

US proposes new rules to woo immigrant entrepreneurs

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BENGALURU: In a move that could benefit Indian entrepreneurs, the US Citizenship and Immigration Services (USCIS) is proposing a new rule to woo immigrant entrepreneurs. Under the International Entrepreneur Rule, as it is called, entrepreneurs from outside the US will be granted a 2-year stay in the country to scale up their startups with a subsequent option to extend it by another three years provided these startups show enough evidence of revenue and job creation.

"It could definitely encourage Indian entrepreneurs to headquarter in the US, where they have better access to funds and higher valuations. Existing investors in such qualifying companies may also encourage their portfolio to do this, as it could provide better exit opportunities, by way of

acquisitions and IPOs," said Karthik Mahalingam, national practice head for venture capital in law firm Shardul Amarchand Mangaldas.

The US EB5 visa does offer immigration benefits for entrepreneurs investing in businesses in the US. But that is more restrictive. And it requires a minimum investment in the US of \$1million (\$500,000 in certain areas of high unemployment or rural areas). "The proposed rule would allow the Department of Homeland Security to use its existing discretionary statutory parole authority for entrepreneurs whose stay in the US would provide a significant public benefit through the substantial and demonstrated potential for rapid business growth and job creation," the USCIS said in a statement.

The startups considered under the rule have to meet certain criteria. The entrepreneur has to have a significant ownership interest in the firm (at least 15%) and have an active and central role to its operations. It should have been incorporated in US in the last 3 years and should have raised \$345,000 from US investors or should have received grants of at least \$100,000 from federal or state government authorities.

“The proposed rule makes it more legit to raise funding in the US. It also provides Indian-founded startups with favourable equity structures and regulations.” Sachin Gupta CO-FOUNDER OF PROGRAMMING PLATFORM HACKEREARTH	“This has minimal impact on the Indian ecosystem story, but it might accelerate the migration of CEOs/sales heads of companies to the US. The new rule seems designed more to encourage Indian-origin entrepreneurs to stay back to explore opportunities in the US.” Abhijit Bose COFOUNDER OF EZETAP Immigrants have founded more than half (44 of 87) of America's startup companies valued at \$1 billion dollars or more and are key members of management or product teams in over 70% (62 of 87) of these companies, according to research by the National Foundation for American Policy
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Vikram Shroff, head of HR law practice at law firm Nishith Desai Associates, said startups may find it difficult to meet eligibility criteria, including demonstrating the potential for business growth and job creation. "It remains to be seen if Indian entrepreneurs will make best use of this new rule, like they did with H-1B and L-1 visas."

The proposed rule will be up for public discussion for 45 days, after which the USCIS will take a final call.