

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

RAJYA SABHA

**UNSTARRED QUESTION NO. 2756.
TO BE ANSWERED ON FRIDAY, THE 24TH MARCH, 2023.**

FEATURES OF START UP SCHEME

2756. DR. KALPANA SAINI:

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

- (a) the salient features of the Start up Scheme;
- (b) the number of registrations made in Uttarakhand under this scheme during the last three years, the details of amount sanctioned, allocated and utilized under the scheme along with targets set/achieved, State/UT-wise; and
- (c) the provisions likely to be made in the upcoming Budget for the said scheme and the manner in which it would be used?

ANSWER

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

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

In order to meet the objectives of the initiative, the Government unveiled an Action Plan for Startup India that laid the foundation of Government support, schemes and incentives envisaged to create a vibrant startup ecosystem in the country. The Action Plan comprises of 19 action items spanning across areas such as “Simplification and hand-holding”, “Funding support and incentives” and “Industry-academia partnership and incubation”. Realising the action items, various programs are implemented by the Government under Startup India initiative to recognize, develop and promote the startups to be able to raise private investments. Details of such programs implemented under Startup India initiative by the Government to support startups in the country are placed at **Annexure-I**.

Sustained Government efforts in this direction have resulted in increasing the number of recognized startups in India from 442 in 2016 to 92,683 in 2023 (as on 28th February 2023).

- (b): Under Startup India initiative, there is no ‘registration’ of startups. The Government recognises eligible entities as ‘startups’ under the initiative. As per eligibility conditions prescribed under G.S.R. notification 127 (E) dated 19th February 2019, entities are recognized as startups under Startup India initiative by the Department for Promotion of

Industry and Internal Trade (DPIIT). Since the launch of Startup India initiative in 2016, DPIIT has recognised 92,683 entities as startups as on 28th February 2023.

From the State of Uttarakhand, 512 entities have been recognised as startups by the DPIIT in the last three years (2020, 2021 and 2022). The year-wise details are as under:

Year	Number of entities recognised as startups by DPIIT in Uttarakhand
2020	114
2021	162
2022	236

Under Startup India initiative, to provide capital at various stages of business cycle of a startup, the Government is implementing Fund of Funds for Startups (FFS) and Startup India Seed Fund Scheme (SISFS). Both the Schemes are implemented on a pan-India basis.

The Fund of Funds for Startups Scheme was approved and established in June 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 the much-needed boost to the Indian startup ecosystem and enable access to domestic capital. The Scheme is operationalized by Small Industries Development Bank of India (SIDBI).

Under FFS, the Scheme does not directly invest in startups, instead provides capital to SEBI-registered Alternative Investment Funds (AIFs), known as daughter funds, who in turn invest money in growing Indian startups through equity and equity-linked instruments. SIDBI has been given the mandate of operating this Fund through selection of suitable daughter funds and overseeing the disbursement of committed capital. AIFs supported under FFS are required to invest at least 2 times of the amount committed under FFS in startups.

As on 28th February 2023, Rs. 8,590 crore has been committed to 107 AIFs by SIDBI under FFS. The year-wise and state-wise details of Fund of Funds for Startups as on 28th February 2023 is placed at **Annexure-II**.

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.

Under SISFS, as per provisions of the Scheme, the Government has constituted an Experts Advisory Committee (EAC) which is responsible for the overall execution and monitoring of the SISFS. The EAC evaluates and selects incubators for allocation of funds under the Scheme. As per provisions of the Scheme, the selected incubators shortlist the startups based on certain parameters outlined in Scheme guidelines.

As on 28th February 2023, Rs. 537.25 crore has been approved to 148 incubators by the EAC under SISFS. The year-wise and state-wise details of Startup India Seed Fund Scheme as on 28th February 2023 is placed at **Annexure-III**.

- (c): As on date, there are no such provisions under consideration by the Government.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE RAJYA SABH UNSTARRED QUESTION NO. 2756 FOR ANSWER ON 24.03.2023.

Programs Implemented under Startup India initiative

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

1. **Startup India Action Plan:** An Action Plan for Startup India was unveiled on 16th 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 14th and 15th 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. **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 recognised 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.
4. **Regulatory Reforms:** Over 50 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.
5. **Ease of Procurement:** To enable ease of procurement, Central Ministries/ Departments are directed to relax conditions of prior turnover and prior experience in public procurement for all DPIIT recognised startups subject to meeting quality and technical specifications. Further, Government e-Marketplace (GeM) Startup Runway has been developed which is a dedicated corner for startups to sell products and services directly to the Government.
6. **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.

7. **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.
8. **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.
9. **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 15 countries (Brazil, Sweden, Russia, Portugal, UK, Finland, Netherlands, Singapore, Israel, Japan, South Korea, Canada, Croatia, Qatar and UAE) that provides a soft-landing platform for startups from the partner nations and aid in promoting cross collaboration.
10. **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.
11. **Startup India Hub**: The Government launched a Startup India Online Hub on 19th 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.
12. **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.
13. **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.
14. **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.
15. **Startup India: The Way Ahead**: Startup India: The Way Ahead at 5 years celebration of Startup India was unveiled on 16th 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.
16. **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.

17. **National Startup Awards (NSA)**: National Startup Awards is an initiative to recognize and reward outstanding startups and ecosystem enablers that are building innovative products or solutions and scalable enterprises, with high potential of employment generation or wealth creation, demonstrating measurable social impact. Handholding support is provided to all the finalists across various tracks viz. Investor Connect, Mentorship, Corporate Connect, Govt. Connect, International Market Access, Regulatory Support, Startup Champions on Doordarshan and Startup India Showcase, etc.
18. **States' Startup Ranking Framework (SRF)**: States' Startup Ranking Framework is a unique initiative to harness strength of competitive federalism and create a flourishing startup ecosystem in the country. The major objectives of the ranking exercise are facilitating states to identify, learn and replace good practices, highlighting the policy intervention by states for promoting startup ecosystem and fostering competitiveness among states.
19. **Startup Champions on Doordarshan**: Startup Champions program on Doordarshan is a one-hour weekly program covering stories of award winning/ nationally recognised startups. It is telecasted in both Hindi and English across Doordarshan network channels.
20. **Startup India Innovation Week**: The Government organises Startup India Innovation week around the National Startup Day i.e. 16th January, with the primary goal was to bring together the country's key startups, entrepreneurs, investors, incubators, funding entities, banks, policymakers, and other national/international stakeholders to celebrate entrepreneurship and promote innovation.

ANNEXURE-II**ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE RAJYA SABH UNSTARRED QUESTION NO. 2756 FOR ANSWER ON 24.03.2023.**

The details of the amount allocated and utilized under the Fund of Funds for Startups, State/UT-wise as on 28th February 2023 are as under:

Name of State/ UT	Number of AIFs supported under FFS	Total Amount Allocated in Rs. Crore (Committed to the Alternative Investment Funds)	Total Amount Utilised in Rs. Crore (Drawdowns made by the Alternative Investment Funds and Disbursed by SIDBI)
Assam	1	25	18
Delhi	9	751	585
Gujarat	2	150	59
Haryana	2	111	40
Karnataka	26	1,865	849
Maharashtra	59	5058	1,667
Tamil Nadu	5	450	351
Telangana	3	180	86
Grand Total	107	8,590	3,655

Year-wise details of the amount allocated and utilized for AIFs under the Fund of Funds for Startups, as on 28th February 2023 are as under:

Calendar Year	Amount Committed (in Rs. Crore)	Amount Disbursed/Drawdown (in Rs. Crore)
2016	396	6
2017	435	99
2018	920	168
2019	1,372	517
2020	1,254	542
2021	1,892	843
2022	1,711	1,225
2023	610	255
Grand Total	8,590	3,655

ANNEXURE-III**ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE RAJYA SABH UNSTARRED QUESTION NO. 2756 FOR ANSWER ON 24.03.2023.**

The details of the amount allocated and utilized under the Startup India Seed Fund Scheme, State/UT-wise to Incubators as on 28th February 2023 are as under:

S. No.	Name of State/UT	No. of Incubators	Sum of Total Funds Approved (in Rs. Crore)*	Sum of Total Funds Disbursed (in Rs. Crore)**
1	Andhra Pradesh	3	9.00	1.68
2	Assam	1	2.00	0.84
3	Bihar	4	15.00	4.20
4	Chhattisgarh	1	1.00	0.42
5	Delhi	5	21.00	8.30
6	Goa	4	11.80	4.96
7	Gujarat	18	65.00	28.88
8	Haryana	4	12.00	2.94
9	Himachal Pradesh	2	8.00	2.10
10	Karnataka	15	59.50	30.11
11	Kerala	5	18.00	9.14
12	Madhya Pradesh	4	12.00	5.04
13	Maharashtra	23	79.50	34.02
14	Mizoram	1	1.00	0.00
15	Nagaland	1	2.00	0.84
16	Odisha	7	22.00	9.24
17	Puducherry	2	8.00	3.36
18	Punjab	5	21.00	5.46
19	Rajasthan	9	33.50	15.65
20	Sikkim	1	3.00	1.26
21	Tamil Nadu	13	48.00	21.74
22	Telangana	9	39.95	22.10
23	Uttar Pradesh	8	30.00	16.70
24	Uttarakhand	2	10.00	4.20
25	West Bengal	1	5.00	2.10
	Grand Total	148	537.25	235.25

* **Exclusive** of 5% management fee,

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Year-wise details of the amount allocated and utilized for incubators under the Startup India Seed Fund Scheme, as on 28th February 2023 are as under:

Calendar Year	Amount Approved (in Rs. Crore)*	Amount Disbursed (in Rs. Crore)**
2021	227.75	67.81
2022	267.50	143.82
2023	42	23.622
Grand Total	537.25	235.252

* **Exclusive** of 5% management fee

** **Inclusive** of 5% management fee
