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

LOK SABHA

UNSTARRED QUESTION NO. 3691.
TO BE ANSWERED ON TUESDAY, THE 11TH AUGUST, 2026.

REGISTRATION OF STARTUPS

3691. SHRI IMRAN MASOOD:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:
वाणिज्य एवं उद्योग मंत्री

(a) whether the Government has evaluated the challenges related to registration, investment and compliance of startups, unicorns and innovative companies in the country during April to June 2026, if so, the details thereof;

(b) whether the suggestions received from the industry and investors in this regard have been examined, if so, the details thereof;

(c) whether the Government has launched any new initiative to simplify and digitize statutory compliances for startup companies, if so, the details thereof;

(d) whether the impact of these measures on ease of doing business and investment attraction is being evaluated; and

(e) if so, the details thereof and if not, the reasons therefor?

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) & (b): The Government continuously examines issues relating to startup registration, investment and regulatory compliance through regular engagement with startups, investors and other stakeholders. Based on such consultations, various measures have been undertaken to simplify the startup ecosystem and strengthen the investment environment.

Accordingly, the Government has expanded the scope and eligibility criteria for recognition of startups under the Startup India initiative through notification G.S.R. 108(E) dated 4 February 2026 to better reflect the evolving scale and diversity of India's startup ecosystem. The key revisions are as follows:

i. Increase in turnover ceiling: The annual turnover ceiling upto which a startup can remain recognised as a ‘startup’ has been increased from Rs. 100 crore to Rs. 200 crore, enabling scaling enterprises to continue availing benefits under the Startup India initiative.
ii. Introduction of a ‘Deep Tech Startup’ category: A separate category has been introduced for startups working on advanced and emerging technologies with extended eligibility parameters:

a. Age limit: Up to 20 years from the date of incorporation or registration.
b. Turnover ceiling: Up to Rs. 300 crore, recognising the longer gestation periods and capital intensity associated with deep technology ventures.

iii. Expansion of eligible entity types: Multi-State Cooperative Societies registered under the Multi-State Cooperative Societies Act, 2002 and Cooperative Societies registered under State/UT Cooperative Societies Acts are now eligible for startup recognition, subject to fulfilment of the prescribed criteria.

The gazette notification can be accessed at:
https://egazette.gov.in/WriteReadData/2026/269843.pdf

These revisions were formulated after consultations with stakeholders across the startup ecosystem, including startups, investors and relevant Ministries/Departments.

Further, startup recognition under the Startup India initiative has been simplified through a fully digital application process available on the Startup India portal and the National Single Window System (NSWS). The recognition process is based on self-certification, simplified documentation and online guidance material to facilitate ease of registration.

As a result of these measures, 2,40,092 entities have been recognised as startups by DPIIT as on 30th June 2026. Of these, 16,334 entities were recognised as startups during the period from 1st April 2026 to 30th June 2026.

With regard to investments, under Startup India initiative, the Government has recently operationalised the Startup India Fund of Funds 2.0 with a corpus of Rs. 10,000 crore in April 2026 to mobilise venture and growth capital for startups through SEBI-registered Alternative Investment Funds (AIFs). The Scheme incorporates dedicated categories for deep-tech, micro venture capital, manufacturing-focused and sector/stage-agnostic funds and was also designed after extensive consultations with startups, investors and other ecosystem stakeholders.

The Scheme builds upon the experience of the Fund of Funds for Startups (FFS 1.0), under which supported AIFs have invested Rs. 27,902.7 crore in 1,460 startups as on 30th June 2026. Of this, AIFs have invested Rs. 921 crore in 33 startups during the period from 1st April 2026 to 30th June 2026.

Further, based on consultations with investors and industry, the Government continues to undertake measures to strengthen the investment ecosystem, including:

i. Liberalised FDI policy: Most sectors are open for 100% FDI under the automatic route, with over 90% of FDI inflows received through this route.
ii. National Single Window System (NSWS): A digital single-window

platform providing investors with a unified interface for obtaining approvals and clearances required to establish businesses in India.

iii. Leveraging FTAs/PTAs: The Government is also facilitating investment and global competitiveness by leveraging recent Free Trade Agreements (FTAs) and Preferential Trade Agreements (PTAs) in alignment with national reform initiatives.

iv. Other investment facilitation measures: Initiatives such as Make in India, Ease of Doing Business reforms, Production Linked Incentive (PLI) Schemes, India Industrial Land Bank, Project Monitoring Group (PMG), PM GatiShakti, and other sector-specific initiatives continue to strengthen the overall investment climate.

(c) to (e): The Government has undertaken several initiatives to simplify and digitise compliances and improve the Ease of Doing Business (EoDB) to create a transparent, predictable and investor-friendly regulatory ecosystem by reducing compliance burden, simplifying regulatory procedures and promoting digital governance. Details of these initiatives are placed at **Annexure-I**.

Further, as informed by the Ministry of Corporate Affairs, startups are also provided various compliance relaxations and exemptions under the Companies Act, 2013. The details are placed at **Annexure-II**.

In addition, as mentioned in reply to parts (a) and (b), the startup recognition process has been progressively simplified and digitised through the Startup India portal and the National Single Window System (NSWS), enabling online applications, real-time tracking, self-certification and simplified documentation.

The impact of these measures is reflected in the continued growth of the startup ecosystem. As on 30th June 2026, 2,40,092 entities have been recognised as startups by DPIIT, indicating enhanced accessibility, improved ease of doing business and a conducive environment for innovation and investment.

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ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PARTS (c) to (e) OF THE LOK SABHA UNSTARRED QUESTION NO. 3691 FOR ANSWER ON 11.08.2026.

Details of initiatives undertaken by DPIIT to improve the Ease of Doing Business (EoDB) across the country:

1. The Government of India in 2020 embarked on the first of its kind initiative, **Regulatory Compliance Burden (RCB)** for businesses and citizens, to reduce burdensome compliances and to improve Ease of Doing Business and Ease of Living by Simplifying, Rationalizing, Digitizing and Decriminalizing Government to Business and Citizen Interfaces across Ministries/States/UTs. Under the Regulatory Compliance Burden (RCB) initiative, DPIIT works with various Ministries, Departments and States/UTs to reduce the compliance burden on citizens and businesses and to enhance Ease of Doing Business and Ease of Living through four key strategies: Simplification of procedures, Rationalization of laws, Digitization of processes and Decriminalization of minor offences. Central Ministries/Departments and States/UTs actively engaged in self-identification exercises, successfully reducing over 47,865 compliances. Out of the total reduced compliances, 16,136 compliances have been simplified, 22,289 compliances are digitized, 5,170 compliances are decriminalized, and redundancy has been removed in 4270 compliances. Further, DPIIT analyzed over 42,000 reduced compliances and mapped more than 670 unique Acts across various states. Based on this analysis, 23 Acts were included in the RCB Plus initiative, under which more than 10 States/UTs have reduced compliances. The RCB Plus initiative was launched on 24th October 2024. As of now, out of 7882 identified compliances by States/UTs, 5429 have been reduced.
2. The **Business Reforms Action Plan (BRAP)** was launched in 2014 to promote competitive federalism by encouraging States and Union Territories to implement business-centric regulatory reforms. BRAP provides a structured reform framework covering key areas such as Single Window Systems, land administration, labour regulation, construction permits, environmental registrations, utility permits, inspections, contract enforcement, information transparency and sector-specific reforms. The reforms are designed to streamline approval processes, enhance transparency, improve regulatory efficiency and reduce the time and cost involved in establishing and operating businesses. Over the years, BRAP has facilitated the implementation of thousands of business-friendly reforms by States and Union Territories, contributing to a more conducive investment climate across the country.
3. To further strengthen investor facilitation, DPIIT undertook a comprehensive assessment of the **Single Window Systems established by States and Union Territories**. Based on this assessment, DPIIT issued a detailed Guidebook on State Single Window Systems, prescribing eight essential features and five desirable features to improve transparency, service delivery, user experience, integration with departmental services and online processing of approvals. Compliance with these features forms an integral part of the Business Reforms Action Plan (BRAP) 2026 framework.
4. Recognising the need to improve the business environment beyond the State level, DPIIT has also developed the **District Business Reforms Action Plan (District BRAP)**. District BRAP aims to strengthen Ease of Doing Business at the district level by improving regulatory governance, enhancing investor

facilitation and promoting efficient public service delivery. The framework focuses on end-to-end digitisation of business approvals and registrations, time-bound inspections, transparent land administration, strengthening of District Industries Centres (DICs) as investor facilitation centres, development of investment-ready industrial parks and promotion of entrepreneurship and startup ecosystems, particularly in Tier-II and Tier-III cities. The initiative seeks to improve coordination between district and State authorities and facilitate investment at the grassroots level.

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ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO PARTS (c) to (e) OF THE LOK SABHA UNSTARRED QUESTION NO. 3691 FOR ANSWER ON 11.08.2026.

As per the Ministry of Corporate Affairs, startups are provided with following compliance relaxations/exemptions under the Companies Act 2013:

Sr. No.	Section	Subject	Provisions in the Companies Act, 2013 to support Startups
1.	Section 2(40)	Financial Statement	Requirement of cash flow statement to be part of financial statement is optional for startups.
2.	Section 73(2) clause (a) to (e)	Acceptance of deposits	Startups were exempted from procedural compliance at the time of accepting deposits from its members (such as issuance of a circular to its members showing the financial position of company, credit rating, depositing 20% of the maturing deposits, and certification regarding default in repayments).
3.	Section 92(1)	Annual Return	Directors of a startup are allowed to sign annual returns of the private limited company if the Company does not have Company Secretary.
4.	Section 173(5)	Meetings of Board	Under Companies Act, 2013, Board of Directors of a company are required to meet at least once in 120 days, 4 board meetings in a year. However, startups are exempted from holding quarterly board meetings and are allowed to hold two board meetings in a calendar year, i.e., once every six months.
5.	Rule 6 of Companies (Incorporation) Rules, 2014	Conversion of OPCs into Public and Private Companies	The requirement that an OPC must convert itself after its paid-up capital exceeds Rs 50 lakh and its average annual turnover exceeds Rs 2 crore was omitted. Since many startups are One Person Company, this allows them to retain the status as an OPC.
6.	Rule 8(4) of Companies (Share Capital and Debenture) Rules, 2014)	Sweat Equity	In general, the issuance of sweat equity shares in a company shall not exceed 25% of the paid-up capital of the company at any time. However, in case of startups, this limit is upto 50% of its paid-up share capital.
7.	Rule 12(1)(c) of Companies (Share Capital and Debentures) Rules, 2014	Employee Stock Options (ESOPs)	In general, ESOPs are not given to employee who is a promoter or a person belonging to the promoter group and a director who either himself or through his relative or a body corporate, directly or indirectly holds more than 10% equity of the company. Startups are allowed to issue ESOPs to promoters and directors.

8.	Rule 2(1)(c) (xvii) Companies (Acceptance of Deposits) Rules, 2014	Convertible Note	Startups can receive an amount of Rs 25 lakh or more by way of a convertible note (convertible into equity shares or repayable within a period not exceeding ten years from the date of issue) in a single tranche, from a person, and such transactions are not considered deposit.
9.	Rule 3(3) of Companies (Acceptance of Deposits) Rules, 2014	Acceptance of deposits	Companies may ordinarily accept or renew any deposits from its members not exceeding 35% of the paid-up share capital, free reserves and securities premium account of the company. But startups have been permitted to accept deposits from members without any restriction on the amount.

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