

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

**UNSTARRED QUESTION NO. 133.
TO BE ANSWERED ON WEDNESDAY, THE 2ND FEBRUARY, 2022.**

MICRO ENTREPRENEURS IN RURAL AREAS

133. SHRI KRIPANATH MALLAH:

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has planned to help Micro Entrepreneurs in rural areas through Startups within the country;
- (b) if so, the details thereof including Assam;
- (c) the details of the funds likely to be sanctioned and the details of the target likely to set for help Micro Entrepreneurs in rural areas; and
- (d) the time by when it is likely to be implemented?

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) & (b):** Under Startup India Initiative, entities including Micro enterprises are recognized by DPIIT as Startups as per eligibility conditions prescribed under G.S.R. notification 127 (E) dated 19th February, 2019. All initiatives under the Startup India are inclusive and are implemented across States, cities, towns and rural areas. The recognised startups can avail benefits under the Startup India Initiative as per **Annexure-I**.
- (c) & (d):** Prime Minister's Employment Generation Programme (PMEGP), a credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and unemployed youth is operational. The Scheme was launched during FY 2008-09. Under the Scheme, general category beneficiaries can avail of margin money subsidy of 25 % of the project cost in rural areas and 15% in urban areas. For beneficiaries belonging to special categories such as scheduled caste/scheduled tribe/OBC /minorities/women, ex-serviceman, physically handicapped, North-east region, Hill and Border areas etc. the margin money subsidy is 35% in rural areas and 25% in urban areas.

Further, the Fund of Funds for Startups Scheme and the Startup India Seed Fund Scheme are operational to provide capital at various stages of business cycle of a startup.

Under the Fund of Funds for Startups Scheme (FFS), a corpus of Rs. 10,000 crore has been sanctioned, spread over 14th and 15th Finance Commission cycles. The Scheme is operated and managed by Small Industries Development Bank of India (SIDBI). The Scheme does not directly provide financial assistance to startups, instead supports SEBI- registered Alternative Investment Funds (AIFs), who in turn invest money in growing Indian startups through equity and equity-linked instruments.

Under the Startup India Seed Fund Scheme (SISFS), Rs. 945 crore has been sanctioned for period of 4 years starting from 2021-22. The funds are released to Startups through approved Incubators.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE LOK SABHA UNSTARRED QUESTION NO. 133 FOR ANSWER ON 02.02.2022.

Benefits under Startup India Initiative

- i. **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. It will support an estimated 3,600 entrepreneurs through 300 incubators in the next 4 years.
- ii. **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.
- iii. **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 Startups subject to meeting quality and technical specifications. Further, Government e-Marketplace (GeM) Startup Runway; a dedicated corner for startups to sell products & services directly to the Government.
- iv. **Self-Certification under Labour and Environmental laws**: Startups are allowed to self-certify their compliance under 6 Labour and 3 Environment laws for a period of 3 to 5 years from the date of incorporation.
- v. **Income Tax Exemption for 3 years**: Startups incorporated on or after 1st April 2016 can apply for income tax exemption. The recognised 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.
- vi. **Exemption for the Purpose Of Clause (VII)(b) of Sub-section (2) of Section 56 of the Act**: A DPIIT recognized startup is eligible for exemption from the provisions of section 56(2)(viib) of the Income Tax Act.
- vii. **Faster Exit for Startups**: 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.

- viii. **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.
- ix. **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.
- x. **International 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 13 countries (Brazil, Sweden, Russia, Portugal, UK, Finland, Netherlands, Singapore, Israel, Japan and South Korea, Canada, Croatia) that provides a soft-landing platform for startups from the partner nations and aid in promoting cross collaboration.
- xi. **National Startup Awards:** 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.
