

Promotion of Startups- Catalytic for overall economic growth, says Manmeet Nanda, Joint Secretary, DPIIT



August 03rd, 2023: Speaking on the sidelines of an exclusive roundtable conference organized in Mumbai by Nishith Desai Associates, a research and strategy-driven international law firm, Startup India, and TIE Mumbai, Joint Secretary, DPIIT, Government of India (GoI) Manmeet Kaur Nanda, underlined the need for the Indian startup ecosystem to realize the value of establishing a culture of good governance with concerted efforts from mentors, entrepreneur investors' community.

Elaborating further she said that an early introduction of corporate governance norms in a startup ensures several benefits including enhanced accountability, improved decision-making, reduced risk, increased access to capital, robust partnership alternatives, and a stronger reputation as well.

The event was planned as a sequel to the April 2023 Think Tank function organized by TIE Mumbai and Nishith Desai Associates in the presence of the G20 Sherpa – Mr. Amitabh Kant, at the research campus Imaginarium, AliGunjan, Alibaug, aimed at initiating conversations around the need for corporate governance in Indian startups. Following this, Nishith Desai Associates presented a framework in consultation with Startup20 to Mr. Piyush Goyal, Union Minister of Commerce, and Industry, who recommended that a small group of startups led by Nishith Desai can create a self-regulatory mechanism, without the interference of the government at the Startup20 Shikhar summit in Gurugram on **July 4, 2023**.

To bolster the required framework, Nishith Desai Associates in collaboration with Startup India and TiE Mumbai conducted a roundtable discussion dated July 31, 2023, on the need for and importance of Corporate Governance and CSR mechanisms for startups recently. The event was attended by government dignitaries and key representatives from Startup India and unicorns including Mrs. Manmeet Kaur Nanda, Joint Secretary of DPIIT; Sumeet Kumar Jarangal, Director of DPIIT; Aastha Grover, Head of Startup India and Vice President, Invest India; Ranu Vohra, Co-founder, Executive Vice Chairman, Avendus Capital; Apoorva Sharma, Co-founder & Managing Director, 9Unicorns; Harish Mehta from Onward Group, Salil Seth, Startup India, Nayan David, Startup India, Gaurav Thareja, Startup India among 40+ others.

Emphasizing on the need for Indian startups to embrace corporate governance and CSR, **Mrs. Manmeet Nanda**, opined that startups should imbue the country's ideals in the letter and spirit besides representing the ecosystem on the global stage, fostering a culture of self-regulation and compliance that assumes paramount importance in the current scenario. Pertinently, the importance of organizational culture based on good governance practices for Startups cannot be overlooked.

Further, it was also discussed that Information asymmetry leads to confusion and discourages startups to follow due diligence. The deliberations should be weaved around corporate governance and CSR to create synergy amongst the stakeholders and thus, a task force was suggested that meets once every two months to gain more leverage.

Additionally, the task force may aim to include startups from tier 2 and tier 3 cities as well by conducting workshops to raise awareness around establishing effective corporate governance practices and embracing CSR to build a strong brand image, thereby contributing to the betterment of society.

*Expressing satisfaction with the creation of a framework that encourages startups to embrace corporate governance, **Nishith Desai, Founder, of Nishith Desai Associates**, said, "The recommended framework marks the first step for creating a world-class governance system, which will be successful with not just implementation but also continuous insight. Corporate Governance and CSR are not a burden but a necessity, and every organization must imbibe this culture at an early stage to avoid scrutiny. The successful implementation of this framework can only be incentivized when each stakeholder understands and contributes to the process of self-regulation. In addition to this, CSR initiatives also provide opportunities for startups to differentiate themselves in a competitive market and attract socially conscious consumers, to foster long-term success and impact."*

Summing up, he reiterated that "India needs a standard set of norms to ensure corporate governance as a regular practice in its startup culture, and every stakeholder from managers, and investors to the board members should keep a strict vigil that the policies are followed."

*Commenting on the key expectations from Indian startups, **Ranu Vohra, Co-founder of Avendus Capital**, said "The Indian startup ecosystem needs to be developed consciously as it is on the path to being the largest job creator, generating wealth and transforming societies. The principles mentioned in the suggested framework help ensure that the interests of all stakeholders are considered and that the company operates in an ethical and sustainable manner. We need to celebrate the startups that embrace corporate governance and are self-regulated. These ventures act as examples that encourage new organizations to avoid unethical behaviors and build a positive brand name for themselves, in the long run."*