

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

**UNSTARRED QUESTION NO. 4594.  
TO BE ANSWERED ON WEDNESDAY, THE 30<sup>TH</sup> MARCH, 2022.**

**STARTUPS PROPOSALS**

**4594. SHRI NAMA NAGESWARA RAO:**

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

**वाणिज्य एवं उद्योग मंत्री**

- (a) the details and the number of Startup proposals received by the Government under the 'Startup India' scheme and the number of entrepreneurs given financial assistance under this scheme in the last three years, State-wise;
- (b) whether a number of Startups have been denied financial assistance under the Startup India scheme and if so, the reasons therefor;
- (c) whether the bureaucratic procedure prescribed for scrutinising funding proposals is a big hindrance for the success of the said scheme and if so, the details thereof; and
- (d) the details of the measures taken by the Government to review the above said procedure to help the Startups grow in the country?

**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) to (d):** Startup India is a flagship initiative of Government of India launched on 16th January 2016 with an aim to build a strong ecosystem for nurturing innovation and entrepreneurship to drive sustainable economic growth and generate large scale employment opportunities. India is one of the largest startup ecosystems in the world with more than 65,000 recognized startups, having at least one recognized startup spread across 641 districts in every State and UT.

Under the Startup India initiative, Fund of Funds for Startups (FFS) Scheme and Startup India Seed Fund Scheme (SISFS) are operational to provide capital at various stages of business cycle of a startup.

The Fund of Funds for Startups (FFS) Scheme was approved and established in 2016 with a corpus of Rs 10,000 crore, with contribution spread over the 14th and 15th Finance Commission cycle based on progress of implementation, to provide much-needed boost to the Indian

startup ecosystem and enable access to domestic capital. The FFS does not directly invest into startups. It invests into SEBI-registered Alternative Investment Funds (AIFs), who in turn make investments into startups. Small Industries Development Bank of India (SIDBI) is the operating agency for FFS.

As on 28<sup>th</sup> March 2022, Department has allocated Rs. 2791.29 crore to SIDBI and SIDBI has in turn committed Rs. 6,914 crore to 83 Alternative Investment Funds (AIFs). These AIFs in turn have invested in 580 startups so far. State-wise and Year-wise distribution of last three years, of startups supported under FFS are at **Annexure I**.

The Startup India Seed Fund Scheme (SISFS) aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. This would enable these startups to graduate to a level where they will be able to raise investments from angel investors or venture capitalists or seek loans from commercial banks or financial institutions. The funds under the Scheme are released to startups through approved incubators. Rs. 945 crore has been allocated under the Scheme for period of 4 years starting from 2021-22. The funds are released to startups through approved Incubators.

As on 28<sup>th</sup> March 2022, Rs. 295.75 crore has been approved to 76 Incubators. As the scheme is launched in current Financial Year i.e. 2021-22, about 300 startup applications have been approved by these incubators for financial assistance so far. State-wise distribution of startups supported under SISFS is at **Annexure II**.

The above mentioned schemes have well defined guidelines and institutional framework which include eligibility criteria, selection process, and evaluation committees comprising of subject matter experts from the ecosystem and monitoring mechanisms.

In addition to the above, the Government has taken several measures under Startup India initiative to develop and promote startup ecosystem in the country. The details of measures taken by the government to help the startups grow in the country are at **Annexure III**.

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**ANNEXURE I****ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA UNSTARRED QUESTION NO. 4594 FOR ANSWER ON 30.03.2022****A) Year-wise distribution of startups supported during last 3 financial years under FFS as on 28<sup>th</sup> March 2022 is as under:**

<b>Financial Year</b>	<b>No. of Startups</b>
FY 2018-19	98
FY 2019-20	120
FY 2020-21	86
FY 2021-22	156

**B) State-wise distribution of startups supported under FFS as on 28<sup>th</sup> March 2022 is as under**

<b>S.No</b>	<b>Name of State/UT</b>	<b>No. of startups</b>
1	Karnataka	191
2	Maharashtra	120
3	Delhi	98
4	Haryana	38
5	Tamil Nadu	24
6	Gujarat	8
7	Telangana	13
8	Uttar Pradesh	17
9	Rajasthan	12
10	Kerala	14
11	Madhya Pradesh	11
12	West Bengal	9
13	Bihar	2
14	Punjab	1
16	Assam	11
17	Andhra Pradesh	1
18	Odisha	2
19	Chhattisgarh	1
20	Manipur	4
21	Arunachal Pradesh	1
22	Uttarakhand	1
23	Tripura	1
	<b>Total</b>	<b>580</b>

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**ANNEXURE II****ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA UNSTARRED QUESTION NO. 4594 FOR ANSWER ON 30.03.2022**

**State-wise list of startups supported under SISFS as on 28<sup>th</sup> March 2022 is as under:**

<b>Name of State/UT</b>	<b>No. of startups</b>
Andhra Pradesh	4
Assam	4
Bihar	3
Chandigarh	1
Chhattisgarh	1
Delhi	17
Goa	9
Gujarat	13
Haryana	13
Himachal Pradesh	2
Jharkhand	2
Karnataka	65
Kerala	11
Madhya Pradesh	9
Maharashtra	43
Manipur	1
Odisha	5
Puducherry	3
Rajasthan	6
Sikkim	1
Tamil Nadu	30
Telangana	24
Uttar Pradesh	24
Uttarakhand	1
West Bengal	8
<b>Grand Total</b>	<b>300</b>

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**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA UNSTARRED QUESTION NO. 4594 FOR ANSWER ON 30.03.2022**

**Programs Launched under Startup India initiative**

The details of various programs undertaken by the Government to promote startups across the country under Startup are as under:

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 14<sup>th</sup> and 15<sup>th</sup> 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. **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.
4. **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.
5. **Self-Certification under Labour and Environmental laws**: Startups are allowed to self-certify their compliance under 9 Labour and 3 Environment laws for a period of 3 to 5 years from the date of incorporation.

6. **Income Tax Exemption for 3 years:** Startups incorporated on or after 1st April 2016 can apply for income tax exemption. The recognized 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.
7. **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.
8. **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.
9. **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.
10. **Exemption for the Purpose Of Clause (VII)(b) of Sub-section (2) of Section 56 of the Act (2019):** A DPIIT recognized startup is eligible for exemption from the provisions of section 56(2)(viib) of the Income Tax Act.
11. **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.
12. **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.
13. **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.

14. **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.

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