

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

LOK SABHA

**UNSTARRED QUESTION NO. 95.
TO BE ANSWERED ON MONDAY, THE 17TH JULY, 2017.**

START-UP INDIA PROGRAMME

**95. SHRI PRABHAKAR REDDY KOTHA:
SHRI GOPAL SHETTY:
SHRI BHEEMRAO B. PATIL:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) the extent to which the Government has achieved the aims and objectives of the Start-up India Programme being implemented in the country;
- (b) whether the Government proposes to introduce certain schemes including Credit Guarantee Fund to enable Start-ups to get collateral free loans for their operations in the country;
- (c) if so, the details thereof including the terms and conditions of the schemes; and
- (d) the details of other financial support and incentives being extended to the Start-ups in the country?

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):** In order to incentivize and support entrepreneurs, Government of India launched the Startup India programme on 16 January, 2016. The Government through this initiative aims to empower Startups to grow through innovation and design. Details of the present status of the progress made under 'Startup India' programme are annexed as Annexure I.
- (b) & (c):** Yes, Madam. The Credit Guarantee Scheme for Startups (CGSS) with a corpus contribution of INR 2000 crores is proposed keeping in mind the challenges faced by Startups in accessing funds. The proposed scheme will provide credit guarantee upto Rs. 500 lakhs per case inclusive of term loan, working capital or any other instrument of assistance extended by Member Lending Institutions (MLIs) to finance an eligible borrower i.e. a Startup recognized by Department of Industrial Policy and Promotion (DIPP).
- (d):** Details have been provided under "Funding support and incentives" at Annexure I.

**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) AND (d) OF THE
LOK SABHA UNSTARRED QUESTION NO. 95 FOR ANSWER ON
17.07.2017**

Progress under Startup India Program

1. Simplification and Handholding

- i. Startup definition has been amended whereby an entity shall be considered a "Startup" up to 7 years (earlier 5 years). In respect of Biotechnology sector, however, an entity shall be considered a "Startup" up to 10 years. Further, no letter of recommendation is required while applying for recognition and tax benefits.
- ii. Faster exit for Startups has been provided for which allows Startup companies to wind up business within 90 days vis-à-vis other companies
- iii. To ease the compliance regime for Startups, all States/UTs have been advised to allow them to self-certify compliance under 6 Labour laws for a period of 5 years from the date of their incorporation. 36 industries have been placed in white category under which startups are allowed to self-certify compliance for three years under 3 environment-related Acts.
- iv. Startup India Hub has been established to resolve queries (over email, Twitter and calls) and provide handholding support to Startups. Over 57000 queries have been answered & 410 Startups facilitated by the Startup India Hub as on 11th July 2017. An online version, Startup India Online Hub has also been launched to serve as a platform where all the stakeholders of the Startup ecosystem can collaborate and synergise their efforts.
- v. Launched in January 2016, Scheme for Facilitating Start-Ups Intellectual Property Protection (SIPP) has now been extended further till 31.3.2020. Facilitators have been empanelled to assist startups file for patents, trademarks or designs, with the Government bearing the cost of these facilitators. Apart from this, an 80% rebate in fee for filing Trademark applications has been provided to startups. 470 Startups have already benefitted from these measures.
- vi. To ensure a level playing field for Startups in public procurement, Department of Expenditure relaxed conditions of prior turnover and experience for all Startups. The same has also been incorporated in General Financial Rules 2017.
- vii. A free online Learning and Development Module has been launched with 6 modules on entrepreneurship. Over 1,45,000 applicants have signed up for the course.

2. Funding Support and Incentives

- viii. Fund of Funds for Startups with a corpus of INR 10,000 crores managed by SIDBI has been created, to be released by SIDBI by

2025. So far, SIDBI has committed INR 623.5 cr. to 17 AIFs under FFS. Out of this, Rs. 55.00 crore has been disbursed and a total investment of INR 252.20 cr. has been made in Startups.

- ix. Credit Guarantee Scheme is proposed to be set up, managed by NCGTC, to provide debt funding to Startups. A corpus contribution of INR 2000 crore is envisaged.
- x. Key tax exemptions and regulatory benefits have been provisioned for Startups, including Income Tax Exemption for 3 years out of a block of 7 years, Tax Exemption on Capital Gains (Section 54 EE), Tax exemption on Investments made in Startups above Fair Market Value.
- xi. Among other key regulatory benefits, Startups have been permitted to raise external commercial borrowings of upto \$3mn in a financial year. Angel funds are now allowed to invest up to 25% of their corpus in overseas undertaking. Upper limit for number of angel investors in a scheme has been increased from 49 to 200. Minimum investment by an angel fund in a Startup has been reduced from INR 50 lakhs to 25 lakhs.

3. Industry-Academia Partnership and Incubation

- xii. 457 schools have been selected for establishing tinkering labs. 10 new Incubation centers have been approved to receive grant in FY16-17. Also, 6 existing Incubators have been sanctioned scale-up grant of INR 2.5 cr.
- xiii. 15 Startup Centers are being established with first grant on INR 3.75 lakh released to 10 centers. Also, 15 TBIs are being set up jointly by DST and MHRD; INR 34.92 crore has been sanctioned and INR 15.3 crore disbursed.
- xiv. 8 New research parks are being established.
- xv. Promoting Startups in the Biotechnology Sector: 3 bio clusters have been funded; INR 276 crore has been sanctioned and INR 92 crore disbursed. Landscaping study for Technology Transfer Offices has been initiated. 3 bio incubators have been selected as recipients of Biotech Equity Fund of INR 1 crore each. Also, under the Bengaluru-Boston Biotech Gateway, 4 entrepreneurs have joined and 1 is in the process of joining the Harvard University, USA
- xvi. Launching of Innovation Focused Programs for Students: Under Uchatar Aavishkar Yojana, 92 proposals from various IITs have been approved. Under National Initiative for Developing and Harnessing Innovations (NIDHI), 19 new TBIs have been established and 9 have been provided seed support.
