

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

LOK SABHA

**UNSTARRED QUESTION NO. 2980.
TO BE ANSWERED ON MONDAY, THE 20TH MARCH, 2017.**

INCUBATORS AND TINKERING LABS UNDER STARTUP INDIA

2980. SHRI MOHITE PATIL VIJAYSINH SHANKARRAO:

**SHRI RAJESH RANJAN:
DR. J. JAYAVARDHAN:
SHRI JAYADEV GALLA:
SHRI ASHOK SHANKARRAO CHAVAN:
SHRI SANJAY DHOTRE:
SHRI RAHUL SHEWALE:
SHRI BIDYUT BARAN MAHATO:
SHRI SUDHEER GUPTA:
KUNWAR HARIBANSH SINGH:
SHRI SATAV RAJEEV:
SHRI GAJANAN KIRTIKAR:
DR. SATYAPAL SINGH:
SHRI DHANANJAY MAHADIK:
SHRI T. RADHAKRISHNAN:
SHRIMATI SUPRIYA SULE:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has achieved the aims and objectives of Startup India Action Plan, if so, the details thereof including the industry-academia incubators set up so far, year-wise and the funds and incentives provided so far under the plan in the country, State/UT-wise;
- (b) the details of the institutional arrangement put in place for the selection of institutions to operate the incubators including the pace of selection in comparison to the targets set for the same and the steps taken to improve the quality of the incubators;
- (c) whether the Government proposes to set up its first startup district with incubation centres and tinkering labs and if so, the details thereof including the funds allocated for the purpose along with the organisations/agencies that will operate the said incubators, State/UT-wise;
- (d) whether there is paucity of incubators in the country, if so, whether the Government proposes to rope in private organisations to provide mentorship facilities to entrepreneurs, if so, the details thereof; and
- (e) whether the Government proposes to create sector specific incubators, if so, the details thereof?

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):** The achievements under the Startup India Action Plan are enclosed as Annexure I. The details regarding the industry-academia incubators being set up / set up so far are provided in Annexure-II.

(b): NITI Aayog under Atal Innovation Mission has invited applications for setting up Atal Incubation Centres (AICs) and providing scale up support to Established Incubation Centres (EICs). The applications received are shortlisted based on eligibility criteria. The short-listed applicants are subjected to screening by an inter-ministerial screening-cum-selection committee (SSC) headed by Secretary, Department of Science & Technology with representatives from the Department of Biotechnology, Department of Industrial Policy & Promotion, Ministry of Skill Development & Entrepreneurship and the Atal Innovation Mission (AIM) team. The recommendations of the SSC are put up for the consideration of the Mission High level Committee (MHLC) chaired by Vice Chairman, NITI Aayog for final selection.

To ensure the quality of operation of the incubation centres, clear goals and deliverables are being fixed for each selected incubation centre for continuous monitoring. The managers of the incubation centres will be provided training for effective implementation of the programme. A Hand Book for managing the incubation centres has been prepared to guide the incubation centres' professionals.

As per the Startup India Action Plan, 35 new Incubators are to be set up in existing institutions, and 35 new private sector Incubators shall be set up. The funding shall be provided by NITI Aayog as part of Atal Innovation Mission. Ministry of Human Resources Development and Department of Science and Technology will jointly set up/scale-up 18 Technology Business Incubators at NITs/IITs/IIMs. 50 new Bio-Incubators will be set up in research institutes and universities across India by Department of Biotechnology. Out of these, 10 new Incubation Centres have been shortlisted by NITI Aayog under Atal Innovation Mission (3658 applications were received). They shall release a grant of INR 10 crore per incubator in 5 years. Also, 6 existing Incubators have been approved for scale-up grant by NITI Aayog. 16 Technology Business Incubators are being set up jointly by Department of Science and Technology and Ministry of Human Resources Development. 10 have already been approved and 6 more are being considered for approval. A total of 20 (out of 50) bio-incubators have been funded by Department of Biotechnology.

(c): No, Madam.

(d): Keeping in view the large requirement of mentors, NITI Aayog proposes to rope in credible private sector organisations as well as experts from industry for providing mentorship support in the incubation centres being set up under Atal Innovation Mission.

(e): NITI Aayog under Atal Innovation Mission has invited applications for setting up sector specific incubation centres such as agriculture and allied fields, biotechnology, electricity, new and renewable energy and environmental sustainability, education, health and pharmaceuticals, information & communication technology, manufacturing, water, sanitation and solid waste management, housing, transport and other emerging areas of social / national importance. Department of Biotechnology has also funded 20 bio-incubators so far. Further, 16 Technology Business Incubators will be jointly set up set-up/scaled-up by Department of Science and Technology and Ministry of Human Resources Development.

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION NO. 2980 FOR 20TH MARCH 2017.

Achievements

1. Recognition

- 1835 applications have been received for recognition, out of which 713 had the required documents and have been recognised as Startups by DIPP as on 10.03.2017.

2. Compliance Regime based on Self-Certification

- List of 36 industries in “white” category has been published on CPCB’s website. CPCB has exempted such industries from all the applicable self-certifications under 3 Environment related Acts listed in the Startup India Action Plan
- Ministry of Skill Development and Entrepreneurship (MSDE) has issued advisory to states to allow Startups to self-certify compliance with the Apprenticeship Rules, 1992 of Apprenticeship Act, 1961
- Startups have been allowed to self-certify compliance in respect of 6 Labour laws; 12 states have confirmed compliance to the advisory issued on 12.01.2016 by Ministry of Labour and Employment (MoLE)

3. Startup India Hub

- 37,195 queries have been handled by the Startup India Hub
- 267 Startups have been mentored for incubation and funding support

4. Rolling out of Mobile App and Portal

- Startup India portal has been developed to provide access to the following:
 - Startup recognition
 - Incubator recognition
 - Advertising space for Startups
 - Learning & development module
- The portal acts as a one stop solution for all queries related to the Startup India initiative
- Startup India mobile app has been developed to provide services such as Startup recognition, Incubator recognition, etc. as well as, notifications and information to its users on-the-go

5. Legal Support and Fast-tracking Patent Examination at Lower Costs

- Panel of over 409 facilitators for Patent and Design and 475 facilitators for Trademark applications has been constituted
- 104 applications have received rebate of up to 80% on patent fees and have also received legal assistance free of cost
- 25 Startups have made request for expedited examination (Form 18(A)) whereas, Trademark facilitation has been extended to 47 Startups

6. Relaxed Norms of Public Procurement for Startups

- Relaxed norms for public procurement for micro, small and other enterprises have been provisioned in the Procurement Policy by the Ministry of Micro, Small and Medium Enterprise
- All Central Ministries / Departments /Department of Public Enterprises/ Central Public Sector Undertakings have been authorised to relax conditions of prior experience and prior turnover with respect to MSEs in all public procurements

- subject to meeting quality and technical specifications
- States have been issued an advisory to comply with the same

7. Faster Exit for Startups

- Under the Insolvency and Bankruptcy Code 2016, firms which are recognised as fast track firms by MCA will be able to wind up their business in 90 days as compared to the 180 day period for other firms
- Liquidation provisions under the code have been notified on 9th December 2016
- MCA is in the process of notifying Startups as 'fast track firms'

8. Providing Funding Support through Fund of Funds (FFS) with a Corpus of INR 10,000 crore

- The fund of INR 10,000 crore shall be released over two Finance Commission cycles, that is, by the year 2025
- Rs. 500 crore has been released to SIDBI in FY 2015-16 and Rs.100 crore has been released to SIDBI in FY 2016-17
- Rs. 129 crore has been sanctioned, out of which, Rs. 114 crore has been released by SIDBI to 5 Venture Funds for the FY2016-17

9. Tax Exemption on Capital Gains

- Section 54 EE has been introduced under the Finance Act, 2016 which provides for exemption of capital gain arising out of transfer of long term capital asset (not exceeding INR 50 lakhs in a financial year) invested in a fund notified by Central Government
- Section 54 GB of Income-tax Act, 1961 has been amended to provide exemption from tax on capital gains arising out of sale of residential house or a residential plot of land if the amount of net consideration is invested in equity shares of an eligible Startup for utilizing the same to purchase specified asset.

10. Tax Exemption to Startups for 3 Years

- In the Union Budget 2017-18, the Government has announced that a Startup would be able to avail income tax exemption for three consecutive assessment years out of a block of seven years, which was earlier five years.

11. Tax Exemption on Investments above Fair Market Value

• Removal of Angel Tax

Under the Income Tax Act, 1961, where a Startup (company) receives any consideration for issue of shares which exceeds the Fair Market Value (FMV) of such shares, such excess consideration is taxable in the hands of recipient as Income from other sources. Tax exemption has been introduced on 14th June 2016 for investments made in Startups above Fair Market Value.

12. Launch of Atal Innovation Mission (AIM)

- 500 Tinkering Labs are to be established in schools under the Atal Innovation Mission, of which 257 Tinkering Labs have been approved. Each school shall receive an amount of INR 20 lakhs over the next four years
- Rs. 12 Lakh each to 220 tinkering labs for the current financial year has been disbursed
- 6 existing Incubators have been sanctioned for scale-up grant by NITI Aayog

13. Building Innovation Centres at National Institutes

- 9 TBIs (Technology Business Incubators) have been funded by DST
- An amount of Rs. 37.50 lakhs (Rs. 3.75 lakh each for 10 Startup Centres) has been released as 1st instalment of the grant to the Startup Centres

14. Promoting Startups in the Biotechnology Sectors

- DBT has sanctioned INR 1 crore under Biotech Equity fund to be given to each bio-incubator. The initiative has already assisted 3 Bio-incubators that have been selected as recipients of the above mentioned Equity Fund.
- 20 bio-incubators have been supported by DBT. The impact has been multi-fold as 290 start-ups have received benefits from these bio-incubators under various programmes like Biotechnology Ignition Grant, Industry Innovation Programme on Medical Electronics (IIPME), Sparsh, Grand Challenges, BioNEST, etc.

15. Key regulatory issues which have been addressed are as follows:

- External Commercial Borrowing (ECB) guidelines for Startups: Startups can borrow up to \$3 million or equivalent per financial year, either in rupees, or any convertible foreign currency or a combination of both, for a minimum average maturity period of three years
- Foreign venture capital investors (FVCI) are now allowed to invest in Startups irrespective of any sector without Reserve Bank of India's approval
- SEBI (Foreign Portfolio Investors) Regulations, 2014 have been amended to permit FPIs to invest in unlisted Non-Convertible debentures and securitised debt instruments
- The SEBI Board has approved five key amendments to SEBI (Alternative Investment Funds) Regulations, 2012 with respect to 'Angel Funds':
 - The upper limit for number of angel investors in a scheme has been increased from forty nine to two hundred
 - Angel Funds will be allowed to invest in start-ups incorporated within five years, which was earlier 3 years.
 - The requirement of minimum investment amount by an Angel Fund in any venture capital undertaking has been reduced from fifty lakhs to twenty five lakhs.
 - The lock-in requirements of investment made by Angel Funds in a venture capital undertaking has been reduced from three years to one year.
 - Angel Funds are allowed to invest in overseas venture capital undertakings up to 25% of their investible corpus in line with other AIFs.

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Industry-Academia Incubators

- **Atal Innovation Mission (AIM)** has been launched with Self-Employment and Talent Utilization (SETU) Program to serve as a platform for promotion of world-class Innovation Hubs, Grand Challenges, Startup businesses and other self-employment activities, particularly in technology driven areas.

500 Tinkering Labs are to be established in schools under the Atal Innovation Mission, of which, 257 Tinkering Labs have been approved. Each school shall receive an amount of INR 20 lakhs over the next four years, INR 12 Lakh each has been disbursed to 220 tinkering labs in FY 2016-17. 6 existing Incubators (out of 232 applications received) have been sanctioned for scale-up grant of INR 10 crore by NITI Aayog.

- **In order to harness Private Sector Expertise for Incubator Setup**, Government will create a policy and framework for setting-up of incubators across the country in public private partnership. Expertise of private sector needs to be leveraged for setting up of 35 new Incubators in existing institutions and 35 new private sector. 10 new Incubation Centres have been shortlisted (3658 applications received and 63 shortlisted). They shall receive a grant of INR 10 crore for 5 years. DIPP has written to 250+ corporate houses for setting up Incubators, and also provided a handbook for guidance in this regard.
- **16 Technology Business Incubators** and **15 Startup Centres** are to be jointly set up by DST and MHRD. 10 have been approved and 6 are in advanced stage. 15 Startup Centres are being jointly set up by DST and MHRD, and approval for all 15 is in place. Each Startup Centre shall receive a grant INR 50 lakhs per year. An amount of INR 37.50 lakhs (INR 3.75 lakh each for 10 Startup Centres) has been released as 1st instalment of the grant for 10 Startup Centres.
- **Setting up of 7 New Research Parks** - These are modeled on the Research Park Setup at IIT Madras to propel successful innovation through incubation and joint R&D efforts between academia and Industry. The Research Park at IIT Gandhinagr has been sanctioned by DST at a total cost of INR 90 crores and has already disbursed an initial instalment of INR 40 crores. The other 6 Research Park proposals i.e. IIT Guwahati, IIT Hyderabad, IIT Kanpur, IISc Bangalore and IIT Delhi would be directly funded by DHE, MHRD.
- **Promoting Startups in the Biotechnology Sector**- 3 Bio-Clusters have been funded (Kalyani, Bangalore and Faridabad); 1 is under consideration. DBT has sanctioned INR 1 crore under Biotech Equity fund to be given to bio-incubators. The initiative has already helped 3 Bio-incubators that have been selected as recipients of the above mentioned Equity Fund. A total of 20 (out of 50) bio-incubators have been funded by DBT. The impact has been multi-fold as a total of 290 Start-ups have received benefits from these bio-incubators under various programmes like Biotechnology Ignition Grant, IIPME, Sparsh, Grand Challenges, BioNEST, etc. INR 125 crore has been sanctioned by DBT so far. 20 Bio-Connect Offices will begin operations in Q4 FY 2017-18.