

START UP INDIA



- **Startup India** is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities.
- The Government through this initiative aims to empower Startups to grow through innovation and design.
- In order to meet the objectives of the initiative, Government of India is announcing this Action Plan that addresses all aspects of the Startup ecosystem. With this Action Plan the Government hopes to accelerate spreading of the Startup movement:



Definition of Startup

Startup means an entity, incorporated or registered in India not prior to five years, with annual turnover not exceeding INR 25 crore in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

- Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence.
- Provided also that an entity shall cease to be a Startup if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 5 years from the date of incorporation/ registration



What is the eligibility for startups?

To be considered as eligible as startup the entity, should be supported by

- A recommendation (with regard to innovative nature of business), in a format specified by DIPP, from an Incubator established in a post-graduate college in India.
- An incubator, which is funded (in relation to the project) from Gol as part of any specified scheme to promote innovation
- A recommendation (with regard to innovative nature of business), in a format specified by DIPP, from an Incubator recognized by Gol or
- Be funded by an Incubation Fund/ Angel Fund/ Private Equity Fund/ Accelerator/Angel Network duly registered with SEBI that endorses innovative nature of the business or
- Be funded by Gol as part of any specified scheme to promote innovation or
- Have a patent granted by the Indian Patent and Trademark Office in areas affiliated with the nature of business being promoted



Salient features of Start up India

Simplification and Handholding

- Simple Compliance Regime for startups based on Self-certification

Accordingly, the process of conducting inspections shall be made more meaningful and simple. Startups shall be allowed to self-certify compliance with 9 labour and environment laws.

- Launch of Mobile app and Portal for compliance and information exchange

Currently, the Startup ecosystem in India also lacks formal platform(s) for Startups to connect and collaborate with other ecosystem partners. Towards these efforts, the Government shall introduce a Mobile App to provide on-the-go accessibility



Salient features of Start up India. Contd

- Startup India Hub to handhold startups during various phases of their development.

The “Startup India Hub” will be a key stakeholder in this vibrant ecosystem and will work in a hub and spoke model and collaborate with Central & State governments, Indian and foreign VCs, angel networks, banks, incubators, legal partners, consultants, universities and R&D institutions.

- Legal support and fast-tracking patent examination at reduced costs.

The valuation of any innovation goes up immensely, once it gets the protective cover of a patent. To this end, the patent application of Startups shall be fast-tracked for examination and disposal, so that they can realize the value of their IPRs at the earliest possible



Salient features of Start up India. Contd

Relaxed norms of public procurement for startups.

Typically, whenever a tender is floated by a Government entity or by a PSU, very often the eligibility condition specifies either “prior experience” or “prior turnover”. Such a stipulation prohibits/ impedes Startups from participating in such tenders.

In order to promote Startups, Government shall exempt Startups (in the manufacturing sector) from the criteria of “prior experience/ turnover” without any relaxation in quality standards or technical parameters.

Faster exit for startups

To make it easier for Startups to wind up operations.



Funding support and Incentives

Funding support through a Fund of Funds with a corpus of Rupees 10,000 crore.

In order to provide funding support to Startups, Government will set up a fund with an initial corpus of INR 2,500 crore and a total corpus of INR 10,000 crore over a period 4 years (i.e. INR 2,500 crore per year).

Credit guarantee fund for startups .

Debt funding to Startups is perceived as high risk area and to encourage Banks and other Lenders to provide Venture Debts to Startups, Credit guarantee mechanism through National Credit Guarantee Trust Company (NCGTC)/ SIDBI is being envisaged with a budgetary Corpus of INR 500 crore per year for the next four years.



Industry-Academia Partnership and Incubation

- Organizing Startup Fests to showcase innovations and providing collaboration platforms.

These fests would provide a platform to Startups in India to showcase their ideas and work with a larger audience comprising of potential investors, mentors and fellow Startups.

- Launch of Atal Innovation Mission (AIM) with Self -Employment and Talent Utilization (SETU) Program of NITI Aayog

The Atal Innovation Mission (AIM) shall have two core functions:

Entrepreneurship promotion through Self-Employment and Talent Utilization (SETU), wherein innovators would be supported and mentored to become successful entrepreneurs.

Innovation promotion: to provide a platform where innovative ideas are generated



Funding support and Incentives. Contd.

Tax exemption on capital gains invested in Fund of Funds

If the money is invested in fund of funds recognised by the government, the investor can claim capital gains tax exemptions. In addition, existing capital gain tax exemption for investment in newly formed MSMEs by individuals shall be extended to all startups.

Tax exemption to startups for 3 years

Under the Scheme, Income Tax exemption is available for first three years. However, the startup will be eligible for tax benefits only after obtaining certificate from the Inter-Ministerial Board, setup for this purpose.



Industry-Academia Partnership and Incubation. Contd.

- Harnessing private sector expertise for setting up incubators.

To ensure professional management of Government sponsored / funded incubators, Government will create a policy and framework for setting-up of incubators across the country in public private partnership.

- Setting up of 7 new research parks modeled on the Research Park at IIT Madras.

The Government shall set up 7 new Research Parks in various institutes with an initial investment of INR 100 crore each.

- Launching of innovation focused programs for students.

- In order to promote research and innovation among young students, the Government shall implement the certain measures namely :Innovation Core,NIDHI & Uchhattar Avishkar Yojana.



- Annual Incubator Grand Challenge to promote good practices among incubators.

Incubators play an important role in identifying early stage Startups and supporting them across various phases of their lifecycle. To support creation of successful world class incubators in India.

The Government is proposing to make forward looking investments towards building world class incubators. In its first phase, the aim is to establish 10 such incubators. To enable this, GoI shall identify and select 10 incubators who have the potential to become world class. These incubators would be given INR 10 crore each as financial assistance which may be used for ramping up the quality of service offerings.



Credit Guarantee Fund



The initiative provides for creating a credit guarantee fund for startups through Small Industries Development Bank of India (SIDBI) with a Corpus of Rs.500 crore per year for the next four years.

With this Action Plan the Government intends to accelerate spreading of the startup movement:

From digital/technology sector to a wide array of sectors including agriculture, manufacturing, social sector, healthcare, education, etc.; and

From existing tier 1 cities to tier 2 and tier 3 cities including semi-urban and rural areas.



Thank You

