

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

**LOK SABHA**

**UNSTARRED QUESTION NO. 2614.  
TO BE ANSWERED ON WEDNESDAY, THE 10<sup>TH</sup> MARCH, 2021.**

**REGISTRATION OF STARTUPS**

**2614. SHRI L.S. TEJASVI SURYA:**

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

**वाणिज्य एवं उद्योग मंत्री**

- (a) the number of startups registered under the Government State-wise and year-wise since 2014;
- (b) the details of the benefits available to startups from the Government, introduced through the Startup India programme and Atmanirbhar package;
- (c) the details on the abolition of angel tax and the intended benefit to startups; and
- (d) whether the Government is considering any more incentives for helping startups to flourish as well as for establishment of startups which are in the pipeline and 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): Startup India is a flagship initiative of the Government of India launched on 16th January 2016. The initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive to growth of Startups. Since, the launch of Startup India initiative, a total of 44,534 Startups has been recognized by DPIIT as on 24th February 2021. The States/UTs wise breakup of DPIIT recognized startups is at **Annexure-I**.
- (b): The recognized startups are eligible for a number of benefits under Startup India initiative which are mentioned at **Annexure-II**. Further, the benefits to start-ups under Atmanirbhar Bharat are at **Annexure-III**.
- (c): Startups are exempted from taxation as per provision of Section 56, (2) (vii b) of Income Tax Act 1961. A notification no. G.S.R. 127(E), dated 19th February, 2019 was issued by DPIIT prescribes the condition for exemption from taxation under Section 56, (2) (vii b) of IT Act 1961. The notification is attached at **Annexure-IV**.

**(d):** Startup India Seed Fund Scheme is under implementation. Government has approved the scheme with an outlay of INR 945 Crore to provide financial assistance to startups for Proof of Concept, prototype development, product trials, market entry, and commercialization. It will support an estimated no. of 3,600 entrepreneurs through 300 incubators in the next 4 years. The scheme has been notified on 28 January 2021 and is attached at **Annexure-V**.

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**ANNEXURE-I**

**ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION NO. 2614 FOR ANSWER ON 10.03.2021.**

**The States/UTs wise breakup of DPIIT recognized startups**

<b>States</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Maharashtra	93	1091	1650	2179	2722	592
Karnataka	67	880	1208	1707	1761	356
Delhi	74	738	1185	1417	1801	342
Uttar Pradesh	29	410	788	896	1391	343
Gujarat	29	296	451	629	883	298
Haryana	28	267	486	720	817	157
Telangana	20	322	507	610	814	183
Tamil Nadu	54	268	459	621	767	160
Kerala	24	169	331	664	706	146
Rajasthan	14	139	245	354	503	89
West Bengal	8	177	275	314	404	94
Madhya Pradesh	7	106	297	335	428	85
Odisha	4	115	168	185	279	59
Andhra Pradesh	4	101	161	178	234	39
Bihar	1	48	147	155	265	77
Chhattisgarh	11	57	121	162	155	22
Jharkhand	2	35	88	89	165	28
Punjab	7	30	68	95	146	44
Uttarakhand	4	45	69	97	114	24
Assam	10	35	68	67	119	25
Jammu and Kashmir	2	15	47	38	64	25
Goa	2	19	44	41	67	11
Chandigarh	9	22	27	40	56	12
Himachal Pradesh		9	16	29	41	9
Puducherry		3	16	10	14	1
Manipur		4	7	6	12	12
Tripura			4	7	23	
Andaman and Nicobar Islands		1	2	8	5	
Nagaland	1	4	2	2	5	2
Dadra and Nagar Haveli and Daman and Diu		4	1	3	5	
Meghalaya			2	5		2
Arunachal Pradesh			2	2		
Mizoram			2	1	1	
Sikkim		1		2	1	
Ladakh					1	
Lakshadweep					1	
<b>Total</b>	<b>504</b>	<b>5411</b>	<b>8944</b>	<b>11668</b>	<b>14770</b>	<b>3237</b>

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**ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE LOK SABHA UNSTARRED QUESTION NO. 2614 FOR ANSWER ON 10.03.2021.**

**Benefits available to Startups under Startup India Initiative**

1. Intellectual Property Rights (IPR) benefits:

1.1 Startups are eligible for 80% rebate in patent filing fees and 50% on trademark filing fees. Additionally, Startups are also provided the facility of expedited examination of patent applications to reduce the time taken in granting patents.

1.2 510 patent facilitators and 392 trademark facilitators have been empanelled, as of November 2020, under this scheme to provide free-of-charge services to Startups.

i. Till date 5253 applications for patents have been filed by startups under the SIPP Scheme, out of which 514 patents have been granted.

ii. Till November 2020, total number of Trademark applications filed - 12,264.

2. Easing Public Procurement

2.1 The requirement of prior turnover and prior experience has been relaxed to encourage startups to participate in tenders. Further, startups have been exempted from the requirement of earnest money deposit.

2.2 'GeMStartup Runway' has been launched for startups to sell products and services to Government. As of 4th January 2021, 7,929 DPIIT recognized startups have registered on Government e-Marketplace (GeM).

2.3 As of 4th January 2021, 53,226 orders from public entities have been placed to startups with the value of orders worth Rs. 2,279 crores.

2.4 Additionally, Startups can now register and participate in all public orders on Central Public Procurement Portal and get exemptions on prior experience, prior turnover and earnest money deposit requirements.

2.5 GeM has relaxed the requirement of approved Trademark certificate for DPIIT Recognized Startups. An application for trademark will be sufficient.

### 3. Self-Certification under Labour and Environmental laws

3.1 Startups recognised under Startup India initiative can self-certify their compliance against the 6 labour laws and 3 environmental laws.

3.2 27 states and UTs have implemented the process of self-certification to startups under 6 labour laws. 9 States (Haryana, Madhya Pradesh, Maharashtra, Rajasthan, Gujarat, Uttar Pradesh, Punjab, Uttarakhand, and Delhi) have integrated their portals with ShramSuvidha Portal. Overall, 169 DPIIT recognized Startups have availed the benefits of self-certification.

### 4. Tax Exemption to Startups for 3 years

4.1 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.

4.2 To avail these benefits, a Startup must get a Certificate of Eligibility from the Inter-Ministerial Board (IMB). 339 startups have been granted income tax exemptions till January 2021.

### 5. Tax Exemption on Investments above Fair Market Value

5.1 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 notification G.S.R. 127 (E)} to claim the exemption from the provisions of Section 56(2) (viib) of the Income Tax Act. As of 2<sup>nd</sup> March 2021, 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 3772 entities.

### 6. Faster Exit for Startups

6.1 Ministry of Corporate Affairs has notified Startups as “Fast track firms” enabling them to wind up operations within 90 days vis-a-vis 180 days for other companies.

## 7. Fund of Funds for Startups

7.1 Fund of Funds for Startups (FFS) with a total corpus of Rs 10,000 crore was established with contribution spread over the 14th and 15th Finance Commission cycle based on progress of implementation. Startup Fund of Funds is operational and is managed by SIDBI.

7.2 As of 1st December 2020, an amount Rs.1322.05 cr stands released to SIDBI, out of which Rs.500cr was released in 2015-16; Rs.100 cr was released in 2016-17; Rs.431.30 cr released in 2019-20 and Rs.290.75 cr was released in 2020-21.

7.3 As of 1st December 2020, SIDBI has committed Rs. 4326.95 Cr to 60 SEBI registered Alternative Investment Funds (AIFs). These funds have raised a corpus fund of Rs. 31,598 Cr. Rs. 1270.46 Cr. have been drawn from the FFS and Rs. 4509.16 Cr. have been invested into 384 startups.

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**ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE LOK SABHA UNSTARRED QUESTION NO. 2614 FOR ANSWER ON 10.03.2021.**

**Benefits to Startups under Atmanirbhar Bharat**

**1) Reserve Bank of India**

**1.1. Rescheduling of Payments – Term Loans and Working Capital Facilities**

i. In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) (“lending institutions”) were permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. In view of the extension of lockdown and continuing disruption on account of COVID-19, all lending institutions were permitted to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans.

ii. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions were permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020. Further extension was granted up to 31st August 2020.

iii. Kamath Committee: An expert committee formed by the Reserve Bank of India (RBI) under the chairmanship of Shri K.V. Kamath made recommendations on the required financial parameters to be factored in the resolution plans under the ‘Resolution Framework for Covid19-related Stress’ along with sector specific benchmark ranges for such parameters. The recommendations of the Committee have been broadly accepted by RBI. Accordingly, RBI has specified five specific financial ratios and the sector-specific thresholds for each ratio in respect of 26 sectors to be taken into account while finalising the resolution plans.

**1.2. Easing of Working Capital Financing**

In respect of working capital facilities sanctioned to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the ‘drawing power’ by reducing the margins and/or by reassessing the working capital cycle. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

**2) Measures for businesses including MSMEs – These measure would support eligible startups**

2.1 Rs 3 lakh crore Emergency Working Capital Facility for Businesses, including MSMEs.

2.2 Rs 20,000 crore Subordinate Debt for Stressed MSMEs.

2.3 Rs 50,000 crore Equity infusion for MSMEs through Fund of Funds.

2.4 New definition of MSME:

The definition of micro manufacturing and services unit increased to Rs. 1 crore of investment and Rs. 5 crore of turnover. The limit of small unit increased to Rs. 10 crore of investment and Rs 50 crore of turnover. Similarly, the limit of a medium unit increased to Rs 20 crore of investment and Rs. 100 crore of turnover. The limit for medium manufacturing and service units was further increased to Rs. 50 crore of investment and Rs. 250 crore of turnover. It has also been decided that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.

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**ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE LOK SABHA UNSTARRED QUESTION NO. 2614 FOR ANSWER ON 10.03.2021.**

**MINISTRY OF COMMERCE AND INDUSTRY  
(Department for Promotion of Industry and Internal Trade)  
NOTIFICATION**

New Delhi, the 19<sup>th</sup> February, 2019

G.S.R. 127(E) - This notification is being issued in supersession of the Gazette Notification No. G.S.R. 364(E) dated April 11, 2018 as modified vide Gazette Notification No. G.S.R. 34(E) dated January 16, 2019.

**Definitions**

1. In this notification,—
    - (a) An entity shall be considered as a Startup:
      - i. Upto 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.
- Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

**Explanation-**

An entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds one hundred crore rupees.

- (b) "Act" means the Income-tax Act, 1961;
- (c) "Board" means the Inter-Ministerial Board of Certification comprising of the following members:
  - (i) Joint Secretary, Department of Promotion of Industry and Internal Trade, Convener
  - (ii) Representative of Department of Biotechnology, Member
  - (iii) Representative of Department of Science & Technology, Member
- (d) "CBDT" means Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963 (54 of 1963);
- (e) "limited liability partnership" shall have the meaning as assigned to it in clause (n) of sub-section(1) of Section 2 of the Limited Liability Partnership Act, 2008;
- (f) "partnership firm" means a firm registered under section 59 of the Partnership Act, 1932;
- (g) "private limited company" shall have the meaning as assigned to it in clause (68) Section 2 of the Companies Act, 2013;
- (i) "turnover" shall have the meaning as assigned to it in clause (91) Section 2 of the Companies Act, 2013;
- (j) All references to "Forms" in this notification shall be construed as references to the forms set out in Appendix-I hereto;
- (k) "DPIIT" means Department for Promotion of Industry and Internal Trade.

**Recognition**

2. The process of recognition of an eligible entity as startup shall be as under: —
  - (i) A Startup shall make an online application over the mobile app or portal set up by the DPIIT.
  - (ii) The application shall be accompanied by—
    - (a) a copy of Certificate of Incorporation or Registration, as the case may be, and
    - (b) a write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.
  - (iii) The DPIIT may, after calling for such documents or information and making such enquires, as it may deem fit, —
    - (a) recognise the eligible entity as Startup; or
    - (b) reject the application by providing reasons.

**Certification for the purposes of section 80-IAC of the Act**

3. A Startup being a private limited company or limited liability partnership, which fulfils the conditions specified in sub-clause (i) and sub-clause (ii) of the Explanation to section 80-IAC of the

Act, may, for obtaining a certificate for the purposes of section 80-IAC of the Act, make an application in Form-1 along with documents specified therein to the Board and the Board may, after calling for such documents or information and making such enquires, as it may deem fit, —

- (i) grant the certificate referred to in sub-clause (c) of clause (ii) of the Explanation to section 80-IAC of the Act; or
- (ii) reject the application by providing reasons.

**Exemption for the purpose of clause (viib) of sub-section (2) of section 56 of the Act**

4. A Startup shall be eligible for notification under clause (ii) of the proviso to clause (viib) of sub-section (2) of section 56 of the Act and consequent exemption from the provisions of that clause, if it fulfils the following conditions:

- (i) it has been recognised by DPIIT under para 2(iii)(a) or as per any earlier notification on the subject
- (ii) aggregate amount of paid up share capital and share premium of the startup after issue or proposed issue of share, if any, does not exceed, twenty five crore rupees:

**Provided** that in computing the aggregate amount of paid up share capital, the amount of paid up share capital and share premium of twenty five crore rupees in respect of shares issued to any of the following persons shall not be included—

- (a) a non-resident; or
- (b) a venture capital company or a venture capital fund;

**Provided** further that considerations received by such startup for shares issued or proposed to be issued to a specified company shall also be exempt and shall not be included in computing the aggregate amount of paid up share capital and share premium of twenty five crore rupees.

iii) It has not invested in any of the following assets,—

- (a) building or land appurtenant thereto, being a residential house, other than that used by the Startup for the purposes of renting or held by it as stock-in-trade, in the ordinary course of business;
- (b) land or building, or both, not being a residential house, other than that occupied by the Startup for its business or used by it for purposes of renting or held by it as stock-in trade, in the ordinary course of business;
- (c) loans and advances, other than loans or advances extended in the ordinary course of business by the Startup where the lending of money is substantial part of its business;
- (d) capital contribution made to any other entity;
- (e) shares and securities;
- (f) a motor vehicle, aircraft, yacht or any other mode of transport, the actual cost of which exceeds ten lakh rupees, other than that held by the Startup for the purpose of plying, hiring, leasing or as stock-in-trade, in the ordinary course of business;
- (g) jewellery other than that held by the Startup as stock-in-trade in the ordinary course of business;
- (h) any other asset, whether in the nature of capital asset or otherwise, of the nature specified in sub-clauses (iv) to (ix) of clause (d) of Explanation to clause (vii) of sub-section (2) of section 56 of the Act.

**Provided** the Startup shall not invest in any of the assets specified in sub-clauses (a) to (h) for the period of seven years from the end of the latest financial year in which shares are issued at premium; Explanation.— For the purposes of this paragraph,-

- (i) “specified company” means a company whose shares are frequently traded within the meaning of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and whose net worth on the last date of financial year preceding the year in which shares are issued exceeds one hundred crore rupees or turnover for the financial year preceding the year in which shares are issued exceeds two hundred fifty crore rupees.
- (ii) the expressions “venture capital company” and “venture capital fund” shall have the same meanings as respectively assigned to them in the explanation to clause (viib) of sub Section( 2) of Section 56 of the Act.

**Declaration**

5. A startup fulfilling conditions mentioned in para 4 (i) and para 4 (ii) shall file duly signed declaration in Form 2 to DIPP that it fulfils the conditions mentioned in para 4. On receipt of such declaration, the DPIIT shall forward the same to the CBDT.

**Scope**

6. Notification referred in para 4 shall apply irrespective of the dates on which shares are issued by the Start up from the date of its incorporation, except for the shares issued in respect of which an

addition under section 56(2)(viib) of the Act has been made in an assessment order made under the Act before the date of issue of the notification.

7. Notification referred to in para 4 shall be applicable only in respect of applicability of the provisions of section 56(2)(viib) of the Act to the Startup and shall not grant any exemption in respect of applicability of other provisions of the Act.

**Revocation**

8. (1) In case it is found that any certificate referred to para 3 has been obtained on the basis of false information, the Board reserves the right to revoke such certificate or approval.

(2) Where the certificate or approval has been revoked under sub-para (1), such certificate or approval shall be deemed never to have been issued or granted by the Board.

9. In case the Startup which has furnished declaration in Form-2 invests in any of the assets specified in para 4(iii) before the end of seven year from the end of the latest financial year in which the shares are issued at premium, the exemption provided under section 56(2)(viib) of the Act shall be revoked with retrospective effect.

**Effect**

10. This notification shall come into effect on the date of its publication in the Official Gazette. The Government will carry out a review of this notification on or before 31.03.2021.

[F. No. 5(4)/2018-SI]  
ANIL AGRAWAL, Jt. Secy.

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**ANNEXURE REFERRED TO IN REPLY TO PART (d) OF THE LOK SABHA UNSTARRED QUESTION NO. 2614 FOR ANSWER ON 10.03.2021.**

Government of India  
Ministry of Commerce & Industry  
Department for Promotion of Industry and Internal Trade  
(Startup India Section)

New Delhi, 21<sup>st</sup> January, 2021

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**NOTIFICATION**

S.O. 414(E). - 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.

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

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

[F. No. P-38015/5/2020-STARTUP INDIA]

(Anil Agrawal)  
Joint Secretary to the Government of India

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