

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

**UNSTARRED QUESTION NO. 2244.
TO BE ANSWERED ON WEDNESDAY, THE 02ND AUGUST, 2023.**

STARTUP SCHEME

**2244. SHRIMATI RANJEETA KOLI:
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SHRI SUMEDHANAND SARASWATI:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government is running 'Startup' scheme in the country;
- (b) if so, the details thereof;
- (c) the salient features of the said scheme along with the rules and eligibility criteria to get the benefit under the said scheme;
- (d) whether any grants or special concession is being given under the said scheme;
- (e) if so, the details thereof;
- (f) the number of startups registered in the country including Rajasthan along with the number of beneficiaries;
- (g) whether there has been any positive outcomes under the said scheme; and
- (h) if so, the details thereof?

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 (e): In order to build a strong ecosystem for nurturing innovation, startups and encouraging private investments in the startup ecosystem of the country, the Government launched the Startup India initiative on 16th January 2016.

Startup India is an initiative of the Government and not a Scheme. 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):

- I. Up to a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.
- II. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.

- III. Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.
- IV. Provided that an entity formed by splitting up or reconstruction of an existing business not be considered a 'Startup'.

Under the Startup India initiative, the Government constantly undertakes various efforts for the development and growth of startup ecosystem in the country.

In order to meet these objectives, the Government unveiled an Action Plan for Startups comprising of schemes and incentives envisaged to create a vibrant startup ecosystem in the country. The Action Plan comprises of 19 action items spanning across areas such as "Simplification and hand-holding", "Funding support and incentives" and "Industry-academia partnership and incubation".

For attaining specific targets, various programs are implemented by the Government under the Startup India initiative to recognize, develop, and empower startups so that they are able to raise private investments. Details of such programs implemented under the Startup India initiative by the Government are placed as **Annexure-I**.

(f): 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. Particularly for the State of Rajasthan, 3,290 entities have been recognised as startups by the DPIIT since 2016.

(g) & (h): 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.

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 holistic development of the startup ecosystem across the nation. The Government also facilitates participation and engagement of Indian startups on international platforms.

As a result of these initiatives the Government, as on 30th April 2023, has recognized 98,119 startups, with at least one recognised startup in every State and UT spread across more than 80% of the districts in the nation. Over 45% of these startups are recognized from Tier II and Tier III cities. The recognized startups have also self-reported creation of more than 10.34 lakh direct jobs as on 30th April 2023.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) to (e) OF THE LOK SABHA UNSTARRED QUESTION NO. 2244 FOR ANSWER ON 02.08.2023.

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 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 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 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. **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.
