

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION**

LOK SABHA

**UNSTARRED QUESTION NO. 4317.
TO BE ANSWERED ON MONDAY, THE 12TH DECEMBER, 2016.**

MAKE IN INDIA, STARTUP AND STAND UP INDIA PROGRAMMES

**4317. SHRI R. DHRUVA NARAYANA:
SHRIMATI KIRRON KHER:
SHRI KUNWAR PUSHPENDRA SINGH CHANDEL:
SHRIMATI VEENA DEVI:
DR. UDIT RAJ:
SHRI PRAHLAD SINGH PATEL:
SHRI KUNDARIYA MOHAN BHAI KALYANJI BHAI:
SHRIMATI POONAMBEN MAADAM:**

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

- (a) the status of implementation of 'Make in India', 'Startup' and 'Standup India' programmes in the country;
- (b) whether the Government proposes to promote Micro, Small and Medium Enterprises (MSMEs) under the above said programmes;
- (c) if so, the details thereof including funds allocated/released/utilised along with the number of MSMEs set up so far, programme-wise and State/UT-wise; and
- (d) the other steps being taken by the Government to promote entrepreneurs among SC/ST and women under the said programme in the country?

ANSWER

**वाणिज्य एवं उद्योग राज्यमंत्री (स्वतंत्र प्रभार)(श्रीमती निर्मला सीतारमण)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)**

- (a): A statement indicating the status of implementation of 'Make in India, Standup and Startup India' programmes is annexed.
- (b) to (d): A number of initiatives have been undertaken by Ministry of Micro, Small and Medium Enterprises to encourage and promote existing MSMEs including SC/ST and women entrepreneurs. A large number of schemes/programmes are being implemented to address various

issues affecting the sector including credit flow, technology up gradation, skill development, marketing assistance and infrastructure development. The major schemes implemented include Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Credit Linked Capital Subsidy Scheme (CLCSS), National Manufacturing Competitiveness Programme (MMCP), Marketing Assistance & Technology Upgradation (MATU) scheme, Cluster Development, Support for Entrepreneurial and Managerial Development of SMEs through incubators, etc.

The units except those in trading, set up under the Standup India Scheme would come under MSME segment.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION NO 4317 FOR ANSWER ON 12TH DECEMBER 2016.

Make in India initiative has been launched to project India as a preferred investment destination and a global manufacturing hub. The major objective behind the initiative is to renew focus on job creation, skill development, fostering innovation and high quality standards in 25 sectors. Make in India initiative focuses on four key areas to promote manufacturing and entrepreneurship viz. Policy Initiatives & New Processes; Robust Infrastructure; Focus Sectors; New Mind-set/Approach; As part of Make in India initiative several steps have been taken collectively by all the government departments and States to promote investments from Indian and Foreign investors in the select 25 focus sectors. It aims at promoting the 'ease of doing business' measures taken up by States and Central Government Ministries.

Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities.

The efforts of the government are aimed at empowering Startups to grow through innovation and design. It is intended to provide the much needed impetus for the Startups to launch and scale greater heights.

In order to meet the objectives of the initiative, the Honourable Prime Minister on 16th January 2016 launched the Startup India Action Plan.

The Startup India Action Plan consists of 19 action items spanning across areas such as "Simplification and handholding", "Funding support and incentives" and "Industry-academia partnership and incubation". Since the launch of the program, a number of forward looking strategic amendments to the existing policy ecology have been introduced, like:

1. Fund of Funds

For providing fund support for Startups, Government has created a 'Fund of Funds for Startups (FFS)' at Small Industries Development Bank of India (SIDBI) with a corpus of Rs. 10,000 crore. The FFS shall contribute to the corpus of Alternate Investment funds (AIFs) for investing in equity and equity linked instruments of various Startups. The FFS is managed by Small Industries Bank of India (SIDBI) for which operational guidelines have been issued. In 2015-16, Rs. 500 crores was released towards the FFS corpus.

2. Credit Guarantee Fund for Startups

- Since debt funding for Startups is perceived as high risk activity, a Credit Guarantee Fund for Startups is being setup with a budgetary corpus of Rs 500 crore per year, over the next four years, to provide credit guarantee cover to banks and lending institutions providing loans to Startups.
- Once rolled out, the scheme, in the lines of credit guarantee scheme for MSME, is likely to provide a huge impetus for enabling flow of much needed credit to the Startups which may run into several thousands of crores.

3. Relaxed Norms in Public Procurement for Startups

Provision has been introduced in the procurement policy of Ministry of Micro, Small and Medium Enterprises (Policy Circular No. 1(2) (1)/2016-MA dated March 10, 2016) to relax norms pertaining to prior experience / turnover for Micro and Small Enterprises. Department of Expenditure has issued a notification for relaxing public procurement norms in respect of medium enterprises by all central Ministries/Departments.

4. Tax Incentives:

• 3 Year Tax Exemption

The Finance Act, 2016 (Section 80- IAC) has provision for Startups (Companies and LLPs) to get income tax exemption for 3 years in a block of 5 years, if they are incorporated between 1st April 2016 and 31st March 2019. To avail these benefits, a Startup must get a Certificate of Eligibility from the Inter-Ministerial Board.

• Removal of Angel Tax:

Tax exemption on investments made in excess of face value in the shares of a Startup company has been introduced on 14 June 2016.

• Tax Exemption on Capital Gains:

Section 54 EE has been introduced in the Finance Act, 2016 which provides for exemption of capital gain (not exceeding INR 50 lakhs in a financial year) arising out of transfer of long term capital asset invested in a fund notified by Central Government.

Standup India: Government has launched the Standup India scheme on 5th April, 2016. The Scheme is intended to facilitate bank loans between Rs.10 lakh and Rs. 1crore to at least on Scheduled Caste/Scheduled Tribe borrower and at least one women borrower per bank branch for setting up greenfield enterprises. This

enterprise may be in manufacturing, services or the trading sector. The scheme which is being implemented through all Scheduled Commercial Banks is to benefit at least 2.5 lakh borrowers. The scheme is operational and the loan is being extended through Scheduled Commercial Banks across the country. The total number of entrepreneurs belonging to Women, Scheduled Caste and Scheduled Tribe category benefitted under the scheme are 11892, 2536 and 704 respectively as on 07.12.2016.

Being new enterprises, units except those in trading set up under the Standup India Scheme would come under MSME segment. To extend collateral free coverage, Government of India has released Rs.500 crore to National Credit Guarantee Trustee Company (NCGTC) for setting up Credit Guarantee Fund for standup India (CGFSI). Apart from providing credit facility, Standup India Scheme also envisages extending handholding support to the potential borrowers. It also provides for convergence with Central/State Government schemes.

Section 54GB of Income Tax Act, 1961 has been amended to provide for exemption from tax on capital gains arising out of sale of residential house or a residential plot of land if the amount of net consideration is invested in equity shares of eligible Startups.

5. Legal Support and Fast-tracking Patent Examination at Lower Costs

A scheme for Startups IPR Protection (SIPP) for facilitating fast track filing of Patents, Trademarks and Designs by Startups has been introduced. The scheme provides for expedited examination of patents filed by Startups. This will reduce the time taken in getting patents. The fee for filing of patents for Startups has also been reduced up to 80%.

Panels of facilitators for Patents and Trademark applications have been formed to facilitate the process of patent filing and acquisition. The facilitators would provide legal guidance and handholding through the entire patent acquisition process free of cost.

6. Self-Certification based Compliance Regime

Compliance norms relating to Environmental and Labour laws have been eased in order to reduce the regulatory burden on Startups thereby allowing them to focus on their core business and keep compliance costs low.

Ministry of Environment and Forests (MoEF) has published a list of 36 white category industries. Startups falling under the “White category” would be able to self-certify compliance in respect of 3 Environment Acts –

- The Water (Prevention & Control of Pollution) Act, 1974;

- The Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003
- The Air (Prevention & Control of Pollution) Act, 1981)

Further, Ministry of Labour and Employment (MoLE) has issued guidelines to State Governments whereby Startups shall be allowed to self-certify compliance in respect of 6 Labour laws. These shall be effective after concurrence of States/UTs. The Acts are:

- The Building and Other Constructions Workers' (Regulation of Employment & Conditions of Service) Act, 1996
- The Inter- State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Employees' State Insurance Act, 1948

So far 9 States have confirmed compliance to the advisory issued by Ministry of Labour and Employment (MoLE):

- Rajasthan
- Uttarakhand
- Madhya Pradesh
- Chhattisgarh
- Delhi
- Jharkhand
- Gujarat
- Chandigarh
- Daman & Diu

7. Setting up Incubators

- Under Atal Innovation Mission, Niti Ayog will set up Atal Incubation Centers (AICs) in public and private sector. NITI Aayog has received 3658 applications (1719 from academic institutions and 1939 from non-academic institution) for setting up Atal Incubation Centers (AICs) from both Public and Private sector organizations.

- Under the Mission, a grant-in-aid of Rs. 10 crore would be provided to scale up an existing incubator for a maximum of 5 years to cover the capital and operational costs in running the center. NITI Aayog has received 232 applications for providing scale up support for established incubation centers.

8. Setting up of Startup Centers and Technology Business Incubators (TBIs)

14 Startup Centres and 15 Technology Business Incubators are to be setup collaboratively by Ministry of Human Resource Development (MHRD) and the

Department of Science and Technology (DST). Out of the 14 Startup Centers, 10 have been approved. Once MHRD releases its share of Rs. 25 lakhs each for the Startup centers, the Startup centers would be supported by DST by December, 2016.

The target of sanctioning 15 TBIs is expected to be achieved by December 2016.

9. Research Parks

Seven Research Parks will be set up as per the Startup India Action Plan. Out of these 7, IIT Kharagpur already has a functional Research Park. Further, DST will establish 1 Research Park at IIT Gandhinagar and the remaining 5 shall be set up by Ministry of Human Resource Development (MHRD) at IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Delhi and IISc Bangalore.

Standup India: Government has launched the Standup India scheme on 5th April, 2016. The Scheme is intended to facilitate bank loans between Rs.10 lakh and Rs. 1crore to at least one Scheduled Caste/Scheduled Tribe borrower and at least one women borrower per bank branch for setting up greenfield enterprises. This enterprise may be in manufacturing, services or the trading sector. The scheme which is being implemented through all Scheduled Commercial Banks is to benefit at least 2.5 lakh borrowers. The scheme is operational and the loan is being extended through Scheduled Commercial Banks across the country. The total number of entrepreneurs belonging to Women, Scheduled Caste and Scheduled Tribe category benefitted under the scheme are 11892, 2536 and 704 respectively as on 07.12.2016.

Being new enterprises, units except those in trading set up under the Standup India Scheme would come under MSME segment. To extend collateral free coverage, Government of India has released Rs.500 crore to National Credit Guarantee Trustee Company (NCGTC) for setting up Credit Guarantee Fund for standup India (CGFSI), Apart from providing credit facility, Standup India Scheme also envisages extending handholding support to the potential borrowers. It also provides for convergence with Central/State Government schemes.
