

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

**UNSTARRED QUESTION NO. 2321.  
TO BE ANSWERED ON TUESDAY, THE 10<sup>TH</sup> DECEMBER, 2024.**

**BENEFITS OF STARTUP INDIA INITIATIVE**

**2321. SHRI MANISH JAISWAL:  
SMT. BIJULI KALITA MEDHI:  
SHRI MITESH PATEL BAKABHAI:  
SHRI ANUP SANJAY DHOTRE:**

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

**वाणिज्य एवं उद्योग मंत्री**

- (a) the measures taken by the Government towards ensuring that the benefits of the Startup India initiative, such as the Credit Guarantee Scheme for Startups and the Startup India Seed Fund Scheme, are effectively reaching startups in tier II and tier III cities;
- (b) whether the strategies adopted by the Government to further enhance job creation, particularly in sectors beyond technology and ensure sustainable growth within these startups and if so, the details thereof;
- (c) the exemptions for new Startups in income tax and GSTIN; and
- (d) if so, the details thereof?

**ANSWER**

**वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)  
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY  
(SHRI JITIN PRASADA)**

- (a):** The Government with an intent to build a strong ecosystem of the country for nurturing innovation, startups and encouraging investments in the startup ecosystem of the country launched the Startup India initiative on 16th January 2016.

The programs under the initiative are implemented on a Pan-India basis with certain specific outreach and awareness measures for tier 2 and tier 3 cities. Such measures *inter-alia* include capacity building and handholding, ecosystem development and international exposure programs. The details of such measures are placed as **Annexure-I**.

Further, the Government is implementing Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) under the Startup India initiative to support startups at various stages of their business cycle.

SISFS provides financial assistance to seed stage startups through incubators. The Experts Advisory Committee (EAC) of SISFS, evaluates and selects incubators for allocation of funds. The approved incubators select startups in accordance with the guidelines. Funds under this Scheme are released to the incubators in milestone-based installments. For the purpose of seeking milestone-based installments, incubators submit detailed report on status of utilization of funds and audited expenditure. The EAC monitors the performance of the incubators and funding to startups from time to time.

Under the Scheme, 213 incubators have been approved by the EAC and the approved incubators have selected 2,490 startups for financial support as on 31<sup>st</sup> October 2024.

CGSS is implemented for enabling collateral free loans to startups through eligible financial institutions [Member Institutes (MIs)]. CGSS is operationalized by the National Credit Guarantee Trustee Company (NCGTC) Limited and has been operationalized from 1st April 2023.

The MIs evaluate credit applications by using prudent banking judgement and due diligence in selecting commercially viable proposals and conduct the account of the borrowers with banking prudence. The MIs are governed by the financial institutions norms, monitoring and procedures as laid down by the Reserve Bank of India [in case of banks, Non-Banking Financial Companies (NBFCs) and Financial Institutions] and Securities Exchange Board of India (SEBI) [in case of Alternative Investment Funds].

Under this Scheme, 28 MIs have been on-boarded and the MIs have extended credit support to 191 borrower startups as on 31<sup>st</sup> October 2024.

The details of eligibility criteria and process of application for each of the above-mentioned Schemes are provided in their respective operational guidelines placed as **Annexure-II**.

The selected incubators under the SISFS and the network of Member Institutes under the CGSS are spread across the country enabling effective reach of the Schemes across tier 2 and 3 cities as well.

- (b):** Under the Startup India initiative, the Government constantly undertakes various efforts for the development and growth of startup ecosystem and to enhance job creation in the country.

The flagship Schemes namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) support startups at various stages of their business cycle. The Government also implements periodic exercises and programs including States' Startup Ranking, National Startup Awards, and Innovation Week which play an important role in the holistic development of the startup ecosystem. Initiatives to improve market access and enable public procurement support startups in growing and scaling up their businesses. Digital platforms such as the Startup India Hub portal and Bharat Startup Knowledge Access Registry (BHASKAR) enable easy access to resources and startup ecosystem collaboration. These measures are complemented by regulatory reforms and other ecosystem development events and programs.

As a result, entities recognised as startups by the Department for Promotion of Industry and Internal Trade (DPIIT) as per eligibility conditions prescribed under G.S.R. notification 127 (E) dated 19th February 2019 have reportedly created over 16.6 lakh direct jobs across more than 55 varied industries which include areas beyond technology as well. The industry-wise list of direct jobs created by recognized startups (self-reported) is placed as **Annexure-III**.

- (c) & (d):** Several initiatives, policy measures, and reforms have been undertaken by the Government for startups and small businesses to avail various tax related benefits. These include profit linked deductions under Section 80-IAC of the Income Tax Act 1961, deferring Tax Deducted at Source (TDS) in respect of income pertaining to Employee Stock Option Plan (ESOP), relaxation for carry forward and set-off of loss, and exemptions on Goods and Services Tax (GST) for services provided by incubatee entrepreneurs among others. The detailed list of such measures is placed as **Annexure-IV**.

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**ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION 2321 FOR ANSWER ON 10.12.2024.**

The details of various measures being undertaken to ensure that the benefits of the Startup India initiative are effectively reaching startups across the country:

**1. Capacity Building and Handholding**

Capacity building workshops are undertaken throughout the year across regions **including non-metro cities** under the **States' Startup Ranking ('SRF')** exercise to promote and handhold States and UTs in developing regional ecosystems. Monitoring, capacity development, and handholding sessions are also conducted specifically for incubators beyond metro cities and regions.

**2. Outreach and Awareness**

Outreach and awareness activities for startups are organized across the country including in areas beyond metropolitan cities. These activities include encouraging entrepreneurs from non-metropolitan cities and enabling opportunities for funding, incubation, mentorship and business linkages in **collaboration with State/UT administrations**. Various **startup showcases** are also organised where startups pitch their business proposals to investors and participate in capacity building activities. The programs implemented under the Startup India initiative are also **propagated through various social media platforms**.

**3. Ecosystem Development Events and Programs**

Various national ecosystem development events and programs are held such as the Startup Mahakumbh, which fosters innovation and entrepreneurship by bringing the ecosystem together from various parts of the country; **ASCEND (Accelerating Startup Caliber & Entrepreneurial Drive)** sensitization workshops on startups and entrepreneurship are conducted across **North Eastern States** to support upcoming entrepreneurs from the region; and the Startup India Innovation week is held around the National Startup Day i.e., 16th January, to celebrate entrepreneurship and promote innovation with stakeholders from across India.

**4. International Exposure and Linkages**

The Startup20 Engagement Group was institutionalised under India's G20 Presidency to facilitate harmonisation and cross collaboration amongst the largest global economies. The **meetings and engagements of Startup20 Engagement Group** under India's G20 Presidency were held across the country providing access to global market, visibility and resources of India's regionals startup ecosystems. International linkages are further developed

through international Government to Government partnerships, participation in international forums, hosting of global events, and international bridges with different countries that aid in promoting cross collaboration.

## 5. Encouraging Ecosystem Collaboration

The Government launched the **Startup India Hub portal** for stakeholders of the entrepreneurial ecosystem in India to discover resources, information, and various benefits under the Startup India initiative on a common digital platform. This portal enables various programs and initiatives to be accessed digitally, improving accessibility for entrepreneurs and startups even from non-metro cities and regions. Further, the Government has launched the **Bharat Startup Knowledge Access Registry (BHASKAR)** which is a platform designed to centralize, streamline, and enhance collaboration among key stakeholders within the entrepreneurial ecosystem, which is enabling startups and entrepreneurs from **non-metro cities and regions to connect with the larger startup ecosystem.**

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## ANNEXURE-II

### ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION 2321 FOR ANSWER ON 10.12.2024.

The details of the flagship Schemes implemented under Startup India initiative along with operational guidelines are as follows:

1. **Startup India Seed Fund Scheme (SISFS):** The Startup India Seed Fund Scheme has been approved for the period of 4 years starting from 2021-22 with a corpus of Rs. 945 crore. The Scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. The Scheme is implemented from 1st April 2021. The Experts Advisory Committee (EAC), under SISFS, is responsible for the overall execution and monitoring of SISFS. The EAC evaluates and selects incubators for allocation of funds under the Scheme. As per provisions of the Scheme, the selected incubators shortlist startups based on parameters outlined in Scheme guidelines. The operational guidelines of the Scheme is accessible at:

<https://dpiit.gov.in/sites/default/files/Guidelines-FundScheme-Startup-29January2021.pdf>

2. **Credit Guarantee Scheme for Startups (CGSS):** The Government has established the Credit Guarantee Scheme for Startups for providing credit guarantees to loans extended to DPIIT recognized startups by Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Venture Debt Funds (VDFs) under SEBI registered Alternative Investment Funds. CGSS is aimed at providing credit guarantee up to a specified limit against loans extended by Member Institutions (MIs) to finance eligible borrowers viz. DPIIT recognised startups. CGSS is operationalized by the National Credit Guarantee Trustee Company Limited (NCGTC). The operational guidelines for CGSS is accessible at:

[https://www.ncgtc.in/en/product-details/CGSS/Credit-Guarantee-Scheme-for-Start-ups-\(CGSS\)](https://www.ncgtc.in/en/product-details/CGSS/Credit-Guarantee-Scheme-for-Start-ups-(CGSS))

**ANNEXURE-III****ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE LOK SABHA UNSTARRED QUESTION 2321 FOR ANSWER ON 10.12.2024.**

Industry-wise details of direct jobs created by entities recognised as startups by DPIIT as of 31<sup>st</sup> October 2024 (self-reported):

<b>S.No.</b>	<b>Industry</b>	<b>Number of direct jobs</b>
1.	Advertising	11,839
2.	Aeronautics Aerospace & Defence	12,801
3.	Agriculture	83,307
4.	Artificial Intelligence (AI)	23,918
5.	Airport Operations	1,205
6.	Analytics	9,450
7.	Animation	2,104
8.	AR VR (Augmented + Virtual Reality)	5,848
9.	Architecture Interior Design	10,326
10.	Art & Photography	4,441
11.	Automotive	39,535
12.	Biotechnology	3,557
13.	Chemicals	16,675
14.	Computer Vision	2,484
15.	Construction	88,702
16.	Dating Matrimonial	717
17.	Design	9,039
18.	Education	90,414
19.	Enterprise Software	24,899
20.	Events	5,503
21.	Fashion	24,253
22.	Finance Technology	56,819
23.	Food & Beverages	88,468
24.	Green Technology	27,808
25.	Healthcare & Lifesciences	1,47,639
26.	House-Hold Services	17,530
27.	Human Resources	87,983
28.	Indic Language Startups	3,453
29.	Internet of Things	14,885
30.	IT Services	2,04,119
31.	Logistics	11,608
32.	Marketing	29,685
33.	Media & Entertainment	20,515
34.	Nanotechnology	1,850
35.	Non- Renewable Energy	12,856
36.	Other Specialty Retailers	14,179
37.	Others	28,278
38.	Passenger Experience	252
39.	Pets & Animals	3,054
40.	Professional & Commercial Services	94,060

<b>S.No.</b>	<b>Industry</b>	<b>Number of direct jobs</b>
41.	Real Estate	15,873
42.	Renewable Energy	41,523
43.	Retail	33,114
44.	Robotics	5,956
45.	Safety	9,245
46.	Security Solutions	27,907
47.	Social Impact	7,973
48.	Social Network	5,136
49.	Sports	6,500
50.	Technology Hardware	50,894
51.	Telecommunication & Networking	16,524
52.	Textiles & Apparel	38,867
53.	Toys and Games	4,802
54.	Transportation & Storage	30,509
55.	Travel & Tourism	23,828
56.	Waste Management	12,810
<b>Total</b>		<b>16,67,519</b>

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**ANNEXURE REFERRED TO IN REPLY TO PARTS (c) & (d) OF THE LOK SABHA UNSTARRED QUESTION 2321 FOR ANSWER ON 10.12.2024.**

**Details of various tax exemptions provided to startups under the Income Tax Act, 1961 (the Act)**

**1. 100% deductions to the profit of the startup under section 80-IAC**

100% profit linked deduction to an eligible startup, incorporated on or after the 1<sup>st</sup> day of April, 2016 but before the 1<sup>st</sup> day of April, 2025, for a period of three consecutive assessment years out of ten years beginning from the year in which it is incorporated, if the total turnover of its business does not exceed one hundred crore rupees in the previous year relevant to the assessment year for which the deduction is claimed.

**2. Employee Stock Option Plan (ESOP)**

In order to ease the burden of payment of taxes by the employees and to incentivize the eligible startups to skilled employees, Finance Act, 2020 amended section 192 of the Act deferring TDS deduction in respect of income pertaining to ESOPs. It has been provided that in case of an employee of an eligible startup, as referred to in section 80-IAC of the Income-tax Act, 1961 (the Act) being perquisite of the nature of ESOPs in any previous year relevant to the assessment year 2021-22 or subsequent year, deduction/payment of tax on such income may be made within fourteen days-

- i. after the expiry of forty-eight months from the end of the relevant assessment year; or
- ii. from the date of the sale of such specified security or sweat equity share by the assessee; or
- iii. from the date of which the assessee ceases to be the employee of the person;

whichever is the earliest, on the basis of rates in force of the financial year in which the said specified security or sweat equity share is allotted or transferred

**3. Relaxation for carry forward & set-off of loss by startup:**

Section 79 of the Income-tax Act, 1961 contains certain restrictions for carry forward and set-off of losses in case of certain companies where there is change of majority shareholding. In order to facilitate the new investment in the startup, Vide Finance (No.2) Act, 2019 the provisions of section 79 have been amended so as to allow an option to an eligible startup, as referred to in section 80-IAC of the Act, to carry forward and set-off of losses even in the case of change in majority shareholding if the original shareholders continue to hold their shares.

## **The following exemptions/relaxations are provided for startups and other small businesses for Goods and Services Tax (GST)**

Goods and Services Tax (GST) rates and exemptions on services are prescribed on the recommendations of the GST Council which is a Constitutional body comprising of representatives from the Centre and the State/UT Governments. On the recommendations made by the GST Council, the following exemptions are provided for startups:

1. **Services provided by an incubatee** up to a total turnover of Rs. 50 lakh in a financial year subject to the following conditions, namely:-
  - i. the total turnover had not exceeded Rs. 50 lakh during the preceding financial year; and
  - ii. a period of three years has not elapsed from the date of entering into an agreement as an incubatee.
2. **Taxable services provided or to be provided**, by a Technology Business Incubator or a Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Government of India or bio-incubators recognised by the Biotechnology Industry Research Assistance Council, under the Department of Biotechnology, Government of India.

For the purposes of GST, “incubatee” means an entrepreneur located within the premises of a Technology Business Incubator or Science and Technology Entrepreneurship Park recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the Technology Business Incubator or the Science and Technology Entrepreneurship Park to enable himself to develop and produce hi-tech and innovative products.

3. Small and medium enterprises are not required to obtain GST registration, if their aggregate turnover in a financial year does not exceed:
  - i. Rs. 40 lakh (Rs. 20 lakh for special category States) for Intra-State taxable supply of goods.
  - ii. Rs. 20 lakh (Rs. 10 lakh for special category States) for Intra-State taxable supply of Services.
4. Composition levy scheme in GST for Registered Small and Medium Enterprises, tax has to be paid on Quarterly based on a declaration and have to file only one annual return. Scheme may be opted if:
  - i. supplier of goods whose aggregate turnover does not exceed Rs. 1.50 crore, (Rs. 75 lakh for Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand) in the preceding financial year.
  - ii. A supplier of services with annual turnover up to Rs. 50 lakh.

5. Special return filing provisions: All eligible registered suppliers of goods or services having annual turnover up to Rs. 5 crore in the preceding financial year may opt for filing of quarterly return with monthly payment of tax.
6. Electronic invoicing (e-invoice) for Business to Business (B2B) invoices has been introduced in a phased manner. It was made mandatory for businesses with turnover exceeding Rs. 500 Crores with effect from 1st October, 2020. This threshold of turnover has subsequently been revised to Rs. 100 Crores w.e.f. 01.01.2021, to Rs. 50 crore w.e.f. 01.04.2021, to Rs. 20 crore from 01.04.2022, to Rs. 10 crore from 01.10.2022 and to Rs. 5 crore from 01.08.2023. E-invoice helps in seamless flow of credit & invoice matching as envisaged in the GST regime, besides also easing the process of filing returns.
7. Retrospective amendment with effect from 01.07.2017 made in section 50 to provide that interest is required to be paid on the wrongly availed Input Tax Credit (ITC) only when the same has been availed as well as utilized. Rate of interest on wrongly availed and utilized ITC reduced to 18% from 24% with retrospective effect from 01.07.2017.
8. Suspension of GST registration will be automatically revoked without requiring taxpayer to make any application with the tax officer, once all the pending returns are filed on the portal. Time limit for applying for revocation of cancelled GST registration extended from 30 to 90 days.
9. Unified Payments Interface (UPI) and Immediate Payment Service (IMPS) to facilitate registered suppliers of goods or services and to further encourage digital payment.
10. Exemption from filing annual return in FORM GSTR-9/9A for FY 2023-24 to registered suppliers of goods or services having Annual Aggregate Turnover upto Rs. 2 crore. All registered suppliers of goods or services with annual aggregate turnover upto Rs. 5 crore are not required to file Reconciliation Statement in FORM GSTR 9C along with annual return.

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