

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

**UNSTARRED QUESTION NO. 3251.  
TO BE ANSWERED ON WEDNESDAY, THE 23<sup>RD</sup> MARCH, 2022.**

**PRIVATE FDI**

**3251. SHRI KHAGEN MURMU:**

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

**वाणिज्य एवं उद्योग मंत्री**

- (a) whether the Government agrees with the view that it cannot depend much on private FDI to help India have a significant presence on the innovation map; and
- (b) if so, the steps taken/being taken by the Government keeping in mind that to imbibe a culture of innovation, the rules need to be amended and failures need to be taken in its stride?

**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):** Foreign Direct Investment (FDI) is one of the major drivers for economic growth of the country as it is one of the sources of non-debt finance for the country. FDI infuses long term sustainable capital in the economy and contributes towards technology transfer, development of strategic sectors, greater innovation, competition and employment creation amongst other benefits.

FDI is not the only contributor to India's significant present on the innovation map. Government has taken various initiatives/measures to build aatma-nirbharta and nurture innovation. Some of these include :

**1. Startup India initiative:** Startup India was launched with an aim to build a strong ecosystem for nurturing innovation and entrepreneurship to drive sustainable economic growth and generate large scale employment opportunities. The Government has made fast paced efforts towards making the vision of Startup India initiative a reality. Substantial progress has been made under the initiative, which has stirred entrepreneurial spirit across the country. The details of various programs undertaken by the Government to promote startups across the country under Startup India initiative are placed as **Annexure I**.

**2. Production Linked Incentives (PLIs):** For enhancing India's Manufacturing Capabilities and Enhancing Exports, the PLI Scheme in the 14 key sectors were introduced, with the objective to make Indian manufacturers globally competitive, attract investment in the areas of core competency and cutting-edge technology, ensure efficiencies, create economies of scale, enhance exports and make India an integral part of the global supply chain.

**3. Measures to boost Intellectual Property Rights (IPR) Filing** – with adoption of National IPR policy in 2016, the Government has taken several initiatives to encourage innovation in the country through spreading awareness about importance and need to protect valuable IPR, appropriate legislative amendments to improve and expedite the processing of IPR applications, reduction in various fees to boost filing from startups, MSMEs, educational institutes, and various infrastructural measures including adoption of IT and technology. As result of these measures, India's rank in Global Innovation Index has improved from 81 in 2015 to 46 in 2021.

**4. Taxation benefits:** Government has provided various tax incentives for promoting R&D. These includes allowance for expenses (both revenue and capital) incurred for in-house scientific R&D where the research relates to the business of the entity undertaking such research. Deductions are also allowed for payments made to scientific research organizations, including approved research consortia, universities, colleges, or other research institutions. Apart from the income tax incentives, government also provides benefits of concessional customs duty, and goods and services tax (GST) for research purposes.

**5. Corporate Social responsibility (CSR):** CSR has been made mandatory through provisions under Section 135 of the Companies Act, 2013. Under the law, a company needs to spend at least 2% of their average net profit made during the 3 immediately preceding financial years for CSR activities. The scope of CSR for private companies has been expanded to allow them to support research and innovation by the Government-funded incubators, or agencies funded by central and State Governments or public state utilities.

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## ANNEXURE-I

### ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE LOK SABHA UNSTARRED QUESTION NO. 3251 FOR ANSWER ON 23.03.2022.

1. **Startup India Action Plan**: An Action Plan for Startup India was unveiled on 16<sup>th</sup> 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. **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.
4. **Regulatory Reforms**: 51 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. **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.
6. **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.
7. **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.

8. **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.
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 13 countries (Brazil, Sweden, Russia, Portugal, UK, Finland, Netherlands, Singapore, Israel, Japan, South Korea, Canada, Croatia) 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 19<sup>th</sup> 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. **States' Startup Ranking Framework**: States' Startup Ranking Framework is a first-of-its-kind 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 to create best Startup ecosystem. Two rounds of State ranking exercise have been conducted with far-reaching impact across the startup ecosystem of the country.
13. **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.
14. **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. Handholding support is provided to all the finalists across 9 key tracks viz. Investor Connect, Mentorship, Corporate Connect, Govt. Connect, International Market Access, Regulatory Support, Benefits under Startup India initiative, Startup Champions on Doordarshan and Startup India Showcase.

15. **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.
16. **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.
17. **Startup India: The Way Ahead** : Startup India: The Way Ahead at 5 years celebration of Startup India was unveiled on 16<sup>th</sup> 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.
18. **Startup Champions on Doordarshan** : Startup Champions program on Doordarshan was launched on 16<sup>th</sup> January 2021. It is telecasted in both Hindi and English across Doordarshan network channels. It is a one-hour weekly program covering stories of award winning/ nationally recognised startups. The startups which have been part of this program have reported exponential increase in their overall visibility, demand for their products and even investor interest.
19. **Startup India Innovation Week** : The Government organises Startup India Innovation week around the National Startup Day i.e. 16<sup>th</sup> 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.

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