

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

**UNSTARRED QUESTION NO. 1384.
TO BE ANSWERED ON WEDNESDAY, THE 10TH FEBRUARY, 2021.**

SETTING UP OF NATIONAL STARTUP ADVISORY COUNCIL

1384. PROF SAUGATA RAY:

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has set up a new National Startup Advisory Council; and
- (b) if so, the composition and objectives of the said Council?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्यमंत्री (श्री सोम प्रकाश)

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

(a) & (b): Yes Sir, Department for Promotion of Industry and Internal Trade (DPIIT) had constituted the 'National Startup Advisory Council' vide Notification No.5(24)/2019-Startup India dated 21st January 2020 (copy enclosed) 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.

2) The objectives of the National Startup Advisory Council are as follows:

- i. Foster a culture of innovation amongst citizens and students in particular;
- ii. Promote innovation in all sectors of economy across the country, including semi-urban and rural areas;
- iii. Support creative and innovative ideas through incubation and research and development to transform them into valuable products, processes or solutions to improve productivity and efficiency;
- iv. Create an environment of absorption of innovation in industry;
- v. Facilitate public organizations to assimilate innovation with a view to improving public service delivery;
- vi. Promote creation, protection and commercialization of intellectual property rights;
- vii. Make it easier to start, operate, grow and exit businesses by reducing regulatory compliances and costs;

- viii. Promote ease of access to capital for startups;
- ix. Incentivize domestic capital for investments into startups;
- x. Mobilize global capital for investments in Indian startups;
- xi. Keep control of startups with original promoters.
- xii. Provide access to global markets for Indian startups.

- 3) The National Startup Advisory Council shall be chaired by Minister for Commerce & Industry, Government of India. The council shall have the ex-officio members, not below the rank of Joint Secretary to the Government of India of the following Ministries/Departments/Organisations:

Sl. No.	Members
1.	Office of Pr. Scientific Advisor to the Government
2.	NITI Aayog
3.	Department Of Revenue
4.	Department Of Financial Services
5.	Department Of Expenditure
6.	Department Of Commerce
7.	Department Of Science And Technology
8.	Department Of Bio-Technology
9.	Department Of Health & Family Welfare
10.	Ministry Of Labour And Employment.
11.	Department Of Higher Education
12.	Department Of School Education & Literacy
13.	Ministry Of Corporate Affairs
14.	Ministry Of Electronic And Information And Technology
15.	Ministry Of Micro, Small And Medium Entrepreneurs
16.	Central Board of Direct Taxes
17.	Central Board of Indirect Taxes and Customs
18.	Small Industrial Development Bank Of India

- 4) The following persons have been nominated as non-official members representing various stakeholders:

- 1. Shri Byju Raveendran, Byju's
- 2. Ms. Shradha Sharma, YourStory-
- 3. Ms. Lizzie Chapman, ZestMoney
- 4. Shri Abhiraj Singh, Urban Company
- 5. Shri Kunal Bahl, Snapdeal
- 6. Shri Deepak Garg, Rivigo Service Pvt. Ltd.
- 7. Shri Bhavish Aggarwal, Ola Cab
- 8. Shri Krishna Kumar, CropIn
- 9. Shri Sanjeev Bhikchandani
- 10. Shri Sridhar Vembu
- 11. Shri Kris Gopalakrishnan
- 12. Shri Pavuluri Subba Rao
- 13. Shri Mohandas Pai
- 14. Shri Gopal Srinivasan, TVS Capital Funds Limited

15. Shri Prashant Prakash, Accel
16. Ms. Vani Kola, Kalaari Capital
17. Shri Manoj Kohli, Softbank India
18. Shri Rajan Anandan, Sequoia Capital India
19. Shri Amitabha Bandyopadhyay SIIC, IIT Kanpur
20. Shri Kunal Upadhyaya, Startup Oasis (CIIE Initiatives), IIM Ahmedabad
21. Shri Ramesh Byrapaneni, Endiya Partners
22. Ms. Renuka Ramnath, Indian Private Equity & Venture Capital Association
23. Shri Venkatesh Shukla, The IndUS Entrepreneurs (TiE)
24. Shri Sharad Sharma, Indian Software Product Industry RoundTable (iSpirit)
25. Ms. Debjani Ghosh, National Association of Software and Service Companies (NASSCOM)
26. Shri Uday Kotak, Confederation of Indian Industry (CII)
27. Shri Vineet Agarwal, Associated Chambers of Commerce and Industry of India (ASSOCHAM)
28. Shri Uday Shankar, Federation of Indian Chambers of Commerce & Industry (FICCI)

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P-38015/5/2020-STARTUP INDIA
Government of India
Ministry of Commerce & Industry
Department for Promotion of Industry and Internal Trade
(Startup India Section)
New Delhi, 21st January, 2021

NOTIFICATION

P-38015/5/2020-STARTUP INDIA - The Central Government has approved the 'Startup India Seed Fund Scheme (SISFS)' to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. SISFS shall provide financial assistance to startups via corpus of Rs. 945 Crore that will be disbursed through selected incubators across India in 2021-25.

2. The scheme is sector-agnostic and will support startups across all sectors. The scheme shall have a central common application on Startup India portal for startups and incubators on an ongoing basis.

3. SISFS will be implemented by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.

4. The Guidelines of the above-mentioned scheme is available on the website of Startup India at <https://www.startupindia.gov.in/>.

5. Eligibility Criteria for Startups: The eligibility criteria for a startup to apply under the Startup India Seed Fund Scheme shall be as follows:

1. A startup, recognized by DPIIT, incorporated not more than 2 years ago at the time of application
2. Startup must have a business idea to develop a product or a service with market fit, viable commercialization, and scope of scaling
3. Startup should be using technology in its core product or service, or business model, or distribution model, or methodology to solve the problem being targeted
4. Preference would be given to startups creating innovative solutions in sectors such as social impact, waste management, water management, financial inclusion, education, agriculture, food processing, biotechnology, healthcare, energy, mobility, defence, space, railways, oil and gas, textiles, etc.
5. Startup should not have received more than Rs 10 lakh of monetary support under any other Central or State Government scheme. This does not include prize money from competitions and grand challenges, subsidized working space, founder monthly allowance, access to labs, or access to prototyping facility
6. Shareholding by Indian promoters in the startup should be at least 51% at the time of application to incubator for the scheme, as per Companies Act, 2013 and SEBI (ICDR) Regulations, 2018
7. Any startup will not receive seed support more than once each as per provisions of guidelines.

6. Eligibility Criteria for Incubators: The eligibility criteria for an incubator to apply in the Startup India Seed Fund scheme are as follows:

1. Incubator must be a legal entity:
 - a) A society registered under the Societies Registration Act 1860, or
 - b) A Trust registered under the Indian Trusts Act 1882, or
 - c) A Private Limited company registered under the Companies Act 1956 or the Companies Act 2013, or
 - d) A statutory body created through an Act of legislature

2. Incubator should be operational for at least two years on the date of application to the scheme
3. Incubator must have facilities to seat at least 25 individuals
4. Incubator must have at least 5 startups undergoing incubation physically on the date of application
5. Incubator must have a full-time Chief Executive Officer, experienced in business development and entrepreneurship, supported by a capable team responsible for mentoring startups in testing and validating ideas, as well as in finance, legal and human resources functions
6. Incubator should not be disbursing seed fund to incubatees using funding from any third-party private entity
7. Incubator must have been assisted by Central/State Government(s)
8. In case the incubator has not been assisted by Central or State Government(s):
 - a) Incubator must be operational for at least three years
 - b) Must have at least 10 separate startups undergoing incubation in the incubator physically on the date of application
 - c) Must present audited annual reports for the last 2 years
9. Any additional criteria as may be decided by the Experts Advisory Committee (EAC).

7. Assistance to Incubators: Experts Advisory Committee (EAC) shall evaluate incubators for grant assistance. A Grant of up to Rs. 5 (five) crore would be provided to a selected incubator in milestone-based three (or) more installments. The exact quantum of grant and instalments for each incubator will be decided by the Experts Advisory Committee (EAC) based on its evaluation

8. Disbursement of Seed Fund to Startups by Incubators: Seed Fund to an eligible startup by the incubator shall be disbursed as follows:

1. Up to Rs. 20 Lakhs as grant for validation of Proof of Concept, or prototype development, or product trials. The grant shall be disbursed in milestone-based installments. These milestones can be related to development of prototype, product testing, building a product ready for market launch, etc.
2. Up to Rs. 50 Lakhs of investment for market entry, commercialization, or scaling up through convertible debentures or debt or debt-linked instruments
3. Seed fund shall strictly not be used by startups for creation of any facilities and shall be utilized for the purpose it has been granted for

9. Constitution of Experts Advisory Committee: An Experts Advisory Committee (EAC) will be constituted by DPIIT, which will be responsible for the overall execution and monitoring of the Startup India Seed Fund Scheme. The EAC will evaluate and select incubators for allotment of Seed Funds, monitor progress, and take all necessary measures for efficient utilization of funds towards fulfilment of objectives of Startup India Seed Fund Scheme. The Experts Advisory Committee (EAC) will comprise of the following members:

1. Chairman, an individual of eminence
2. Financial Advisor, DPIIT or his representative
3. Additional Secretary/ Joint Secretary/ Director/ Deputy Secretary, DPIIT (Convener)
4. Representative of Department of Biotechnology (DBT)
5. Representative of Department of Science & Technology (DST)
6. Representative of Ministry of Electronics and Information Technology (MeiTY)
7. Representative of Indian Council of Agricultural Research (ICAR)
8. Representative of NITI Aayog
9. At least three expert members nominated by Secretary, DPIIT from the startup ecosystem, investors, experts in the domain of R&D, technology development and commercialization, entrepreneurship and other relevant domains.

10. Selection of Incubators:

10.1 Online Applications will be invited from incubators across India to participate in the scheme on <https://www.startupindia.gov.in> or any other platform specifically designated for the purpose.

Incubators shall be selected on the basis of the following parameters:

- a. Fulfillment of eligibility criteria
- b. Quality of the team of Incubator

- c. Available infrastructure, testing labs etc.
 - d. Composition of ISMC (as defined in para 7)
 - e. Incubation support provided by incubator in last three years:
 - i. No. of startups incubated
 - ii. No. of startups graduated, i.e. progressed from one stage of business development cycle to the next
 - iii. No. of startups that raised follow on investments
 - iv. No. of startups that crossed a revenue of Rs 1 Cr in last 1 year
 - v. 2-year survival rate of startups from the date of joining incubator
 - f. Funding support extended to incubatees in last three years:
 - i. Investment agreements signed between incubator and startups
 - ii. No. of startups invested in
 - iii. Total corpus allocated to incubatees
 - iv. Total investments raised by incubatees from external sources
 - g. Mentoring provided to incubatees in last three years:
 - i. No. of mentors hired
 - ii. Average mentoring hours allocated per startup per month
 - iii. No. of IP (patents, copyrights, designs, and trademarks) registered by incubatees
 - h. Other support extended to incubatees in last three years:
 - i. Industry/Corporate connects
 - ii. Events held for stakeholder engagements
 - iii. Participation in other events
 - i. Number of startups that the incubator intends to support
 - j. Quantum of funds applied for, along with fund deployment plan with timelines
 - k. Any other relevant parameters that decided by the EAC
- 10.2 The Call for Applications for incubators will be open online throughout the year
- 10.3 Experts Advisory Committee (EAC) will convene at least quarterly to:
- 1. Evaluate the applications received during the period
 - 2. Select incubators for funds under the Scheme
 - 3. Decide the total amount of fund and number of installments in which it is to be allocated to each incubator
 - 4. Specify milestones to be achieved by each incubator for release of installments
- 10.4 EAC shall also monitor progress of incubators against sanctioned funds under the Scheme and take further actions as may be required
- 10.5 EAC may lay down improved guidelines for selection of incubators under the scheme from time to time

11. **Selection of Startups**

11.1 Each of the incubators applying for the Startup India Seed Fund Scheme will constitute a committee called the Incubator Seed Management Committee (ISMC), consisting of experts who can evaluate and select startups for seed support. The composition of ISMC would be as follows:

- i. Nominee of Incubator (Chairman)
- ii. Representative from State Government's Startup Nodal Team
- iii. Representative of a Venture Capital Fund or Angel Network
- iv. A domain expert from Industry
- v. A domain expert from academia
- vi. Two successful Entrepreneurs
- vii. Any other relevant Stakeholder

The final composition and members of ISMC of each incubator shall be approved by EAC and will be a critical parameter in selection of incubators.

11.2 The startups shall be selected through an open, transparent and fair process, comprising, inter-alia:

- i. An online call for applications shall be hosted on an ongoing basis on the Startup India portal
- ii. Applicants can apply for seed fund to any three incubators selected as disbursing partners for this scheme in order of their preference
- iii. All applications received will be shared online with respective incubators for further evaluation

- iv. The applicant may be asked to submit details on team profile, problem statement, product/service overview, business model, customer profile, market size, quantum of funds needed, projected utilization plan for funds, etc.
- v. The incubators shall shortlist applicants as per eligibility criteria given in the guidelines.

- vi. Eligible applications will be evaluated by ISMC using the following criteria:

	Criteria	Details	Weightage (%)
1	Is there a need for this Idea?	Market size, what market gap is it filling, does it solve a real-world problem?	p
2	Feasibility	Feasibility and reasonability of the technical claims, methodology used/ to be used for PoC and validation, roadmap for product development	q
3	Potential Impact	Customer demographic & the technology's effect on these, national importance (if any)	r
4	Novelty	USP of the technology, associated IP	s
5	Team	Strength of the team, Technical and business expertise	t
6	Fund Utilization Plan	Roadmap of money utilization	u
7	Additional Parameters	Any additional parameters considered appropriate by incubator	v
8	Presentation	Overall assessment	w
			100%
Weightages for criteria (p, q, r, s, t, u, v, w) may be assigned by each incubator differently			

- vii. Incubator may shortlist applicants based on their evaluation for a presentation before ISMC
- viii. ISMC shall evaluate applicants based on their submissions and presentations and select startups for Seed Fund within 45 days of receipt of application
- ix. All incubators shall provide information about progress of evaluation of startups real-time to Startup India portal
- x. Selected startups shall receive seed funding under the respective incubator that selects them as beneficiaries as per their preference shared during application (for example, if incubators at Preference 1 and Preference 2 both select a startup, the funding shall be given by Preference 1 incubator. If Preference 1 incubator rejects and Preference 2 incubator selects, the funding shall be given by incubator at Preference 2, and so on.)

- xi. All applicants will be able to track the progress of their application on the Startup India portal on a real-time basis
- xii. Applicants who are rejected will also be notified through email
- xiii. An applicant, if rejected once, may apply afresh

11.3 EAC may lay down improved guidelines for selection of startups under the scheme from time to time

12. The Department shall evaluate the outcome of the scheme by the end of 2024-25, especially with reference to financial, social and economic returns.

(Anil Agrawal)
Joint Secretary to the Government of India

The Manager
Government of India Press
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Copy for information to:

1. Chief Secretary/Administrator, All States/UTs
2. CEO, NITI Aayog
3. Secretary, Department of Expenditure
4. Secretary, Department of Economic Affairs
5. Secretary, Ministry of Micro, Small and Medium Enterprises
6. Secretary, Department of Commerce
7. Secretary, Department of Financial Services
8. Secretary, Department of Science and Technology
9. Secretary, Department of Biotechnology
10. Secretary, Department of Electronics and Information Technology
11. Secretary, Ministry of Labour & Employment
12. Secretary, Ministry of Corporate Affairs
13. Secretary, Department of Higher Education
14. Secretary, Department of Agriculture cooperation and Farmers Welfare
15. Secretary, Department of Defence Production
16. CMD, Small Industries Development Bank of India

(Shruti Singh)
Director