

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

**UNSTARRED QUESTION NO. 564.
TO BE ANSWERED ON WEDNESDAY, THE 16TH SEPTEMBER, 2020.**

STARTUP COMPANIES

564. SHRI RANJEETSINGH HINDURAO NAIK NIMBALKAR:

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has set any target to provide tax concessions to Startup in order to provide employment opportunity to the youths of the country;
- (b) if so, the details of the Startup Schemes;
- (c) whether the Government has allocated any budget for Startup;
- (d) if so, the funds allocated alongwith the details thereof, State-wise; and
- (e) the details of the employment under the said Scheme, State-wise?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

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

(a) & (b): No targets have been set for providing tax exemptions to startups. Details of various provisions under which tax exemptions are granted are at Annexure-1.

(c) & (d): The Cabinet approved establishment of a Fund of Funds for Startups (FFS) with a total corpus of Rs. 10,000 crore, with contribution spread over the 14th & 15th Finance Commission cycles based on progress of implementation and availability of funds. The FFS contributes to the corpus of Alternative Investment Funds (AIFs) for investing in equity and equity linked instruments of various start-ups. FFS is operational and is managed by SIDBI.

An amount Rs.1322.05 cr stands released to SIDBI till 9th September 2020. Out of which Rs.500 cr was released in 2015-16; Rs.100 cr was released in 2016-17; Rs.431.3044 cr released in 2019-20 and Rs.290.75 cr was released in 2020-21. Rs.1054.97 cr was provisioned under FFS for BE 2020-21. Funds are not allocated State-wise.

(e): As of 6th September 2020, total of 36,106 startups have been recognized by DPIIT and 4,22,986 total employment has been reported by 34,267 startups. The State/ UT wise breakup of number of jobs created as reported by startups is attached as Annexure-II.

ANNEXURE REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO. 564 FOR ANSWER ON 16.09.2020.

i. Income Tax Exemption to Startups for 3 years

The provisions of section 80-IAC of the Income Tax Act provide for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive assessment years out of 7 years, at the option of the assessee, subject to certain conditions.

The Finance Act, 2020 provides for an amendment to section 80-IAC of the Income Tax Act so as to provide that the deduction under the said section 80-IAC shall be available to an eligible start-up for a period of 3 consecutive assessment years out of 10 years beginning from the year in which it is incorporated. This amendment will take effect from 1st April 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.

To avail these benefits, a Startup must get a Certificate of Eligibility from the Inter-Ministerial Board (IMB). The Board comprises of Joint Secretary, DPIIT, Representative of Department of Biotechnology, and Representative of Department of Science & Technology.

296 startups have been granted income tax exemptions till 45th IMB meeting.

ii. Tax Exemption on Investments above Fair Market Value

DPIIT recognized startups are exempt from tax under Section 56(2)(viib) of the Income Tax Act when such a Startup receives any consideration for issue of shares which exceeds the Fair Market Value of such shares. The startup has to file a duly signed declaration in Form 2 to DPIIT {as per DPIIT notification G.S.R. 127 (E) dated 19th February 2019} to claim the exemption from the provisions of Section 56(2) (viib) of the Income Tax Act.

As of 7th September 2020, with regard to declarations received from entities, furnished in Form 2, intimation regarding receipt of Declaration in Form 2 has been mailed in the cases of 2930 entities.

ANNEXURE-II**ANNEXURE REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO. 564 FOR ANSWER ON 16.09.2020.**

State/ UT	Employees (self-reported)
Maharashtra	80714
Karnataka	71533
Delhi	49497
Uttar Pradesh	33803
Haryana	29770
Telangana	26013
Gujarat	24770
Tamil Nadu	22632
Kerala	13493
Rajasthan	12510
West Bengal	10831
Madhya Pradesh	9944
Odisha	6733
Andhra Pradesh	6640
Bihar	4411
Chhattisgarh	3406
Punjab	3225
Assam	2500
Jharkhand	2343
Uttarakhand	2331
Jammu and Kashmir	1269
Chandigarh	1207
Goa	1161
Himachal Pradesh	721
Tripura	465
Pondicherry	372
Manipur	217
Dadra and Nagar Haveli and Daman and Diu	165
Andaman and Nicobar Islands	120
Nagaland	54
Mizoram	52
Meghalaya	34
Arunachal Pradesh	22
Sikkim	12
Ladakh	9
Lakshadweep	7
