

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION**

LOK SABHA

**UNSTARRED QUESTION NO. 1279.
TO BE ANSWERED ON MONDAY, THE 25TH JULY, 2016.**

STARTUP INDIA PROGRAMME

1279. SHRI RAOSAHEB DANVE PATIL:

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government proposes to launch the start up India and Stand up India programmes to boost entrepreneurship at grass-root levels;
- (b) if so, the details and the salient features thereof;
- (c) whether the Government has finalised the action plan for the purpose and if so, the details thereof; and
- (d) whether the Government proposes to link the said programme with the IITs, IIMs, NITs etc. and if so, the details thereof along with the benefits likely to accrue therefrom?

ANSWER

वाणिज्य एवं उद्योग राज्यमंत्री (स्वतंत्र प्रभार)(श्रीमती निर्मला सीतारमण)

**THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)**

- (a) to (c):** Startup India is a flagship initiative launched by the Government of India on 16th January, 2016 to build a strong eco-system for nurturing innovation and startups in the country which will drive economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower startups to grow through innovation and design. The Standup India scheme was launched on 5th April, 2016 to facilitate bank loans from Scheduled Commercial Banks (SCBs) between Rs.10 lakh to Rs.1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) and one woman per bank branch for setting up a greenfield enterprise in trading, services or manufacturing sector. The scheme is expected to benefit at least 2.5 lakh borrowers.

Each enterprise will provide jobs depending on the nature of its operation.

The salient features of Startup India are as follows:

i. Simplification and Handholding

- Simple Compliance Regime for startups based on Self-certification
- Launch of Mobile app and Portal for compliance and information exchange
- Startup India Hub to handhold startups during various phases of their development

- Legal support and fast-tracking patent examination at reduced costs
- Relaxed norms of public procurement for startups
- Faster exit for startups

ii. Funding support and Incentives

- Providing funding support through a Fund of Funds with a corpus of Rupees 10,000 crore
- Credit guarantee fund for startups
- Tax exemption on capital gains invested in Fund of Funds
- Tax exemption to startups for 3 years

iii. Industry-Academia Partnership and Incubation

- Organizing Startup Fests to showcase innovations and providing collaboration platforms
- Launch of Atal Innovation Mission (AIM) with Self –Employment and Talent Utilization (SETU) Program of NITI Aayog
- Harnessing private sector expertise for setting up incubators
- Setting up of 7 new research parks modeled on the Research Park at IIT Madras
- Launching of innovation focused programs for students.
- Annual Incubator Grand Challenge to promote good practices among incubators.

iv. Credit Guarantee Fund

The initiative provides for creating a credit guarantee fund for startups through Small Industries Development Bank of India (SIDBI) with a Corpus of Rs.500 crore per year for the next four years.

With this Action Plan the Government intends to accelerate spreading of the startup movement:

- From digital/technology sector to a wide array of sectors including agriculture, manufacturing, social sector, healthcare, education, etc.; and
- From existing tier 1 cities to tier 2 and tier 3 cities including semi-urban and rural areas.

The progress on the action points of the Startup India Action plan is Annexed.

- (d):** The Action Plan envisages setting up of 7 New Research Parks modeled on the Research Park at IIT Madras at IITs in Guwahati, Hyderabad, Kanpur, Kharagpur, Bangalore, Gandhinagar and Delhi and setting-up/scaling-up of 18 Technology Business Incubators (TBIs) at NITs/IITs/IIMs etc. as per the funding model of Department of Science and Technology. Startups will be able to access the facilities of the Research parks and Incubators and also receive the required support to give shape to their ideas.

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE LOK SABHA UNSTARRED QUESTION NO.1279 FOR ANSWER ON 25.07.2016.

The measures which have been implemented under Startup Action plan are as follows:

Action points

Startup India Portal and Mobile App: These have been launched as online platform for providing updates, information, recognition and eligibility certificates to Startups and other stakeholders

Startup India Hub: Startup India Hub was operationalised on 1st April 2016 to resolve queries and provide handholding support to Startups. The hub has been able to resolve 12,290 queries received from Startups through telephone, email and Twitter. To seek clarifications pertaining to Certificate of Recognition as a "Startup", Certificate of Eligibility to avail tax benefits, seeking information on incubators or funding, one can get in touch with the Hub on Toll-Free number: **1800115565** or email: id dipp-startups@nic.in. Dedicated professionals are handling over 200 queries per day. DIPP has requested State governments and administration of Union Territories to set up hub as well as incubators to help Startups during various stages of their life cycle.

Fund of Funds: A 'fund of funds' of INR 10,000 crores to support innovation driven Startups has been established which shall be managed by SIDBI. The fund will invest in SEBI registered Alternative Investment Funds (AIFs) which, in turn, will invest in Startups. It will act as an enabler to attract private capital in the form of equity, quasi-equity, soft loans and other risk capital for Startups. Rs. 500 crore has been released to SIDBI in FY2015-16 and Rs. 600 crore in FY2016-17. First meeting of Venture Capital Investment Committee (VCIC) was held on 12th July, 2016, wherein 13 proposals were examined for funding under FFS and 8 were recommended.

Tax Incentives: The Finance Act, 2016 Section 80- IAC has provision for Startups (Companies and LLPs) to get income tax exemption for 3 years in a block of 5 years, if they are incorporated between 1st April 2016 and 31st March 2019. To avail these benefits a Startup must get a Certificate of Eligibility from the Inter-Ministerial Board.

Tax exemption on investments above Fair Market Value have been introduced on 14 June 2016 for investments made in Startups.

Self-Certification: CPCB has exempted industries in "white" category from all the applicable self-certifications under the 3 environment related Acts (The water (Prevention & Control of Pollution) Act, 1974; The Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003 and The Air (Prevention & Control of Pollution) Act, 1981) listed in the Startup India Action Plan.

Atal Innovation Mission (AIM): The guidelines for harnessing private sector expertise to set up incubators, organizing annual grand challenge for innovative solutions to problems faced by industry and those posed by ministries as well as a grand challenge for incubators and establishment of tinkering labs have been formulated and published on NITI Aayog's and Startup India websites

Relaxed Norms for Public Procurement: Relaxed norms for public procurement for micro and small enterprises have been provisioned in the Procurement Policy of Ministry of MSME.

IPR Benefits: A panel of facilitators has been constituted for assistance in filing Intellectual Property (IP) applications. DIPP would bear the facilitation cost on behalf of Startups and also provide rebate in the statutory fee for filing application. To avail IPR-related benefits (rebate in fee and free of cost facilitation in filing IPR applications), a Startup is required to obtain a Certificate of Recognition from DIPP. Guidelines of the Scheme for Facilitating Start-ups Intellectual Property Protection (SIPP) has been published. Facilitators shall provide assistance to startups in filing and disposal of IP applications related to patents, trademarks and design under relevant Acts. Fast track mechanisms of startup patent applications has been enabled to allow startups to realise the value of their IPRs at the earliest. Further, to enable startups to reduce costs in their crucial formative years, startups shall be provided a rebate of 80% in filing patents (Patent Amendment Rules 2016, May 2016).

Additionally, the following steps have been undertaken to provide an impetus to the overall progress of the initiative:

- Chief Secretaries of all States and Administrators of all Union Territories have been requested to partner with DIPP in taking the Startup India initiative forward;
- Top 50 companies in India have been requested to contribute towards strengthening the incubation facilities in the country through their Corporate Social Responsibility (CSR) initiatives;
- List of recognized incubators has been augmented to provide more avenues to Startups to obtain mentoring support. 20 industry bodies and organisations have been recognized by DIPP who will assess the innovative nature of Startups and provide certificates to enable them to get recognition from DIPP;
- For incubators to get recognition by Government of India a module to recognize incubators has been launched. This will allow them to issue recommendation letters to Startups.
