

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

LOK SABHA

**UNSTARRED QUESTION NO. 4813.
TO BE ANSWERED ON WEDNESDAY, THE 29TH MARCH, 2023.**

STARTUPS IN EMERGING TECHNOLOGY

**4813. SHRI JAGDAMBIKA PAL:
SHRI VINCENT H. PALA:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has collected any data on the number of corporations and startups in the emerging technology space such as Web 3 that has been incorporated in India;
- (b) whether the Ministry has taken any steps to protect these new-age startups;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) whether the Government is aware of the talent drain in the Web 3 ecosystem as a result of heavy taxation and uncertain regulatory framework around the sector;
- (e) if so, the details thereof and if not, the reasons therefor; and
- (f) the details of the action taken by the Government in this regard?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री सोम प्रकाश)

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI SOM PARKASH)**

- (a) to (c):** The Government with an intent to build a strong ecosystem for nurturing innovation and startups of the country launched Startup India initiative on 16th January 2016.

In order to meet the objectives of the initiative, the Government unveiled an Action Plan for Startup India that laid the foundation of Government support. The Action Plan comprises of 19 action items spanning across areas such as "Simplification and handholding", "Funding support and incentives" and "Industry-academia partnership and incubation". Realising the action items, various programs are implemented by the Government under Startup India initiative to recognise, develop and promote the startups to be able to raise private investments.

Details of programs implemented by the Government to support startups in the country across various sectors including emerging technologies are placed at **Annexure-I**.

Sustained Government efforts in this direction have resulted in increasing the number of recognised startups in India from 442 in 2016 to 92,683 in 2023 (as on 28th February 2023). More than 4,000 recognised startups are engaged in sectors relating to emerging technologies such as Internet of Things (IoT), robotics, artificial intelligence, analytics, etc.

(d) to (f): Web3 refers to the next generation of the internet, characterized by decentralized technology and increased user control over data and privacy. The Web3 sector is relatively new and still evolving. Currently, there is no specific regulation for Web3 other than the provisions of the Information Technology Act 2008 and the Information Technology (Intermediary Guidelines and the Digital Media Ethics Code) Rules 2022. Further, the Ministry of Electronics and Information Technology (MeitY) has released the National Strategy on Blockchain. This document provides strategies and recommendations for the Indian Blockchain ecosystem to harness the benefits of this emerging technology by focusing on technological and administrative aspects. The strategy document is available at <https://www.meity.gov.in/content/national-strategy-on-blockchain>.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (a) to (c) OF THE LOK SABHA UNSTARRED QUESTION NO. 4813 FOR ANSWER ON 29.03.2023.

The details of various programs undertaken by the Government to promote startups across the country are as under:

- 1 **Startup India Action Plan**: An Action Plan for Startup India was unveiled on 16th January 2016. The Action Plan comprises 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 laid the foundation of Government support, schemes and incentives envisaged to create a vibrant startup ecosystem in the country.
- 2 **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. DPIIT is the monitoring agency and Small Industries Development Bank of India (SIDBI) is the operating agency for FFS. The total corpus of Rs. 10,000 crore is envisaged to be provided over the 14th and 15th Finance Commission cycles based on progress of the scheme and availability of funds. 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.
- 3 **Credit Guarantee Scheme for Startups (CGSS)**: The Government has established the Credit Guarantee Scheme for Startups for providing credit guarantees to loans extended to DPIIT recognized startups by Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Venture Debt Funds (VDFs) under SEBI registered Alternative Investment Funds. CGSS is aimed at providing credit guarantee up to a specified limit against loans extended by Member Institutions (MIs) to finance eligible borrowers viz. DPIIT recognised startups.
- 4 **Regulatory Reforms**: Over 50 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.
- 5 **Ease of Procurement**: To enable ease of procurement, Central Ministries/ Departments are directed to relax conditions of prior turnover and prior experience in public procurement for all DPIIT recognised startups subject to meeting quality and technical specifications. Further, Government e-Marketplace (GeM) Startup Runway has been developed which is a dedicated corner for startups to sell products and services directly to the Government.
- 6 **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. Facilitators under this

Scheme are responsible for providing general advisory on different IPRs, and information on protecting and promoting IPRs in other countries. 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. Startups are provided with an 80% rebate in filing of patents and 50% rebate in filling of trademark vis-a-vis other companies.

- 7 **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.
- 8 **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.
- 9 **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 through international Government to Government partnerships, participation in international forums and hosting of global events. Startup India has launched bridges with over 15 countries that provides a soft-landing platform for startups from the partner nations and aid in promoting cross collaboration.
- 10 **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.
- 11 **Startup India Hub**: The Government launched a Startup India Online Hub on 19th June 2017 which is one of its kind online platform for all stakeholders of the entrepreneurial ecosystem in India to discover, connect and engage with each other. The Online Hub hosts Startups, Investors, Funds, Mentors, Academic Institutions, Incubators, Accelerators, Corporates, Government Bodies and more.
- 12 **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.
- 13 **Startup India Showcase**: Startup India Showcase is an online discovery platform for the most promising startups of the country chosen through various programs for startups exhibited in a form of virtual profiles. The startups showcased on the platform have distinctly emerged as the best in their fields. These innovations span across various cutting-edge sectors such as Fintech, EnterpriseTech, Social Impact, HealthTech, EdTech, among others. These startups are solving critical problems and have shown exceptional innovation in their respective sectors. Ecosystem stakeholders have nurtured and supported these startups, thereby validating their presence on this platform.
- 14 **National Startup Advisory Council**: The Government in January 2020 notified constitution of the National Startup Advisory Council to advise the Government on measures needed to build a strong ecosystem for nurturing innovation and startups

in the country to drive sustainable economic growth and generate large scale employment opportunities. Besides the ex-officio members, the council has a number of non-official members, representing various stakeholders from the startup ecosystem.

- 15 **Startup India: The Way Ahead**: Startup India: The Way Ahead at 5 years celebration of Startup India was unveiled on 16th January 2021 which includes actionable plans for promotion of ease of doing business for startups, greater role of technology in executing various reforms, building capacities of stakeholders and enabling a digital Aatmanirbhar Bharat.
- 16 **Startup India Seed Fund Scheme (SISFS)**: Easy availability of capital is essential for entrepreneurs at the early stages of growth of an enterprise. The capital required at this stage often presents a make-or-break situation for startups with good business ideas. 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.
- 17 **National Startup Awards (NSA)**: National Startup Awards is an initiative to recognize and reward outstanding startups and ecosystem enablers that are building innovative products or solutions and scalable enterprises, with high potential of employment generation or wealth creation, demonstrating measurable social impact. Handholding support is provided to all the finalists across various tracks viz. Investor Connect, Mentorship, Corporate Connect, Govt. Connect, International Market Access, Regulatory Support, Startup Champions on Doordarshan and Startup India Showcase, etc.
- 18 **States' Startup Ranking Framework (SRF)**: States' Startup Ranking Framework is a unique initiative to harness strength of competitive federalism and create a flourishing startup ecosystem in the country. The major objectives of the ranking exercise are facilitating states to identify, learn and replace good practices, highlighting the policy intervention by states for promoting startup ecosystem and fostering competitiveness among states.
- 19 **Startup Champions on Doordarshan**: Startup Champions program on Doordarshan is a one-hour weekly program covering stories of award winning/nationally recognised startups. It is telecasted in both Hindi and English across Doordarshan network channels.
- 20 **Startup India Innovation Week**: The Government organises Startup India Innovation week around the National Startup Day i.e. 16th January, with the primary goal was to bring together the country's key startups, entrepreneurs, investors, incubators, funding entities, banks, policymakers, and other national/international stakeholders to celebrate entrepreneurship and promote innovation.
- 21 **TIDE 2.0 Scheme**: Technology Incubation and Development of Entrepreneurs (TIDE 2.0) Scheme was initiated by Ministry of Electronics and Information Technology (MeitY) in the year 2019 to promote tech entrepreneurship through financial and technical support to incubators engaged in supporting ICT startups using emerging technologies such as IoT, AI, Block-chain, Robotics etc. The

Scheme is being implemented through 51 incubators through a three-tiered structure with an overarching objective to promote incubation activities at institutes of higher learning and premier R&D organisations.

- 22 **Domain specific Centres of Excellence**: MeitY has operationalised 26 Centres of Excellence (CoEs) in diverse areas of national interest for driving self-sufficiency and creating capabilities to capture new and emerging technology areas. These domain specific CoEs act as enablers and aid in making India an innovation hub in emerging through democratisation of innovation and realisation of prototypes.
- 23 **SAMRIDH Scheme**: MeitY has launched the 'Start-up Accelerator Programme of MeitY for Product Innovation, Development and Growth (SAMRIDH)' with an aim to support existing and upcoming Accelerators to further select and accelerate potential software product based startups to scale.
- 24 **Next Generation Incubation Scheme (NGIS)**: NGIS has been approved to support software product ecosystem and to address a significant portion of National Policy on Software Product (NPSP) 2019.
- 25 **Biotechnology Industry Research Assistance Council (BIRAC)**: An industry-academia interface agency of Department of Biotechnology, Ministry of Science & Technology is supporting biotech startups in all biotech sectors including clean energy and emerging technologies. Project based funding is provided to startups and companies for product/technology development under its's key Schemes including Biotech Ignition Grant (BIG), Small Business Innovation Research Initiative (SBIRI) and Biotechnology Industry Partnership Programme (BIPP). Incubation support to the startups and companies is also provided through Bioincubators Nurturing Entrepreneurship for Scaling Technologies (BioNEST) Scheme.
