

#startupindia

The Status Report

Dated: 23 November, 2018



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Startup India hub has been able to handle more than 1,16,000 queries and facilitate more than 660 Startups by providing advisory on business plans, pitching support, etc.



With the intention to build a strong eco-system for nurturing innovation and Startups in the country, the Hon'ble Prime Minister launched Startup India Action Plan on January 16, 2016 in New Delhi. The Government through this initiative aims to empower Startups to grow through innovation and design and to accelerate spreading of the Startup movement. Given below is a glimpse of the progress Startup India has made:

AMENDED DEFINITION OF STARTUP AND SIMPLIFIED RECOGNITION PROCESS

Acknowledging the long gestation period for Startups, the definition has been amended where an entity shall be considered as a Startup for up to 7 years (from earlier 5 years) and a Biotechnology Startup for up to 10 years from the date of its incorporation/ registration. Also, scope of definition has been broadened to include scalable business model with high potential of employment generation or wealth creation. Additionally, **no letter of recommendation** from an incubator/industry association shall be required for either recognition or tax benefits.

RECOGNITION

Out of the applications received, **14,036** have been recognised as Startups by DIPP. **91** Startups have been approved for availing tax benefits by IMB, as of 3rd week of Nov, 2018.

COMPLIANCE REGIME BASED ON SELF-CERTIFICATION

Compliance norms have been eased in order to reduce the regulatory burden on Startups thereby allowing them to focus on their core business.

- a) Startups falling under the list of 36 "white" category industries will not require Environment clearance under 3 Environment related Acts viz. The Water (Prevention & Control of Pollution) Act, 1974; the Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003 and the Air (Prevention & Control of Pollution) Act, 1981. Click here to get the list of "white" category industries
- b) Ministry of Skill Development and Entrepreneurship (MSDE) has issued advisory to states to allow Startups to self-certify compliance for a period of 1 year with the Apprenticeship Rules, 1992 of Apprenticeship Act 1961
- c) As per the advisory issued by Ministry of Labour & Employment (MoLE) on 12.01.2016, Startups may self-certify compliance under 6 Labour Laws. MoLE has now increased the tenure of compliance of self-certification under 6 Labour laws from 3 to 5 years. **27** states viz. Andhra Pradesh, Assam, Chhattisgarh, Chandigarh, Daman & Diu, Delhi, Gujarat, Himachal Pradesh, Mizoram, Odisha, Punjab, Tripura, West Bengal, Uttar Pradesh, Haryana, Jharkhand, Madhya Pradesh, Maharashtra, Tamil Nadu, Telangana, Uttarakhand, Rajasthan, Karnataka, Bihar, Andaman & Nicobar, Arunachal Pradesh and Meghalaya have confirmed compliance.

STARTUP INDIA HUB

Startup India hub was operationalised on 1st April, 2016 to resolve queries and provide handholding support to Startups. The hub has handled more than **1,14,000** queries from Startups through telephone, email and Twitter. To seek clarifications pertaining to Certificate of Recognition as a "Startup", Certificate of Eligibility to avail tax benefits, seeking information on incubators or funding, one can get in touch with the Hub on Toll-Free number: 1800115565 or Email ID: dipp-startups@nic.in. The hub has mentored more than **660** Startups for incubation, funding support, on business plans, pitching support, etc. **Startup India Online Hub** was launched to serve as an online platform where all the stakeholders of the Startup ecosystem can collaborate and synergize their efforts. More than **2.7 lakh** users have registered. To register, [click here](#).

Startups can now avail income tax exemption for 3 years in a block of 7 years, if incorporated after 1st April 2016.

A 'fund of funds' of INR 10,000 Cr is being managed by SIDBI. INR 1611 Cr have been committed to 32 AIFs. 170 Startups have been funded.

A 4 week free Learning & Development programme covering 6 modules has been launched. More than 2,27,000 applicants have signed up for the course and 10,000+ applicants have completed 100% of the course successfully.

PATENT BENEFITS

A panel of [427 facilitators](#) for patent and design applications and [670 facilitators](#) for Trademarks applications has been constituted for assistance in filing Intellectual Property (IP) applications and to fast track the process of patent filing and acquisition. DIPP bears the facilitation cost on behalf of Startups and also provides rebate in the statutory fee for filing application.

Under the scheme for Startups Intellectual Property Protection, Patent applicants have received the benefit of up to 80% rebate in patent fees and free legal assistance. Startups have also availed benefit of fees rebate in expedited examination filing fees (Form 18(A)). Trademark Rules, 2017 has been recently amended to provide 50% rebate in Trademarks filing fee to Startups. Overall, more than 2,000 Startup cases have been facilitated under the scheme.

RELAXED NORMS OF PROCUREMENT

To create a conducive ecosystem for growth of Startups and provide an equal platform to Startups vis-à-vis the experienced entrepreneurs/companies in public procurement, relaxed norms of public procurement for micro and small enterprises have been provisioned in the Procurement Policy of Ministry of Micro, Small and Medium Enterprises (MSME). Department of Expenditure has also notified that all Central Ministries / Departments shall relax condition of prior experience and prior turnover in public procurement to all Startups (whether MSEs or otherwise) subject to meeting of quality and technical specifications. Department of Public Enterprises has expanded the relaxation to Central Public Sector Undertakings (CPSUs). GFR 2017 has incorporated rules which provide for relaxation of conditions of prior turnover, prior experience and exemption from submission of Earnest Money Deposit (EMD) for Startups. To get details, [click here](#).

TAX BENEFITS

- **Tax Exemption**

The Finance Act, 2016 had made provision for Startups to get income tax exemption for 3 years in a block of 5 years, if they are incorporated between 1st April 2016 and 31st March 2019. In the Union Budget 2017-18, the Government has increased this period of profit-linked deductions available to the eligible Startups to 7 years. To avail these benefits one must get a Certificate of Eligibility from the Inter-Ministerial Board of DIPP. For details, [click here](#).

- **Tax Exemption on Capital Gains**

Section 54 EE has been introduced under the Finance Act, 2016 which provides for exemption of capital gain up to INR 50 lakhs arising out of transfer of long term capital asset invested in a fund notified by Central Government.

Also, 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 eligible Startup for utilizing the same for purchase of specified asset.

- **Removal of Angel Tax**

Tax exemption on investments above Fair Market Value (or angel tax) has been introduced for Startups. Revised norms for claiming angel tax exemption has been provided through a notification dated 11th April 2018. For details, [click here](#).

FUND OF FUNDS FOR STARTUPS (FFS)

A 'fund of funds' of INR 10,000 crores to support innovation driven Startups has been established which is being managed by SIDBI. The corpus shall be released over two Finance Commission cycles, by 2025. FFS invests in SEBI registered Alternative Investment Funds (AIFs) which, in turn, will invest in Startups. **INR 600 crore** has been released to SIDBI. Further, a letter of comfort for **INR 1600 crore** has been provided to SIDBI. Total commitments stand at **INR 1611 crore** to **32 AIFs**. **170 Startups** have received funding from various AIFs. For details, [click here](#).

LEARNING & DEVELOPMENT MODULE

Startup India has launched an interactive online learning and development module to educate Startups and aspiring entrepreneurs. Over more than **2,30,000** applicants have signed up for the course, out of which more than **10,000** applicants have completed 100% of the course successfully. [Click here to access the module](#).

5441 Tinkering Labs have been approved and 2071 have received grant of INR 12 lakh each.

8 EICs have been approved for scale-up grant of INR 10 Cr. 22 institutes have been approved for establishing AICs.

The Research Park at IIT Gandhinagar is being set up by DST which has disbursed an initial instalment of INR 40 Cr. IIT Kharagpur has received INR 74 Cr. and IIT Bombay has received INR 34 Cr. From MHRD.

ATAL INNOVATION MISSION

The guidelines for harnessing private sector expertise to set up incubators, organizing annual grand challenge for innovative solutions to problems faced by industry and those posed by Ministries as well as establishment of tinkering labs have been formulated and published on NITI Aayog's and Startup India's website.

ESTABLISHMENT OF TINKERING LABS

As per the Startup India Action Plan, more than 5000 Tinkering Labs are being established. NITI Aayog has selected **5441** schools for establishing Tinkering Labs. Out of the selected, **2071** Tinkering Labs have received a Grant-in-Aid of INR **12** Lakh each.

ESTABLISHMENT OF INCUBATORS

New incubation centres are being established under Atal Innovation Mission across India through financial support. The incubators would provide necessary infrastructure and assistance to Startups in their early stages of growth.

NITI Aayog has received applications for setting up Atal Incubation Centres (AICs) in public and private sector as well as scaling up of Established Incubation Centres (EICs). In respect to establishment of new incubators in institutions and as well as in the private sector, NITI Aayog has approved **22** institutes to establish new incubators with a total grant of INR **54** Crores.

A grant-in-aid of INR 10 Crore would be provided to each Established Incubator Centre (EIC) for a maximum of 5 years to cover the capital and operational costs in running a centre. **8** established incubators have received a total scale-up grant of INR **34** Crore.

RESEARCH PARKS

The objective of setting up Research Parks is to propel successful innovation through incubation and joint Research and Development (R&D) efforts between academia and industry. 8 Research Parks are being setup under Startup India initiative. Research Park at IIT Kharagpur is under construction and INR **100** crore has been released. The Research Park at IIT Gandhinagar is being set up by DST which has sanctioned INR 90 crore and disbursed an initial instalment of INR **40** crore. The remaining 5 are being set up by Ministry of Human Resource Development (MHRD) at IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Delhi and IISC Bangalore with a budget of INR **375** crore. In addition, another Research Park at IIT Bombay is under construction and INR **34** crore has been released.

PROMOTING STARTUPS IN THE BIOTECHNOLOGY SECTOR

Under Biotech seed fund, INR **11** crore has been sanctioned and INR **7** crore disbursed to 11 Bio-incubators. A fund of funds with a corpus of INR **150** Cr has been approved. A total of **31** bio-incubators have been supported (sanction amount of INR 235 Cr) by DBT. The impact has been multi-fold as over **710** Startups have received benefits from these bio-incubators under various programmes like Biotechnology Ignition Grant, IIPME (Industry Innovation Programme on Medical Electronics), Sparsh, Grand Challenges, BioNEST, etc. 3 BIRAC Regional Centres have been operationalized in Hyderabad, Bengaluru and Pune. 4 (out of 5) bio clusters have been sanctioned INR **401** Cr by DBT. 4 entrepreneurs have joined the Harvard University, USA under Bharat-Boston Biotech Gateway.

TECHNOLOGY BUSINESS INCUBATORS (TBIs)

The objective is to propel successful innovation through augmentation of incubation and R&D efforts. 15 TBIs are being set up in top educational institutes. **11** TBIs have been approved and other 4 are in advanced stages.

INR **42** crore has been sanctioned and INR **17** crore has already been disbursed to **11** TBIs.

INR 475 crore has been earmarked under UAY for 2016-18. INR 285 Cr has been sanctioned and 85 research proposals from IITs received INR 162.4 Cr under the scheme.

Reduction of Income Tax rate for companies with an annual turnover of up to INR 50 crore to 25% from 30% - Union Budget, 2017

MCA has notified the relevant sections pertaining to Fast Track process. Startups (other than partnership firm) shall now be able to wind up their business within a period of 90 days.

UCCHATAR AAVISHKAR YOJANA (UAY)

The objective of UAY is to promote industry and outcome-oriented research projects by students. INR **475** crore for 2016-18 has been earmarked under UAY and **85** research proposals from IITs have been approved. Under this scheme, INR **162** crore has been disbursed for research proposals from IITs.

MILLION MINDS AUGMENTING NATIONAL ASPIRATIONS AND KNOWLEDGE (MANAK) SCHEME

INSPIRE Awards scheme has been rechristened as INSPIRE Awards-MANAK. 10 lakh ideas will be targeted from 5 lakh schools of all boards across the country in a Financial Year. Over 1 lakh INSPIRE Awardees competed at District & State Level out of which 588 were selected to participate in the 6th National Level Exhibition and Project Competition, Delhi. Top 60 projects were showcased at the Annual Festival of Innovations in Rashtrapati Bhavan from 4th-10th March 2017. **30,678** students have been selected, who have received a grant of INR 10,000 each.

STARTUP INDIA YATRA

The Startup India Yatra is a platform which aims to help entrepreneurs (especially from non-metropolitan cities) realize their startup dream. The Startup India Yatra aims to reach each and every district of the country. So far, Startup India Yatra has been conducted in 12 States namely Gujarat, Odisha, Uttarakhand, Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Jharkhand, Telangana, Andhra Pradesh, Maharashtra, Himachal Pradesh and Jammu & Kashmir. For more details, [click here](#).

NIDHI (NATIONAL INITIATIVE FOR DEVELOPMENT AND HARNESSING INNOVATIONS)

The 8 components under NIDHI would provide a range of funding support to Startups from idea to market. Ignition grant/award of INR 10 lakh to be given. Guidelines and pro-forma for submission of proposals have been published on the website. **19** new TBIs have been established and 9 TBIs supported for Seed Support System (SSS). 10 NIDHI-PRAYAS and 10 NIDHI-EIR have been sanctioned. Also, Grand challenge was conducted to promote entrepreneurship amongst student community. 224 applications were received and out of 30 finalists selected, 12 student run teams were awarded ₹ 10 Lakh each.

FASTER EXIT FOR STARTUPS

The Insolvency and Bankruptcy Board of India has been constituted and the provisions regarding corporate insolvency resolution have been implemented on 1st December, 2016. The provisions related to liquidation have been notified on 9th December, 2016. On 16th June 2017, Ministry of Corporate Affairs (MCA) notified the relevant sections 55 to 58 of Insolvency and Bankruptcy Code, 2016 pertaining to the Fast Track process and also notified that the process shall apply to Startup (other than the partnership firm) as defined by DIPP. With this notification, Startups shall now be able to wind up their business within a period of **90 days** from making an application for the same as compared to the 180 day period for other firms.

STATES WITH STARTUP POLICIES

22 States viz. Andhra Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Sikkim, Telangana, Uttar Pradesh, Uttarakhand and West Bengal have formulated Startup Policies since October 2014.

STATE STARTUP RANKING 2018

With the aim to foster competitiveness and to propel the states and union territories to work proactively towards promotion of their startup eco-systems, the States Startup Ranking Framework was launched by Department of Industrial Policy and Promotion (DIPP) on 6th February 2018. A total of 30 States and UTs have participated in this exercise.

The participating States and UTs are being evaluated on a score of 100, against 38 action points categorized into 7 areas of intervention of the ranking framework. For details, [click here](#).