about startups are equally common in college canteens, co-working cafés, group discussions, and industry networking spaces. This goes on to show that Startups are changing the identity of the country.

We can see transformation in the decisions individuals make each day. Groceries arrive at home within minutes of an order placed through a quick-commerce app. Cab services anticipate the need for mobility even before it arises. Food aggregators deliver meals at all hours.

It can be seen that India today is home to one of the fastest-growing startup ecosystems in the world. The number of startups has grown rapidly, and unicorn valuations have risen at a speed that earlier seemed impossible for a developing economy with regulatory constraints. The spread of entrepreneurship beyond the cities is also noteworthy. Cities that were once unknown to venture capital firms are now places for ideas. These cities may be manufacturing hubs, college towns, or new technology clusters that get help from state incentives.

Today, India proudly stands as the third-largest startup ecosystem in the world, with nearly 125 unicorns and thousands of early-stage ventures emerging not just from metros but also from Tier-2 and Tier-3 cities. More importantly, there has been a cultural shift. Young Indians are no longer asking, “Where will I get a job?” Instead, they are asking, “What problem can I solve?” In doing so, they are creating jobs for many others. For years, parents encouraged their children to get stable government or corporate jobs. That mindset is now changing. Rather than prioritizing

job security, young professionals want to create job opportunities for other people, address problems in industries, and use technologies to solve challenges. This shift shows renewed confidence among the youth and highlights their aspiration to become creators instead of just consumers of global technology.

Decoding the Startup Ecosystem and its Definition

In professional practice, especially for Chartered Accountants, clarity matters. Not every new business qualifies as a “startup” in the legal or policy sense.

Under the DPIIT framework, a startup must satisfy specific conditions. It must be less than ten years old, structured as a private limited company, limited liability partnership (LLP), or registered partnership, and its turnover must not have crossed ₹ 100 crores in any financial year. Most importantly, it must be innovation-driven, working on a product, process, or service with scalability and the potential to generate wealth and employment.

A business formed by simply splitting or restructuring an existing entity does not qualify. This distinction is crucial. Many

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founders often discover too late that their structure makes them ineligible for benefits they were counting on.

This is where the CA's role begins, not at the time of audit, but at the very inception of the idea. One correct decision at the structuring stage can unlock years of tax benefits and government support.

Government as an Enabler, Not Just a Regulator

The Startup India initiative, launched in 2015, changed the tone of policymaking. Entrepreneurship was no longer treated as a risky deviation from stable employment but as a national priority. The government's approach rests on three pillars: funding support, regulatory ease, and digital infrastructure.

Navigating the Tax Holiday: Section 80-IAC: Section 80-IAC offers eligible start-ups a 100% tax exemption on profits for three consecutive years out of their first ten years. On paper, it sounds straightforward, but in practice, it is not. Beyond DPIIT recognition, start-ups must clear scrutiny by the Inter-Ministerial Board (IMB), which evaluates whether the business is genuinely innovative. Documentation, audits, timely filings, and compliance discipline become non-negotiable.

In order to successfully claim the deduction under Section 80-IAC, startups must follow a clear and structured process:



■ Obtain DPIIT Recognition and Section 80-IAC Eligibility Certificate:

The startup must first apply for DPIIT recognition through the official portal, submitting required documents such as the certificate of incorporation and details of its innovative business model. After DPIIT recognition, the Certificate of Eligibility must be obtained from the Inter-Ministerial Board (IMB).

■ Tax Audit and Form 10CCB:

The startup's accounts must be audited by a Chartered Accountant. The audit report must be submitted in Form 10CCB, which includes details of the profits and the calculation of the deduction under Section 80-IAC.

■ File the Income Tax Return (ITR):

The ITR should be filed by the due date, including the details of the 80-IAC deduction claimed under the Chapter VI-A deductions section.

The Startup India Seed Fund Scheme (SISFS), an oxygen tank for ideation, ensures that many promising ideas do not die, not because they lack merit, but because they run out of money too early and was designed precisely to address this gap. With an outlay of ₹ 945 crore, the scheme provides grants of up to ₹ 20 lakh for proof of concept and prototype development, and debt or convertible instruments of up to ₹ 50 lakh for commercialization

and scaling. Eligibility conditions are strict, and funds are routed through approved incubators. Preparing a credible fund utilization plan, milestone mapping, and financial projections is essential. This is where a CA quietly adds immense value, bringing structure, realism, and credibility to the founder's vision.

The CA's advisory role is paramount in confirming eligibility. The startup must be DPIIT-recognized, incorporated not more than 2 years ago at the time of application, and have at least 51% Indian ownership. Furthermore, it must not have received more than ₹ 10 lakhs in monetary support from other government schemes. The CA assists in crafting a compelling application, which requires detailed financial statements, a clear fund utilization plan, and a milestone roadmap. The incubators evaluate applications based on novelty, team strength, and the feasibility of the technical claims. The CA ensures the financial presentation is robust, credible, and aligns with the scheme's evaluation criteria.

It can be seen that financial support comes with reforms that aim to cut the compliance burden and build trust in the ecosystem. In the past, inspection mechanisms made new businesses feel apprehensive about harassment or unexpected penalties. Now, companies can self-certify labour and environmental compliance requirements for a specified period. Insolvency and exit processes now

make business closures quicker. Intellectual property laws have also been strengthened, with rebates on patent filing fees, faster procedures, and access to facilitators who help with applications. These measures encourage the founders to focus on protecting innovation. Protecting innovation attracts quality investors. The government has also provided significant non-fiscal support, which are as follows:

■ **Intellectual Property (IPR)**

Rebate: Startups receive an 80% rebate on patent filing fees, along with a panel of facilitators to assist in the process. Protecting intangible assets such as patents and trademarks is fundamental to a startup's valuation.

■ **Regulatory Relaxation:** In the case of labour laws, no inspections will be conducted for a period of 5 years.

■ Startups shall be allowed to self-certify compliance with 6 labour laws and 3 environmental laws through a simple online procedure.

■ Closure/Winding up will be a quicker process, completed within just 90 days!

■ In the case of environment laws, startups that fall under the 'white category' (as defined by the Central Pollution Control Board (CPCB)) would be able to self-certify compliance and only random checks would be carried out in such cases.

■ **The BHASKAR Platform:** The Bharat Startup Knowledge Access Registry (BHASKAR) aims to be a single, centralized database connecting all stakeholders, including founders, investors, mentors, and policymakers. The CA guides startups to leverage this network, enhancing their credibility and access to resources.

It can be noticed that the profession of Chartered Accountancy has grown alongside the growth of startups. In the past, the Chartered



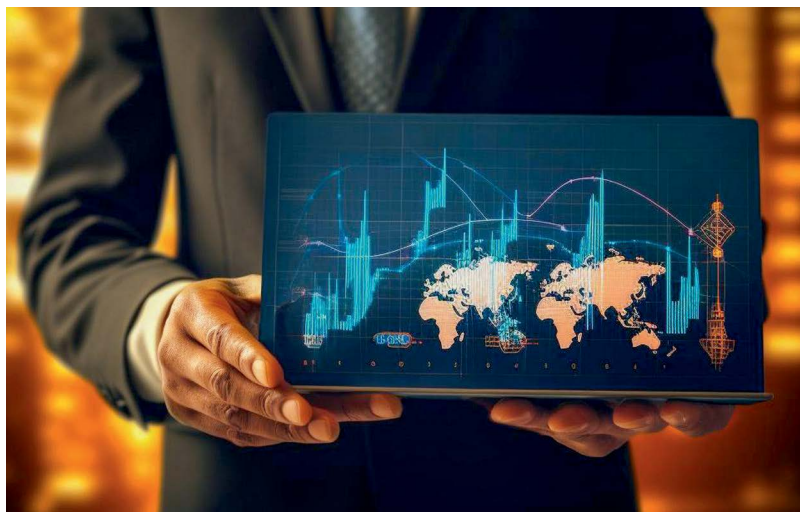
“Startups receive an 80% rebate on patent filing fees, along with a panel of facilitators to assist in the process. Protecting intangible assets such as patents and trademarks is fundamental to a startup's valuation.”

Accountant focused primarily on tax, audit, and bookkeeping. Today, the entrepreneurial world asks the Chartered Accountant to do more. The Chartered Accountant now works as an advisor for business decisions at every stage. The Chartered Accountant builds budget plans, checks cash flows, maps risks, creates models, runs audits, prepares MIS reports, performs valuation, advises on funding tools, plans cap-table structures, and designs investor communications. Many first-time founders do not know these frameworks and try to grow without guidance. Rapid scaling can bring chaos to records and also lead to governance deficiencies. Chaos in records and governance deficiencies can threaten the survival of the business even when revenue grows.

Deal structuring is a part of a startup's life and requires professionals who

understand both the rules and the business. Investors seek returns while also expecting transparent accounting and a fair price, whereas founders want money but want to retain control. Striking a balance requires people who know the rules and the business. Chartered Accountants who advise founders during deal structuring ensures that agreements, share issuances, convertible instruments, and funding terms follow tax rules, FEMA regulations, and long-term plans. It is advisable to startups to plan their structure carefully, as poor planning can lead to faster-than-expected dilution, which in turn reduces the founders' ability to protect their vision.

Artificial Intelligence, machine learning platforms, predictive analytics, automation software, and cloud-based ERP solutions are tools that CAs use every day. CAs used to reconcile hundreds of entries by hand. Now, CAs use automated checks to spot anomalies. CAs used to prepare MIS by hand. Now, dashboards auto-generate real-time insights for decision-makers. These developments let CAs deliver value and move from a compliance practice to a strategic advisory role. Automation is not a threat. Instead of fearing automation, the profession is learning to embrace automation as a partner.



The profession is redirecting its focus toward interpretation, planning, and governance.

New areas now need advisory systems. Deep-tech ventures working in AI, machine vision, or robotics need cost plans for computer setup, data collection, model learning, and ongoing improvement. Green-tech ventures need advice for carbon tracking, reporting, subsidy utilization records, and financing. Agri-tech ventures need guidance on buying prices, supply chain grouping, FPO structuring, and taxation of primary produce. Healthcare technology ventures must also comply with service delivery models, hybrid pricing plans, and liability exposure. It can be noticed that travel technology enterprises need expertise in cross-border taxation. Travel technology enterprises also need expertise in testing pricing algorithms and managing fluctuating forex exposures.

All of these developments point to one fact i.e., innovation works best when it rests on the foundation of governance, compliance, and financial discipline. Ideas alone do not build a lasting business. Trust comes from conduct, sound controls, and accurate financial disclosures. Trust grows when a CA's work is honest and well-checked. These expectations elevate the CA's role from a mere compliance

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agent to an integral part of the startup ecosystem.

The Chartered Accountant can support this journey. The Indian CA curriculum provides knowledge in tax, finance, audit, and corporate law. When the Chartered Accountant adds the right mindset, technology skills, and sector focus, they become a guide. The Chartered Accountant must now grow both in skill and in thinking. We should stop seeing the Chartered Accountant as a watchdog or compliance enforcer. Instead, start seeing the Chartered Accountant as an architect of trust and a growth partner in the startup journey.

In my view, India's economic future depends on the ability to nurture

entrepreneurship and maintain honesty and responsibility. If startups fail, it is because the market did not accept the innovation, not because of governance problems. If startups succeed, they must follow the rules, not exploit regulatory loopholes. This development strengthens the economy.

Conclusion

India's journey as a startup powerhouse has only just begun. The immense potential of our youth, combined with the government's digital and financial infrastructure, promises a future brimming with opportunities. However, ideas alone do not build economies; compliant, financially disciplined execution does.

The Chartered Accountant is not merely a service provider in this journey; we are the architects of trust and scalability. By mastering complex funding schemes like SISFS, navigating the tax maze of Section 80-IAC, and specializing in future-ready domains such as ESG and AI governance, CAs transform raw, high-risk ideas into stable, profitable, and global business models. It is a time for our profession to embrace innovation and move beyond the ledger to the boardroom, seizing the massive opportunity before us. Let us embody the spirit of the ecosystem and carry on with the mission “Har Har Startup! Har Ghar Startup!” (A Startup in Every Street, an Entrepreneur in Every Home).

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