

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

RAJYA SABHA

**UNSTARRED QUESTION NO. 547.
TO BE ANSWERED ON FRIDAY, THE 5TH FEBRUARY, 2021**

"STARTUP INDIA SEED FUND' SCHEME

547 SHRI VENKATARAMANA RAO MOPIDEVI:

Will the Minister of Commerce and Industry be pleased to state:

- (a) whether Government has spent any funds from the ₹ 945 crore corpus fund under the 'Startup India Seed Fund' scheme till date;
- (b) if so, the details thereof;
- (c) whether Government had allocated any other benefits to startups apart from this scheme under the Atmanirbhar Bharat package; and
- (d) if so, the details thereof?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI SOM PARKASH)**

- (a)&(b) : Startup India Seed Fund Scheme (SISFS) has been approved for the period of next four years starting from 2021-22. It will be implemented with effect from 1st April 2021. The Scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. Rs. 945 Crore corpus will be divided over the next 4 years for providing seed funding to eligible startups through eligible incubators across India. The scheme is expected to support about 3600 startups.
- (c)&(d): A number of measures announced under Atmanirbhar Bharat Package are beneficial for Startups. Some of these benefits are listed at Annexure.

ANNEXURE REFERRED TO IN REPLY TO PARTS (c)&(d) TO THE RAJYA SABHA UNSTARRED QUESTION NO. 547 FOR ANSWER ON 05.02.2021

Benefits under 'Atmanirbhar Bharat' for Startups

1) Reserve Bank of India

1.1. Rescheduling of Payments – Term Loans and Working Capital Facilities

- i. In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) ("lending institutions") were permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. In view of the extension of lockdown and continuing disruption on account of COVID-19, all lending institutions were permitted to extend the moratorium by another three months i.e. from June 1, 2020 to August 31, 2020 on payment of all instalments in respect of term loans.
- ii. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions were permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 upto May 31, 2020. Further extension was granted up to 31st August 2020.
- iii. **Kamath Committee:** An expert committee formed by the Reserve Bank of India (RBI) under the chairmanship of Shri K.V. Kamath made recommendations on the required financial parameters to be factored in the resolution plans under the 'Resolution Framework for Covid19-related Stress' along with sector specific benchmark ranges for such parameters. The recommendations of the Committee have been broadly accepted by RBI. Accordingly, RBI has specified five specific financial ratios and the sector-specific thresholds for each ratio in respect of 26 sectors to be taken into account while finalising the resolution plans.

1.2. Easing of Working Capital Financing

In respect of working capital facilities sanctioned to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

2) Measures for businesses including MSMEs – These measure would support eligible startups

- 2.1 Rs 3 lakh crore Emergency Working Capital Facility for Businesses, including MSMEs.
- 2.2 Rs 20,000 crore Subordinate Debt for Stressed MSMEs.
- 2.3 Rs 50,000 crore Equity infusion for MSMEs through Fund of Funds.
- 2.4 New definition of MSME:

The definition of micro manufacturing and services unit increased to Rs. 1 crore of investment and Rs. 5 crore of turnover. The limit of small unit increased to Rs. 10 crore of investment and Rs 50 crore of turnover. Similarly, the limit of a medium unit increased to Rs 20 crore of investment and Rs. 100 crore of

turnover. The limit for medium manufacturing and service units was further increased to Rs. 50 crore of investment and Rs. 250 crore of turnover. It has also been decided that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium.

- 2.5 Global tenders has been disallowed upto Rs 200 crore, giving preference to domestic suppliers and boost to startups.
- 2.6 **Production-Linked Incentive (PLI) Scheme:** For enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat, the PLI Scheme in the 10 key sectors were introduced. This will 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. It aims to overall growth in the economy and create huge employment opportunities
- 2.7 **Reliefs through Employee Provident Fund (EPF):** Under Pradhan Mantri Garib Kalyan Package (PMGKP), payment of 12% of employer and 12% employee contributions was made into EPF accounts of eligible establishments. This was provided earlier for salary months of March, April and May 2020. This support was extended for another 3 months to salary months of June, July and August 2020. This provisioned assistance of Rs 4,860 crore to 3.67 lakh establishments, for 72.22 lakh employees.
- 2.8 **EPF contribution reduced for Business & Workers for 3 months** - Under this package the statutory rate of EPF contribution of both employer and employee has been reduced to 10 percent of basic wages and dearness allowances from existing rate of 12 percent for all class of establishments covered under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The reduction in statutory rate of contributions from 12% to 10% for wage months May, 2020, June, 2020 and July, 2020 were notified vide dated May 18, 2020. This scheme was applicable for workers who were not eligible for 24% EPF support under PM Garib Kalyan Package and its extension. Reduction in rate of EPF contributions from 12% to 10% of basic wages and Dearness allowances was provisioned to benefit both 4.3 crore employees/members and employers of 6.5 lakhs establishments to tide over the immediate liquidity crisis during Pandemic situation.
