

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

**STARRED QUESTION NO. 286.
TO BE ANSWERED ON WEDNESDAY, THE 09TH AUGUST, 2023.**

GROWTH OF STARTUPS

***286. SHRI RAVNEET SINGH BITTU:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether it is a fact that there has been a slowdown in the growth of startups in the country;
- (b) if so, the details thereof for the last five years, year-wise;
- (c) the reasons for the decreased rate of growth of startups and the challenges being faced in this regard;
- (d) whether the Government is taking any measures to encourage and incentivize to further bolster the growth of the startup ecosystem in the country; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

**THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)**

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 286 FOR ANSWER ON 9TH AUGUST, 2023.

(a) to (c): No Sir; there has not been a slowdown in the growth of startups in the country.

The Government has been implementing various initiatives under the Startup India initiative which was launched on 16th January 2016 in order to build a strong ecosystem for nurturing innovation, startups and encouraging investments in the startup ecosystem of the country.

Sustained efforts by the Government under the Startup India initiative have led to an increase in the number of recognised startups from 428 in 2016 to 98,119 in 2023 as on 30th April 2023.

The Compounded Annual Growth Rate (CAGR) of the number of recognised startups during the period between 2016-2022 is 142%, highlighting the continued robust growth of the Indian startup ecosystem.

The resilient year-on-year growth witnessed in the number of recognised startups is as under:

Year	Number of Recognised Startups During the Year	Cumulative Number of Recognised Startups
2016	428	428
2017	5,052	5,480
2018	8,576	14,056
2019	11,216	25,272
2020	14,454	39,726
2021	19,989	59,715
2022	26,522	86,237

The Government has taken a comprehensive approach under the Startup India initiative to foster a conducive environment for the development of innovation and startups in the country. As a result, there are recognised startups in every State and Union Territory (UT) spread across more than 80% of the districts of the country. The recognised startups have reportedly created more than 10.34 lakh direct jobs as on 30th April 2023, driving holistic economic growth.

(d) & (e): Under the Startup India initiative, the Government constantly undertakes various efforts for the development and growth of startup ecosystem in the country.

The flagship Schemes namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) support startups at various stages of their business cycle to enable startups to graduate to a level where they are able to raise investments from angel investors or venture capitalists or seek loans from commercial banks or financial institutions. The Government also implements annual exercises and programs including States' Startup Ranking, National Startup Awards and Innovation Week which play an important role in the holistic development of the startup ecosystem. The Government also facilitates participation and engagement of Indian startups on international platforms. Details of such programs implemented under the Startup India initiative by the Government are placed as **Annexure-I**.

ANNEXURE REFERRED TO IN REPLY TO PARTS (d) & (e) OF THE LOK SABHA STARRED QUESTION NO. 286 FOR ANSWER ON 09.08.2023.

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 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 17 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, Government 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 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. **The Startup India Investor Connect Portal** has been co-developed under the Startup India Initiative with SIDBI, serving as an intermediary platform that links startups and investors in order to help entrepreneurs from various industries, functions, stages, regions, and backgrounds in mobilizing capital. The portal has been built with the aim to enable in particular; early-stage startups located anywhere in the country to showcase themselves to leading investors/ venture capital funds. Currently, 82 Alternative Investment Funds (AIFs) and more than 1,900 startups have already registered on the platform.
22. **National Mentorship Portal (MAARG):** In order to facilitate accessibility to mentorship for startups in every part of the country, the Mentorship, Advisory, Assistance, Resilience, and Growth (MAARG) program has been developed and launched under the Startup India Initiative.
23. **ASCEND:** Under ASCEND (Accelerating Startup Caliber & Entrepreneurial Drive), sensitization workshops on startups and entrepreneurship were conducted for all eight North Eastern States with the objective to capacitate and augment knowledge on key aspects of entrepreneurship and continue efforts towards creating a robust startup ecosystem in these States.
24. **Startup20 Engagement Group:** As a result of India's belief in startup ecosystem, a Startup20 Engagement Group under India's G20 Presidency has been institutionalised which is working towards harmonisation and cross collaboration amongst the largest global economies. The engagement group acts as the voice of the global startup ecosystem bringing together varied stakeholders on a common platform. The group aims to support startups by enabling synergies between startups, corporates, investors, innovation agencies and other key ecosystem stakeholders internationally and to create global synergies.
25. **TIDE 2.0 Scheme:** Technology Incubation and Development of Entrepreneurs (TIDE 2.0) Scheme was initiated 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.
26. **MeitY Start-up Hub (MSH):** A nodal entity to interconnect deep tech startup infrastructure pan India a 'MeitY Start-up Hub' (MSH) has been set up under Ministry of Electronics & Information Technology (MeitY). MSH is assisting incubators and startups improving their scalability, market outreach, etc. and has also established partnerships with various stakeholders paving the way for an economy built on innovation and technological advancement.
27. **SAMRIDH Scheme:** MeitY has also launched the 'Start-up Accelerator Programme of MeitY for Product Innovation, Development and Growth (SAMRIDH)' in August 2021 with an aim to support existing and upcoming Accelerators to further select and accelerate potential software product based start-ups to scale.

28. **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.
29. **Support for International Patent Protection in E&IT (SIP-EIT) Scheme:** MeitY had initiated a scheme titled “Support for International Patent Protection in E&IT (SIP-EIT) that encourages international patent filing by Indian MSMEs and startups so as to encourage innovation and recognize the value and capabilities of global IP. Reimbursement provided under the scheme is up to a maximum of Rs. 15 lakhs per invention or 50% of the total expenses incurred in filing and processing of patent application up to grant whichever is lesser.
30. **North-East Region Entrepreneurship & Startup Summit (NERES):** Ministry of Skill Development and Entrepreneurship organised NERES, an entrepreneurship and startup summit aimed at offering a platform to promising startups and aspiring entrepreneurs across North-East Region (NER). The objective of NERES was aimed at stirring up entrepreneurial minds across the NER states and promotes startup entrepreneurs by offering them a platform to pitch their business ideas and also addressing various challenges faced by the startups. The programme provided a platform for aspiring and existing entrepreneurs/startups to participate and showcase their business ideas and plan. It also helped them to learn more about the good practices and network with fellow startups. The programme has paved the way for startups and entrepreneur to seek support from mentors and an ecosystem that support their business growth.
