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

UNSTARRED QUESTION NO. 1108.
TO BE ANSWERED ON WEDNESDAY, THE 26TH JULY, 2023.

REGISTERED STARTUPS IN TAMIL NADU

1108. DR. DNV SENTHILKUMAR S.:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:
वाणिज्य एवं उद्योग मंत्री

(a)   the year-wise total number of startups registered in Tamil Nadu during the last three years along with the number of employment opportunities created through the said startups;

(b)   the percentage of the startup companies which have succeeded and which failed in the State of Tamil Nadu during each of the last three years and current year;

(c)   whether the Government has conducted any study to find out the reasons for the failure of these companies and if so, the details thereof;

(d)   whether it is a fact that in terms of sanction of loans to startups and new MSME enterprises, banks are not prompt to release collateral free fund causing lot of hardships to MSME enterprises; and

(e)   if so, the corrective steps 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):   The Government with an intent to build a strong ecosystem for nurturing innovation, startups and encouraging private investments in the startup ecosystem of the country, launched the Startup India initiative on 16th January 2016.

As per eligibility conditions prescribed under G.S.R. notification 127 (E) dated 19th February 2019, entities are recognized as 'startups' under Startup India initiative by the Department for Promotion of Industry and Internal Trade (DPIIT). Since the launch of Startup India initiative in 2016, DPIIT has recognised 98,119 entities as startups as on 30th April 2023.

The year-wise details of the startups recognised from the State of Tamil Nadu and the direct jobs created (self-reported) by the recognised startups over the last three years are as under:

Year	No. of entities recognised as startups by DPIIT	No. of jobs created
2020	753	8,028
2021	1,095	9,874
2022	1,805	17,257
Total	**3,653**	**35,159**

(b) & (c): Whereas regular businesses are often measured by success or failure asper specific number of years of operation, for Startups and scale ups in different phases of growth cycle ,it is more difficult to put together a statistic covering all types of new businesses and their failure rates, with any level of accuracy. Therefore, the information with respect to success or failure of startups is not centrally maintained by the Government.

(d) & (e): To provide for an appropriate risk cover and comfort to financial institutions including banks for enabling collateral free lending to the MSMEs and startups, the Government is implementing Schemes such as Credit Guarantee Scheme (CGS) for Micro and Small Enterprises, Emergency Credit Line Guarantee Scheme (ECLGS), and Credit Guarantee Scheme for Startups (CGSS). Under these Schemes, the Government provides guarantee to Member Lending Institutions in respect of the credit facility provided by them to the eligible borrowers, so as to encourage banks and other financial institutions to provide collateral free funding to MSMEs and startups.

The Government has notified the establishment of CGSS for providing credit guarantees to loans extended by Scheduled Commercial Banks, Non-Banking Financial Companies and Securities and Exchange Board of India (SEBI) registered Alternative Investment Funds (AIFs). CGSS is aimed at providing credit guarantee up to a specified limit against loans extended by Member Institutions (MIs) to finance eligible borrowers viz. entities recognised as 'startups' by DPIIT. With the objective of mobilising capital for Indian startups, CGSS will complement the existing Schemes under Startup India initiative viz. Fund of Funds for Startups and Startup India Seed Fund Scheme.

The credit guarantee cover under CGSS is transaction and umbrella based. In respect of transaction-based guarantee cover, the guarantee cover is obtained by the Member Institutions (MIs) on single eligible borrower basis. Transaction based guarantees promotes lending by Banks/ Non-Banking Financial Companies (NBFCs) to eligible startups. The umbrella-based guarantee cover provides guarantee to Venture Debt Funds (VDFs) registered under AIF regulations of SEBI,in view of the nature of funds raised by them and debt funding provided by them.

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