STARTUP INDIA KIT

Starter kit for budding entrepreneurs, visionaries, and dreamers!

June, 2021
Startup India Benefits

STARTUP INDIA RECOGNITION

DPIIT-RECOGNISED STARTUPS ARE ELIGIBLE FOR THE FOLLOWING BENEFITS:

- Intellectual Property Rights (IPR) benefits
- Relaxation in public procurements norms
- Self-certification under Labour & Environment laws
- Fund of Funds for Startups (FFS)
- Faster exit for Startups
- Seed Fund Scheme
- Section(56)(2)(viib)

DPIIT-RECOGNISED STARTUPS MAY APPLY TO INTER-MINISTERIAL BOARD (IMB) FOR THE FOLLOWING BENEFITS:

- Section 80-IAC: Income Tax exemption for 3 out of 10 years
- Section 54GB: Capital gain on transfer of residential property
- Section 79: Carry forward and set off of losses
- Sections 156, 191 and 192: Deferment of tax liability on ESOPs
## STARTUP INDIA HUB

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Benefits of DPIIT Recognition

1. INTELLECTUAL PROPERTY RIGHTS (IPR)

To promote awareness and adoption of IPRs by Startups and facilitate them in protecting and commercialising the IPRs, Startup India provides access to high-quality intellectual property services and resources, including:

**Fast-tracking of startup patent applications**

The patent application of startups is fast-tracked for examination and disposal. The process is much faster for Recognised Startups.

**Panel of facilitators to assist in IP applications**

Facilitators are responsible for providing general advisory on different IPRs, and information on protecting and promoting IPRs in other countries. Central 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.

**Rebate on filing of application**

Startups are provided with an 80% rebate in filing of patents vis-a-vis other companies, bringing down the cost from INR 8,000 to INR 1,600. This helps them cut down on costs in their early years. 50% rebate is also provided in filing of trademarks vis-a-vis other companies decreasing the cost from INR 10,000 to INR 5,000.

Want to protect your innovative idea? Scan the QR code to contact the IPR facilitators.

9014 Applicants Received Fee Benefits

902 IPR Facilitators

Intellectual Property Rights (IPR): Data as of 14th July, 2021
2. RELAXATION IN PUBLIC PROCUREMENT NORMS

Government of India has authorised its ministries, departments and public sector undertakings to relax norms in all public procurements. Startups are entitled to avail exemption on:

- Prior Turnover
- Prior Experience
- Earnest Money Deposit

DPIIT recognised startups can now get listed as sellers on the Government of India’s largest e-procurement portal: Government e-Marketplace.

Get recognised and visit [https://gem.gov.in/](https://gem.gov.in/) to avail the benefits!

GeM Startup Runway” is a unique concept initiated by Government e Marketplace in partnership with Startup India, to promote entrepreneurship through innovation. This program is an opportunity for agile and lean startups to reach out to the universe of Government buyers by offering products and services that are unique in concept, design, process, and functionality through the Startup Runway corner.

Recognised Startups can also become preferred bidders on CPPP portals, which sees over 2,00,000 tenders every year. Visit [eprocure.gov.in](https://eprocure.gov.in) and [etenders.gov.in](https://etenders.gov.in) to know more about Government Department Procurement.

A grievance redressal form has been hosted on the Startup India Website where any DPIIT recognized startup can submit their public procurement related grievance. The submitted application shall be reviewed and if found valid will be resolved by DPIIT in co-ordination with relevant Government Departments.

10,154
DPIIT recognized startups registered on GeM have made sales worth INR 3,381 Cr

To fill the grievance form, scan this QR code.
3. SELF-CERTIFICATION UNDER LABOUR & ENVIRONMENT 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.

- In respect of 3 Environment laws, units operating under 36 white category industries (as published on the website of Central Pollution Control Board) do not require clearance under 3 Environment related Acts for 3 years.

- To reduce the regulatory burden on Startups, thereby allowing them to focus on their core business and keep compliance costs low.

28 States Offer Self-Certification to startups under 9 Labour laws

4. FASTER EXIT FOR STARTUPS

Ministry of Corporate Affairs has notified Startups as ‘fast track firms’ enabling them to wind up operations within 90 days vis-a-vis 180 days for other companies. Startups with simple debt structures or those meeting such criteria as may be specified may be wound up within a period of 90 days from making of an application for winding up on a fast track basis.
5. TAX EXEMPTION FOR 3 YEARS

- The recognised 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.
- Startups incorporated on or after 1st April 2016 but before 1st April 2022 can apply for income tax exemption under Section 80-IAC of the Income Tax Act.

6. EXEMPTION FOR THE PURPOSE OF CLAUSE (viib) OF SUB-SECTION (2) OF SECTION 56 OF THE INCOME TAX ACT

- A DPIIT recognized startup is eligible for exemption from the provisions of section 56(2)(viib) of the Income Tax Act.
- The Startup has to file a duly signed declaration in Form 2 to DPIIT (as per notification no G.S.R.127(E)) to claim the exemption from the provisions of Section 56(2)(viib) of the Income Tax Act.

387
Startups granted income tax exemption under Section 80-IAC of the Income Tax Act¹

4,299
Cases which have received intimation regarding receipt of declaration in Form 2²

1. Tax Exemption under Section 80-IAC of the Income Tax Act: Data as of 23rd June, 2021
2. Tax Exemption under Section 56(2)(viib): Data as of 29th June, 2021
NEW AMENDMENTS

• REVAMPING THE INCORPORATION PROCESS

Government of India has revamped the incorporation process in February 2020 wherein the number of procedures to incorporate a company in India has reduced to 3 as against 10 earlier. The time taken to incorporate a company has also been reduced to 4 days as against 18 days earlier for starting a Business in India.

• DEFERRING TDS OR TAX PAYMENT IN RESPECT OF INCOME PERTAINING TO EMPLOYEE STOCK OPTION PLAN (ESOP) OF STARTUPS

In order to ease the burden of payment of taxes by the employees of the eligible start-ups or TDS by the start-up employer, TDS or tax payment has been deferred by five years or till the employee leave the company or sell their shares, whichever is earliest.

• ALLOWING NON-GOVERNMENT PROVIDENT FUNDS, SUPERANNUATION, AND GRATUITY FUNDS TO INVEST IN AIFs

In lieu of the gazette Notification F. No. 1/8/2021-PM dated 15th March 2021 the Ministry of Finance now allows the non-government provident funds, superannuation, and gratuity funds to invest up to 5 percent of their investible surplus in Category I and II Alternate Investment Funds (AIFs) registered with SEBI. By adding a milestone for Aatmanirbhar Bharat this step will not only increase flow of domestic capital for the startups but will also open doors for domestic funds into Venture Capital ecosystem. The participation of private retirement funds in AIFs would increase their yield and lead to higher domestic capital formation.
• **RELAXATION IN INVESTMENT PATTERN OF INSURANCE COMPANIES**

Insurance Regulatory and Development Authority of India has allowed investments by insurance companies in Fund of Funds (FoF), which will lead to increased capital flow into AIFs via FoFs. This will have the benefit of greater supply of long-term risk capital to the Indian economy. The efficiency of investing in AIFs is further enhanced as an external expert team is dedicated to the process and its cost is shared proportionately among several investors in FoFs.

• **EPFO CAN NOW INVEST IN AIFS**

Ministry of Labour and Employment now allows Employees Provident Fund Organization (EPFO) to invest its 5% of investible surplus into Category I and Category II AIFs. This change in investment pattern will expose sizeable domestic surplus generated in the nation towards the growth of Indian startup ecosystem.
7. FUND OF FUNDS FOR STARTUPS

To provide equity funding support for development and growth of innovation driven enterprises, the government has set aside a corpus fund of INR 10,000 Cr managed by SIDBI. The fund is in the nature of Fund of Funds, which means that the government participates in the capital of SEBI registered Venture Funds, who invest twice the amount in startups. The flow of funds is Government > SIDBI > Venture Capitals > Startups

INR 5409.45 Cr
Committed to 71 VC Firms
INR 5811.29 Cr invested in
443 Startups

To contact the various AIFs for funding support, scan this QR code.

“Now the employment generation is not confined merely to government services or factories, with job seekers becoming job creators. We are proud of the hard work and innovative ideas of our youth!”

SHRI PIYUSH GOYAL,
Hon’ble Minister of Commerce & Industry,
Government of India.
8. SEED FUND SCHEME

Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry is initiating Startup India Seed Fund Scheme (SISFS) with an outlay of INR 945 Crore. The scheme was announced by Hon’ble Prime Minister during Startup India International Summit “Prarambh” on 16th January 2021.

Startup India Seed Fund Scheme (SISFS) aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. This would enable these startups to graduate to a level where they will be able to raise investments from angel investors or venture capitalists or seek loans from commercial banks or financial institutions. The Seed Fund will be disbursed to eligible startups through eligible incubators across India.

To apply for Seed Fund Scheme, scan the QR code.
Startup India provides free resources to startups to help them scale faster, better, and stronger. Log on to our resources section in www.startupindia.gov.in to navigate your way through the competitive startup world.

4,92,250 USERS ON THE HUB

- **337,120** Evangelists and Entrepreneurs
- **115** Investors
- **187** Accelators
- **57** Govt. Bodies
- **710** Mentors
- **848** Incubators
- **1,53,190** Startups
- **23** Corporate

Startup India Portal: Data as self-reported by profile creators in the Startup India portal as of 30th June 2021
**Learning and Development Program**

Start with an idea, end with a business plan!
To guide budding entrepreneurs through the journey of their startup venture, Upgrad offers a free 4-week program on the key areas of starting up by 40+ top founders of India. Upon completion of the course, an acknowledgement certificate for the learnings in the program is also provided.

To start your free course today, scan this QR code.

**Government Schemes**

Many Government departments are working to promote entrepreneurship in India. Startup India has collated over 100 schemes which can be filtered by relevant departments and ministries for easy access.

To explore the various Government schemes, scan this QR code.

**State's Startup Policies**

Startup India presents to you a list of 30 State Government policies that offer benefits to startups. Startups and entrepreneurs across these states can access the policy documents, website links, and contact details of the respective nodal agencies.

Scan this QR code to know more about these policies.
In our endeavor to make starting up easy, we bring you the best of some relevant services out there in the market, free of cost. We have collaborated with leading corporates and startups and others to bring you these services. Whether you want to seek legal support, build an app, use cloud credits or get cloud telephony services, everything here is free of cost for you.

Scan this QR code to avail these Pro Bono Services.

Startup India has been committed to working with various corporate and government departments that are scouting innovative startups. Startup India connects enablers such as corporate and government departments with unique and innovative startups in various sectors ranging from defense, agriculture to sustainability for mutually beneficial collaborations. Such challenges provide a unique opportunity for startups in terms of market access, opportunity, cash prizes, incubation/acceleration, mentorship, etc.

To apply for these programs, scan this QR code.
Tools and Templates

We have a wide range of templates ranging from lease agreements, employment contracts, deeds, NDAs, etc. freely available in multiple Indian languages that will allow the startups to focus on what is important to the business. You’ll need less than 2 minutes to customise this for yourself using our document builder.

Scan this QR code to find access to these templates.

Networking and Discussion

Members of the startup ecosystem – startups, investors, mentors, incubators, accelerators, and government bodies can connect with each other on the online forum of the Startup India portal. The platform provides the ecosystem members with the opportunity to discuss, express and opine on the forum through discussion threads, blogs, and one-to-one messaging.

To join the discussion forum, scan the below QR code.
Startup India enables global market access and knowledge exchange for Indian startups through bilateral government collaborations. Commonly referred to as Startup Bridges, it enables startups, investors, incubators, accelerators and aspiring entrepreneurs of both countries to connect with one another by providing them with resources to expand and become globalised startups. Salient features include:

- **Knowledge Exchange**
  Comprehensive guides and toolkits that assist startups in both countries to evaluate expansion opportunities and technology transfers

- **Networking Opportunities**
  Enable connections among startups, mentors, investors, and incubators in relevant sectors from both countries

- **Hosting Joint Programs**
  From startup exchanges to innovation challenges, the portal is a one-stop-shop to host all ecosystem programs

- **Capacity Building Platform**
  Get access and applications to events, competitions, and workshops in both countries followed by partnerships with co-working spaces and accelerators

To know more about these bridges, scan this QR code.
Startup India Showcase

Startup India Showcase is an online platform to exhibit the finest startups of the country that have been handpicked through various DPIIT and Startup India programs. These innovations span across various cutting-edge sectors such as Fintech, EnterpriseTech, Social Impact, HealthTech, EdTech, among others.

To visit the innovative startups showcased in the platform, scan this QR code.

Blockchain-based Certificate Verification Platform

The Department for Promotion of Industry and Internal Trade (DPIIT) has launched a Blockchain-based Certificate Verification Platform to enable instant access and verification of the certificates issued to recognized startups through the Startup India Portal. The platform can be utilized by Government Departments, PSUs, Banks, and Investors to verify the authenticity of the information submitted by startups. This platform is the first step towards introducing emerging technologies within existing government frameworks to transform traditional processes.

To download the blockchain enabled certificate, scan this QR code.

Ideabank

Looking for an Idea for your startup?
To guide the budding entrepreneurs through their startup journeys, Startup India has developed an Ideabank highlighting some of the problems across varied sectors. This ideabank guides the startups to brainstorm innovative ideas to tackle the various problem statements listed on the website.

To explore the Ideas in the Ideabank, scan this QR code.
What is a Startup?

An entity shall be considered as a Startup:

• If it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India

• Up to ten years from the date of its incorporation/registration

• If its turnover for any of the financial years since incorporation/registration has not exceeded INR 100 Crore.

• If it is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a ‘Startup’.  

To streamline the process of recognition of startups, the guidelines for recognition of Startups have been reformulated and supplemented in line with notification.

To download the recognition guidelines, scan this QR code.

“Never dream of becoming something. If you dream, dream of doing something!”

SHRI NARENDRA MODI
Hon’ble Prime Minister of India
Get DPIIT Recognised!

Startups can apply to get recognised by Department for Promotion of Industry and Internal Trade to avail numerous benefits.

50,000+ Startups Recognised

50k milestone!

An encouraging trend shows the power of entrepreneurship.
- The growth of startups has led to massive employment generation, with over 5,60,000 jobs reported by over 49,000 startups with an average number of 11 employees per startup.

- 45% of the startups have at least one woman director.
Get Recognised & Avail Benefits

STEP 01
Visit www.startupindia.gov.in

STEP 02
New User
Click on ‘Register’ and provide details OR Simply register using any of your social media accounts

Existing User
Login using your credentials (Go to step 4)

STEP 03
Provide OTP and other details like, startup as type of user, name and stage of the startup, etc.

Congratulations!
Your startup profile is created
STEP 04
Go to ‘Get Recognised’ directly (new users) OR

Dashboard > DPIIT Recognition (existing users)

STEP 05
On the ‘Recognition Application Detail’ page, click on ‘View Details’ under the Registration Details section

STEP 06
Fill up the ‘Startup Recognition Form’ and click on ‘Submit’
WHAT DO YOU NEED?

• Incorporation/Registration Certificate
• Director details
• Patent and trademark details (Optional)
• PAN
• Authorisation letter
• A proof of concept (website link/video/pitchdeck) for startups in Validation stage. For Early Traction and Scaling stage, it is necessary to provide a video or pitch deck in addition to a company website. Ideation stage startups are not mandated to submit a proof of concept.

NO REQUIREMENT OF:

• Letter of Recommendations
• Sanction Letters
• Udyog Aadhar
• MSME Certificate
• GST Certificate

At idea Stage?
Simply apply without any proof of concept and get recognised. Update later when you reach validation/early traction/scaling stage.

Got funded or recognised?
Tell us by updating your proof of funding, awards, and recognitions received.

Applied for patent/trademark?
Strengthen your application by providing us your patent, trademark, copyright details.

Submit your application and it will be processed within 48-72 working hours
Startup India
Marquee Programs

PRARAMBH

Prarambh, the Startup India International Summit was held on the 15th and 16th of January 2021, as the Startup India Initiative, commemorated 5 years of its establishment. Prarambh means ‘an auspicious beginning’ as a noun, and as a verb, implies ‘to start’. The event was graced by Honorable Prime Minister, Shri Narendra Modi, where he interacted with startups from across the country. He highlighted the nation-building role that startups are playing while launching the "Startup India Seed Fund Scheme", which would allow early-stage startups to access capital to build their entrepreneurial dreams. Prarambh brought together innovators, government officials, investors, accelerators, incubators, global partners, and stakeholders from across ecosystems to discuss the journey and the future growth strategy for the Indian startup ecosystem.

To know more about Prarambh, scan the QR code.

NATIONAL STARTUP AWARDS

National Startup Awards is a flagship initiative that aims 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 National Startup Awards have been conceptualized to further strengthen the startup ecosystem in the country. The National Startup Awards also seek to recognize the players who act as enablers in the Startup ecosystem, especially the ones who are successfully helping startups across the spectrum, irrespective of the geographical location and strata of society. The First-ever National Startup Awards (‘NSA’) were concluded in October 2020, followed by the National Startup Awards 2021 which shall recognize and reward outstanding startups and enablers who have demonstrated exceptional capabilities not just in terms of financial gains but also for the measurable impact on society.

To know more about National Startup Awards, scan the QR code
STATE RANKING FRAMEWORK (SRF)

The States’ Startup Ranking is an annual exercise conducted by Startup India, leveraging the concept of competitive federalism to rank the startup ecosystems across states in India. The objectives of the exercise range from propelling States to implement best practices, creating avenues for knowledge exchange as well as building capacities of various enablers which are pivotal to the startup ecosystem.

The States’ Startup Ranking Framework 2019 was conceived by acknowledging the evolving needs of a dynamic ecosystem and incorporating learnings and feedback from previous years. The impacts of the second exercise reveal comprehensive efforts taken by States to support their startup ecosystems. 37 rules and regulations have been amended to support startups. There are more incubators, mentoring and funding options available for startups across the country. The first two editions of the States’ Startup Ranking Exercise successfully provided insight into the scale and scope of State-driven initiatives and enabled mutual learning amongst ecosystem stakeholders.

To know more about State Ranking Framework, scan the QR code.
**Glossary**

**Accelerator:**
An accelerator is typically a 3-4 month program for startups at early traction and scaling stage. It is a process of intense, rapid, and immersive education aimed at accelerating the growth of the startup. The accelerator may take a set amount of seed equity from the startups in their cohorts in exchange for capital and mentorship.

**Angel Group:**
An angel group is a network of angel investors who invest collectively in small startups or entrepreneurs. They typically invest in angel, seed, and sometimes Series A rounds.

**Angel:**
Angel rounds are the first round that a company may go through. Angel investors, friends, and/or family may invest in an angel round to get a new company off the ground.

**Convertible Note:**
It is a loan where an investor provides cash to a startup company, and the investor gets an option to convert the debt to equity in the company.

**Co-working Space:**
A co-working space is a company that provides a shared working environment for teams working typically for different employees, in the same office.
**Incubator**

An incubator is a workspace created to offer early-stage startups access to all resources they need under one roof. They provide office space, mentoring, business services, funding, and networking opportunities to the incubatees.

**Product Crowdfunding**

A product crowdfunding round is where a company will provide its product in exchange to raise capital. This kind of round is also typically completed on a funding platform.

**Seed Funding**

Seed capital is the initial funding used to begin the creation of a business or a new product. Generally, seed capital is used to develop a business idea to the point that it can be presented effectively to venture capital firms that have large amounts of money to invest.

**Technology Transfer Office**

An office which is typically a part of a company, university or governmental organisation that is dedicated to research, which has potential commercial interest. TTOs help in identifying and licensing new technologies and Intellectual Property (IP) relevant to businesses. They also help with accessing new knowledge and expertise to drive innovation through research collaboration, contracted services, and consultancy.

**Venture Capital:**

Venture Capital firms invest in startups at a later stage. Startups with a potential to grow need a certain amount of investment. Wealthy investors like to invest their capital in such businesses with a long-term growth perspective. This capital is known as venture capital and the investors are called venture capitalists.

**IPR**

The right of a person or a company to exclusively use its own plans, ideas, or other intangible assets without the worry of competition, at least for a specific period of time. These rights can include copyrights, patents, trademarks, and trade secrets. These rights may be enforced by a court.
Startup Funding

STAGES AND SOURCES

PRE-SEED
Working on ideas/prototypes.
**Fund sources:** Family, friends, grant, B-plan competitions, collateral-free debt.

SEED
Product/service launched in market
**Fund Sources:** Angel investors, pitching competitions, collateral-free debt.

SERIES A
Product/service gaining market traction
**Fund Sources:** Venture funds, bank loan.

SERIES B,C
New consumers and rapidly increasing revenues
**Fund Sources:** Private Equity firms, Investment firms, Venture funds.

IPO/EXIT
Established customer base & stable revenues
**Fund sources:** Stock market, acquisition by larger corporations.
We understand that the journey of an entrepreneur is filled with stumbling blocks and challenges. To ease your startup experience, we are eager to assist you through a query resolution system.

To see a list of frequently asked questions: scan this QR code. Please feel free to call us on 1800115565 or drop us an email at dipp-startups@nic.in for any query, concern or suggestion!