GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

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UNSTARRED QUESTION NO.1719
TO BE ANSWERED ON 01.08.2022

EMPLOYMENT GENERATION THROUGH START-UP COMPANIES

1719. SHRI BRIJLAL:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:
(a) the extent to which the start-up companies in the country have been successful with respect to employment generation during the last three years and the current year;
(b) whether Government is aware of the fact about the rapid downfall of many start-up companies and if so, the details thereof;
(c) the steps taken or proposed to be taken by Government for the success of start-up companies and to meet the challenges faced by them in future; and
(d) the steps taken by Government for employment generation through start-up companies?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a): Government of India has launched Startup India initiative on 16th January 2016, which aims at building a strong ecosystem for nurturing innovation and Startups in the country. Under Startup India Initiative, entities are being recognized by Department for Promotion of Industry and Internal Trade (DPIIT) as Startups as per eligibility conditions prescribed under G.S.R. Notification 127 (E) dated 19th February, 2019. The details of total number of employment generated, as self-reported by the startups recognized by DPIIT, as on 30th June 2022 is as under:

Calendar Year	Number of employees
2019	1,38,747
2020	1,63,654
2021	2,01,657
2022 (till 30th June)	1,28,672

(b): There is no centralized compilation of information on downfall of startups.

(c) & (d): The details of various programmes undertaken by the Government to promote startups across the country under Startup India initiative since inception, are as under:

i. **Startup India Action Plan**: An Action Plan for Startup India has been launched comprising of 19 action items spanning across areas such as “Simplification and handholding”, “Funding support and incentives” and “Industry-academia partnership and incubation”. The Action Plan has laid the foundation of Government support, schemes and incentives envisaged to create a vibrant startup ecosystem in the country.

ii. **Fund of Funds for Startups (FFS) Scheme**: The Government has established FFS with corpus of Rs. 10,000 crore, to meet the funding needs of startups. It has not only made capital available for startups at early stage, seed stage and growth stage but also played a catalytic role in terms of facilitating raising of domestic capital, reducing dependence on foreign capital and encouraging home grown and new venture capital funds.

iii. **Regulatory Reforms**: 52 regulatory reforms have been undertaken by the Government since 2016 to enhance ease of doing business, ease of raising capital and reduce compliance burden for the startup ecosystem.

iv. **Support for Intellectual Property Protection**: Startups are eligible for fast-tracked patent application examination and disposal. The Government launched Start-ups Intellectual Property Protection (SIPP) which facilitates the startups to file applications for patents, designs and trademarks through registered facilitators in appropriate IP offices by paying only the statutory fees. The Government bears the entire fees of the facilitators for any number of patents, trademark or designs, and startups only bear the cost of the statutory fees payable

v. **Self-Certification under Labour and Environmental laws**: Startups are allowed to self-certify their compliance under 9 Labour and 3 Environment laws for a period of 3 to 5 years from the date of incorporation.

vi. **Income Tax Exemption for 3 years**: Startups incorporated on or after 1st April 2016 can apply for income tax exemption. The recognized startups that are granted an Inter-Ministerial Board Certificate are exempted from income-tax for a period of 3 consecutive years out of 10 years since incorporation.

vii. **International Market Access to Indian Startups**: One of the key objectives under the Startup India initiative is to help connect Indian startup ecosystem to global startup ecosystems through various engagement models. This has been done though international Government to Government partnerships, participation in international forums and hosting of global events. Startup India has developed partnerships with over 15 countries that provides a soft - landing platform for startups from partner countries and aid in promoting cross collaboration.

viii. **Faster Exit for Startups**: The Government has notified Startups as 'fast track firms' enabling them to wind up operations within 90 days vis-a-vis 180 days for other companies.

ix . **Startup India Hub**: The Government has launched a Startup India Online Hub on 19th June 2017 for the stakeholders of the entrepreneurial ecosystem in India to discover and engage with each other. The Online Hub hosts Startups, Investors, Funds, Mentors, Academic Institutions, Incubators, Accelerators, Corporates, Government Bodies and more.

x. **Exemption for the Purpose of Clause (VII)(b) of Sub-section (2) of Section 56 of the Act (2019)**: A DPIIT recognized startup is eligible for exemption from the provisions of section 56(2)(viib) of the Income Tax Act.

xi. **Startup India Showcase**: Startup India Showcase is an online discovery platform for the promising startups of the country chosen through various programs for startups exhibited in a form of virtual profiles. This platform has showcased innovations spanning across various cutting-edge sectors such as Fintech, EntrepriseTech, Social Impact, HealthTech, EdTech, among others

xii. **National Startup Advisory Council**: The Government in January 2020 notified constitution of the National Startup Advisory Council for advise on Government on measures needed to build a strong ecosystem for nurturing innovation and supporting startups towards sustainable economic growth and large scale employment generation.

xiii. **Startup India Seed Fund Scheme (SISFS)**: The Scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. Rs. 945 crore has been sanctioned under the SISFS Scheme for period of 4 years starting from 2021-22.

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