



DPIIT
#startupindia



Startup Playbook ↗

**Exclusive Benefits for 'Startups'
recognised by the Department for
Promotion of Industry and Internal
Trade, Government of India**

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1. What is a 'Recognised Startup'?

In India, **an entity can be referred to or recognised as a 'startup'** only if it has been granted official **recognition by the Department for Promotion of Industry and Internal Trade (DPIIT)**, based on the eligibility criteria notified from time to time.
An entity shall be considered a startup:

01 Upto a **period of ten years** from the date of incorporation/ registration.



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

03 Turnover of the entity for any of the financial years since incorporation/ registration has **not exceeded one hundred crore rupees**.

04 Entity 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 an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

2. How to Get Recognised?

Visit the  [Startup India website](#) to begin the recognition process, or you can directly visit the  [National Single Window System](#).



To apply, create an account on NSWS and add form '**Registration as a Startup**' under 'Central Approvals'.

Minimal documents are required for the process – such as **proof** of legal existence of entity, **Permanent Account Number (PAN)**, brief of business, details of Directors/Partners of the business, and the entity **Digital Signature Certificate (DSC)** for the Director/Partner or authorised signatory applying on behalf of the entity.



For a quick guide on DPIIT Startup Recognition please visit:



You can also find detailed guides on NSWS here:



3. Benefits for a 'Recognised Startup'



Recognised startups are eligible for a host of benefits ranging from access to Government funding schemes, regulated funding instruments and avenues, tax exemptions, and other regulatory relief and exemptions for ease of doing business.

3.1 Benefits for Starting and Running a Business

Key Relaxations Under Companies Act 2013 and rules thereunder for Recognised Startups

CASH FLOW STATEMENT

Not required to include cash flow statement with financial statements

SIGNING OF ANNUAL RETURN

Annual return can be signed by director of the company

NO. OF BOARD MEETINGS

1 board meeting in each half of a calendar year with a gap between two meetings of not less than 90 days sufficient

ISSUE OF SWEAT EQUITY

Unlisted companies may issue sweat equity shares to the extent of 25% of the paid up capital at any time, with other restrictions. But a startup company may issue sweat equity shares not exceeding 50% of the paid up capital upto ten years from the date of its incorporation or registration

ESOPS

In general, Employee Stock Options (ESOPs) are not given to the employee who is a promoter or a person belonging to the promoter group and a director who either himself or through his relative or through anybody corporate, directly or indirectly holds more than 10% of the equity of the company. But in case of a startup such condition shall not apply upto ten years from the date of incorporation

CONVERTIBLE NOTES

Startups can receive an amount of Rs 25 lakh or more by way of a convertible note (convertible into equity shares or repayable within a period not exceeding ten years from the date of issue) in a single tranche, from a person, and such transactions are not considered deposit under Deposit Rules.

DEPOSITS

Companies may ordinarily accept or renew any deposits from its members not exceeding 35% of the paid-up share capital, free reserves and securities premium account of the company. But a startup may accept deposits without any limit from its members for the period of ten years from the date of incorporation

3.2 Benefits

Relaxations and Exemptions for Direct and Indirect Taxation for Recognised Startups

100% TAX EXEMPTION ON PROFITS FOR THREE YEARS UNDER SECTION 80-IAC OF THE INCOME TAX ACT 1961



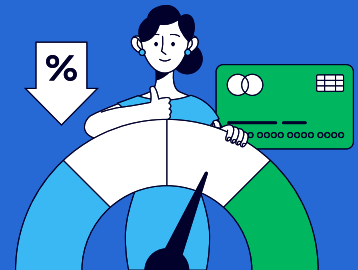
DEFERRING DEDUCTION IN RESPECT OF INCOME PERTAINING TO EMPLOYEES STOCK OPTION PLAN (ESOPS)



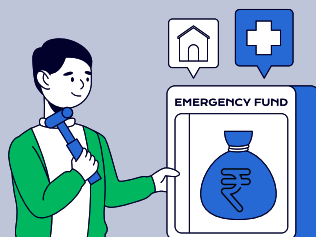
RELAXATION FOR CARRY FORWARD & SET-OFF OF LOSS BY STARTUP UNDER SECTION 79 OF THE INCOME TAX ACT 1961



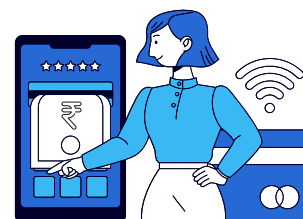
GST EXEMPTION ON SERVICES PROVIDED BY AN INCUBATEE AS DEFINED FOR THE PURPOSES OF GST



GST EXEMPTION ON TAXABLE SERVICES PROVIDED OR TO BE PROVIDED BY TBI, SCIENCE AND TECHNOLOGY ENTREPRENEURSHIP PARKS, OR BIOINCUBATORS



Further details on such exemptions and relaxations can be found in the Income Tax Act 1961/2025 and GST Law



3.3 Other Regulatory Relaxations

Notable Relaxations and Exemptions for Recognised Startups

PUBLIC PROCUREMENT



Amendment to General Financial Rules (GFR) 2017 for Govt. tenders:

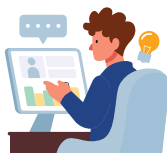
- Exemption from submission of Earnest Money Deposit/Bid Security.
- Relaxation of conditions of prior turnover and prior experience.

SELF-CERTIFICATION



Startups shall be allowed to self-certify with various Labour Laws and Environment Laws. In case of the labour laws, no inspections will be conducted for a specified period.

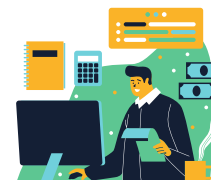
INTELLECTUAL PROPERTY RIGHTS



Statutory Patent Filing Processing Fees have been reduced.

Facility of expedited processing of patent applications has been given to startups

MERGERS



Extended fast-track process of mergers to include mergers of startups with other startups and small companies.

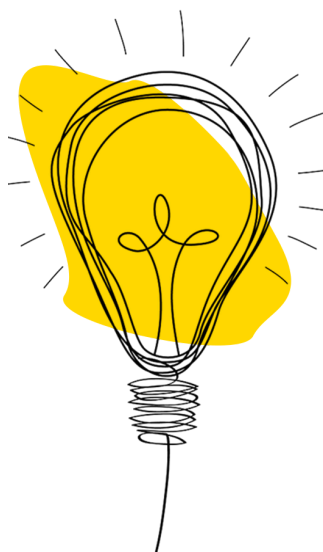


FASTER EXITS

Startups notified as "Fast track firms" enabling them to wind up operations within 90 days vis-a-vis 180 days for other companies.

3.4 Ecosystem-Development & Women-Focused Initiatives

Key Initiatives for Ecosystem Development



National Startup Awards

Get national recognition, cash prizes, and exclusive handholding support by the industry.



MAARG National Mentorship Platform

Receive personalized guidance from seasoned experts, academicians, and successful founders.



Bharat Startup Grand Challenge

Design and deliver innovative solutions, and build collaborations with leading industry stakeholders.



Corporate and Market Linkages

Participate in innovation programs & innovation challenges launched by the industry.



Global Market Linkages

Access marquee global programs, resources and handholding for global market expansion.



Representation in Mega Startup Events

Opportunity to participate in different startup events for greater visibility and business development.

Key Initiatives for Women-led Startups



Incentives under Schemes including Fund of Funds for Startups & Credit Guarantee Scheme for Startups



Capacity building programs and workshops








Outreach and awareness measures, along with recognition for their progress and achievements

Various other initiatives are also aimed to support women entrepreneurs – Visit https://www.startupindia.gov.in/content/sih/en/women_entrepreneurs.html

3.5. Access to National Funding Schemes and Initiatives

Key Government Initiatives Specifically for Recognised Startups

INITIATIVE	DESCRIPTION	
Fund of Funds for Startups (FFS)	Provides capital to SEBI-registered AIFs, who in turn invest in startups through equity and equity-linked instruments	
Credit Guarantee Scheme for Startups (CGSS)	Enables collateral free debt funding to startups through avenues such as working capital, term loans, and venture debt.	
Startup India Seed Fund Scheme (SISFS)	Provides financial assistance to early-stage startups through incubators	
Scheme for reimbursement of Testing and Certification Charges	Reimburses a part of the testing and certification charges for Startups and MSEs in the field of telecom/ICT	
Technology Development Fund (TDF)	Provides Grant in Aid to Indian industries, including MSMEs and startups to promote self-reliance in Defence Technology	
Gen-Next Support for Innovative Startups (GENESIS)	Provides Tier-II/III cities focused funding to support technology startups	
Startups Intellectual Property Protection (SIPP)	Facilitates protection of Patents, Trademark and Designs of innovative startups	







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Key Government Initiatives Specifically for Recognised Startups

INITIATIVE	DESCRIPTION	
IN-SPACe Seed Fund Scheme	Provides initial finance assistance to support space startups and MSEs, developing innovative space products and services	
NIDHI – Seed Support Program (NIDHI-SSP)	Provides early-stage funding to incubated startups	
AgriSURE – Agri Fund for Start Ups & Rural Enterprises	Invests in Sector Specific AIFs, Sector Agnostic AIFs, Debt AIFs and Direct Equity Investment in startups from agriculture and allied areas	
iDEX Support for Prototype and Research Kickstart (SPARK)	Provides grants to startups/MSMEs to fund the projects in many technological areas in defence sector	
iDEX Acing Development of Innovative Technologies (ADITI)	Sub-scheme under iDEX that provides grants specifically to promote innovations in critical and strategic defence technologies	
CHUNAUTI – Challenge Hunt Under NGIS for Advanced Uninhibited Technology Intervention	Provides seed fund support. Winners are also assisted with networking opportunities, investor connect, plug-n-play centres and testing facilities, as well as IPR filing support	
Atal New India Challenge (ANIC)	Supports technology-based innovations that solve sectoral challenges of national importance and societal relevance through a grant-based mechanism	

3.5 Access to National Funding Schemes and Initiatives

Key Government Initiatives Specifically for Recognised Startups

INITIATIVE	DESCRIPTION	
Technology Incubation and Development of Entrepreneurs (TIDE) 2.0	Provides financial and technical support to technology startups	
Start-Up Fund program by PSUs	Provides funding support along with mentorship support through both internal expertise and from various institutions.	
Promotion of Research and Innovation in Startups and MSMEs in Mining, Mineral Processing, Metallurgy and Recycling Sector	Provides grants to startups operating in the mining and metal industry	
GeM Startup Runway	Provides a dedicated marketplace for startups to reach Government buyers, offering unique products and services	
Digital Communication Innovation Square (DCIS)	Provides milestone based funding support to startups	
Airports Authority of India (AAI) Startup Policy	Provides grant support for approved startup proposals in the aviation sector	

Various other Ministries, Departments, and Public Sector Entities also extend additional benefits to startups – Visit respective websites for details!

3.6 Access to Private Funding

Relaxations for Private Investments in Recognised Startups

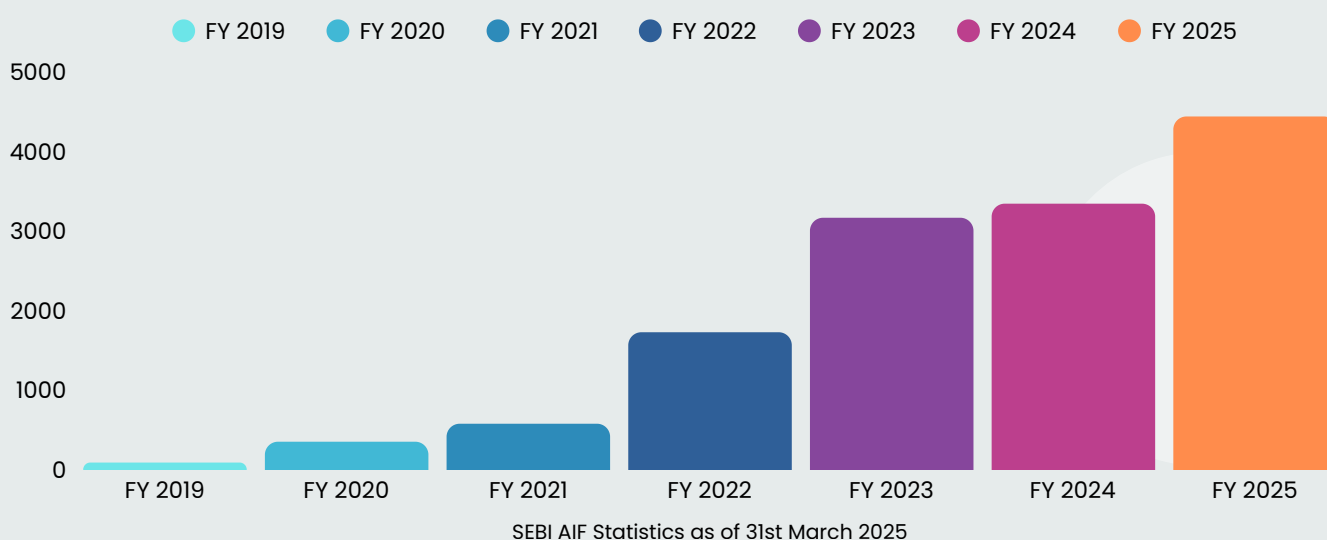
Venture Capital Access

Approach a SEBI-registered Angel Fund for funding!

Under the **Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012**, the definition of “startup” has been aligned with the criteria for startup as specified by DPIIT for private limited companies and limited liability partnerships.

Alternative Investment Funds (AIFs) which are ‘Angel Funds’ as described in CHAPTER III-A of the regulations, ***Angel funds shall invest only in startups, which are not promoted or sponsored by or related to a corporate group whose group turnover exceeds three hundred crore rupees.***

Investments Made by Angel Funds



3.7 State/Union Territory Incentives



Various States and Union Territories have also **harmonized the definition of startups with the Central Government** and the same is used to provide benefits under regional schemes for startups. **Visit individual State Nodal Agency websites for details.**

For more State/UT-wise details visit:





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STILL HAVE QUESTIONS?

Visit **Startup India**
for more
information and
resources:



Get in Touch!



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Disclaimer: This Playbook has been prepared for knowledge and learning purposes only. The information contained herein is of a general nature, it does not intend to address the circumstances of any individual or entity. DPIIT recognition does not automatically entitle a startup to all the benefits listed in this Playbook. Recognition only makes a startup eligible to apply for such benefits. Each incentive or exemption is governed by its own rules, guidelines, and application process, and startups may be required to separately apply and qualify in order to avail them. One must do thorough examination and go through in detail of the guidelines/rules of specific incentive(s). The information provided are illustrative and may involve benefits which are timebound and evolving in nature depending on changing rules, regulations, acts, and laws of the country.