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Mumbai, June 6 (KNN) Experts at the Cross-Border Startup Summit emphasised on the need for India to set regulations to promote tokenomics as a mainstream avenue for fund raising by 1.2 lakh growth-stage start-ups and MSMEs in the country.

The Summit was organized by MVIRDC World Trade Center Mumbai and Sardar Patel Technology Business Incubator along with All India Association of Industries (AIAI) in Mumbai.



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“At present, tokenomics is a regulatory grey area. We need clear regulation, investor awareness and technology adoption to develop tokenomics in the country,” said Satish Kataria, Co-founder, Fandora, India’s first content Intellectual Property Tokenisation platform.

Tokenomics refers to the fragmentation of real world assets into digital units or tokens, which can then be sold to investors through blockchain platform.

This would facilitate fund raising through these digital units or tokens that can be traded just like stocks and bonds in the secondary market.

Unlike large corporates, start-ups do not have deep pockets and have to raise funds at regular intervals, for which they can set up structures in foreign countries. However, they need to be wary of regulations applicable for offshore entities, experts said.

Sharing insights on managing regulatory procedures while setting up offshore entity, Priya Kapasi, Principal Associate, Treelife – a consulting firm said, “When it comes to offshore entity structuring, such as flip or externalization, start-ups should prioritize gaining a comprehensive understanding of the legal and tax implications involved.”

“This includes considerations such as Exchange Control Regulations and Transfer Pricing, among others. Thorough research and compliance with both Indian regulations and the regulations of the chosen offshore jurisdiction are also crucial,” said Kapasi.

Dr. Vijay Kalantri, Chairman, MVIRDC WTC Mumbai called for a dedicated ministry for start-up ecosystem, which is facing various challenges such as slowdown in funding, stringent norms of angel taxation and complex procedures for doing business.

Improving ease of doing business, capacity building support for growth-stage start-ups, easing angel tax norms for genuine start-ups and effective implementation of government schemes and incentives for start-ups are needed, Dr Kalantri said.

Pointing out that the global recessionary outlook, rising interest rates in the global market and the uncertainty amidst geopolitical tension are some of the reasons for decline in start-up funding in India, Dr. Kalantri said, “Our start-ups should re-examine their strategy to become profitable instead of focusing on unsustainable growth in turnover.”

Speaking on this occasion, Vikram Pandya, Director- Fintech, S P Jain School of Global Management pointed out, “Lack of product market-fit, me-too (copied) business models, increasing competition, highly price sensitive market resulting in razor thin margins and lack of R&D-led innovation are some of the reasons behind high start-up mortality rate in India.”

In conclusion, the discussion at the Summit revolved around strategies for start-ups to overcome the current slowdown in funding by re-evaluating their growth strategy, making course corrections (wherever required), identifying the right customer segment, adopting appropriate structure for their offshore business presence and so on.

The summit was attended by start-up founders, investors, start-up mentors, coaches, financial institutions and other ecosystem players in the start-up industry. **(KNN Bureau)**