

January – March 2021

Edition 3

Highlights

14,472

Total queries resolved

4,498

Startups recognized

Prarambh – Startup India International Summit

Aiming to bring India's entrepreneurial force onto the global map, the Department for Promotion of Industry and Internal Trade (DPIIT), Government of India hosted '**Prarambh: Startup India International Summit**' on January 15 – 16, 2021. Prarambh, as a noun, implies 'an auspicious start' and, as a verb, implies 'to begin'.



The summit brought together top policymakers, industrialists, academicians, investors, startups and stakeholders of the startup ecosystem in the country and across the globe to one platform. Prarambh celebrated 5 years of the launch of the Startup India Initiative, which has played a pivotal role in spurring the spirit of entrepreneurship in every corner of the country. In addition to deliberating good practices from the leaders across the world, the sessions were designed to showcase the spread and depth of entrepreneurship based on innovation in India. The summit aimed to mobilize global and domestic capital for Indian startups, provide opportunities to startups for accessing international markets and encourage discussions around policy provisions to support growth.

The summit was graced by the **Hon'ble Prime Minister, Shri Narendra Modi**, Hon'ble Minister of Railways and Commerce & Industry and Consumer Affairs, Food and Public Distribution, **Shri Piyush Goyal**, Hon'ble Finance Minister, **Smt Nirmala Sitharaman**, Hon'ble Minister of State (Independent Charge) for Housing and Urban Affairs and Civil Aviation, **Shri Hardeep Singh Puri**, and Hon'ble Minister of State for Commerce and Industry, **Shri Som Parkash**. The summit saw active participation from key government officials, ministers from BIMSTEC member states, startups, innovators, students, venture capitalists, angel investors, corporates, incubators, accelerators and academic institutions.

- Over **1.2 Lakh registrations** were received from 56 countries.
- Roadshows conducted in **36 Indian States and Union Territories & 15 countries**.
- **29 local, regional and global organizations** partnered with for the roadshows
- **1,100 high-quality innovations** from Indian and International startups were showcased at the summit.



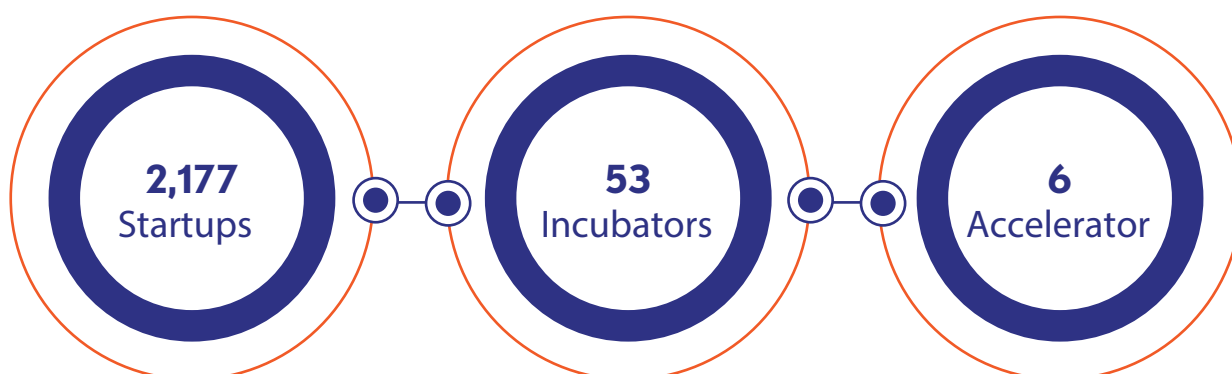
The two-day long virtual Summit brought together over **200 marquee speakers** from across startup ecosystems within the country, BIMSTEC member states as well as other international geographies. The summit hosted **24 sessions** covering all aspects of the innovation and entrepreneurship ecosystem. The sessions focused on sharing best practices, knowledge exchange workshops, multilateral incubator programs, promoting social innovation, startup success stories, industry-academia partnership, international best practices, women entrepreneurship and much more. The summit also included a virtual startup showcase, closed-door B2B sessions and closed-door sessions on mobilizing domestic and global capital for Indian startups.

National Startup Awards 2021



The call for applications for the second edition of the National Startup Awards was concluded on 15th February 2021. The awards received massive response from the entire startup community with 2236 applications across sectors and categories.

Breakup of Applications



TOTAL APPLICATIONS SUBMITTED - 2,236

- **Applications Received from:**

- 30 states and UTs
- Across 15 sectors, 49 sub-sectors and 6 special categories

Application Breakup for Sectors:**TOTAL APPLICATIONS RECEIVED FROM STARTUPS- 2177**

Special Category Breakup:**863**

Women led startups

**554**

Content delivery in Indic languages

**414**

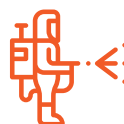
Impact in rural areas

**398**

Potential for import substitution

**391**

Campus startup

**253**Innovation for COVID-19
(preventive, diagnostic, therapeutic,
monitoring)**TOTAL COUNT- 2873**

National Startup Awards 2020

Handholding Updates

The first edition of the National Startup Awards was conceived by DPIIT in 2020 to recognize and reward outstanding Startups and ecosystem enablers that are building innovative products or solutions and scalable enterprises, with high potential of employment generation or wealth creation, demonstrating measurable social impact. The awards shortlisted **192 finalists** from over **1600 applications**, with **36 startups being chosen as winners** across 12 sectors. As committed during the felicitation ceremony, DPIIT is supporting the finalist startups across 9 key tracks:

- Investor Connect
- #StartupChampions – National Television Show
- International Market Access
- Mentorship with Industry Leaders
- Regulatory Support
- Startup India Showcase
- Government Connect
- Corporate Connect
- Benefits under Startup India initiative

A. Investor Connect

DPIIT has been providing continuous opportunities to NSA finalists through investor connect sessions to take their startups to the next level.

These include active ongoing engagement between the **36 startup winners** and **Indian Private Equity and Venture Capital Association (IVCA)**. Fund raising opportunities were facilitated between the NSA finalists and Mumbai Angels. Mumbai Angels

shared their standard terms and guidelines with the NSA finalists, with due diligence process being initiated for 4 startups, out of the 15, who expressed interest in raising funds through Mumbai Angels.

DPIIT in partnership with **SIDBI** has organized 3 Investor Connect session from January to March 2021 for NSA 2020 Finalists, wherein the startups presented to Alternate Investment Funds (AIFs) registered with SIDBI. The sessions were conducted on 17th February, 5th and 26th March 2021 respectively. A total of **71 startups** presented their pitches to the investors. The startups covered in the session were spread across **11 sectors** – Industry 4.0, Enterprise Technology, Security, Tourism, Urban Services, Space, Education, Agriculture, Food, Health, Finance and Energy sectors. The sessions saw **38 investors** expressing interest in connecting with various startups for further collaboration.





B. #StartupChampions – National Television Show

As a part of the Union Budget Speech for 2019-20, the **Hon'ble Finance Minister Smt Nirmala Sitharaman** announced a TV program exclusively for startups in the country. In line with the announcement and under the vision of Atmanirbhar Bharat, DPIIT in partnership with Doordarshan curated a focused program to highlight the best innovations in the country.

The program was launched on 16th January 2021 by the **Hon'ble Prime Minister Shri Narendra Modi** during Prarambh: Startup India International Summit. The program aims to highlight stories of the grassroot level entrepreneurs of the country, the winners of the 'National Startup Awards 2020'. It is being telecasted in both Hindi and English across Doordarshan network channels. It is a one-hour weekly program scheduled for 12 weeks.

Over the past two months, **eleven episodes** of the program have been telecasted on Doordarshan network channels, covering the stories of **28 startups** across diverse sectors. There has been a far-reaching impact of the program on the participating startups. The program has helped the startups in **increasing their overall credibility and visibility** at the national level. Almost all startups have seen an **increase in the number of connection requests and inquiries** about their product/service. Some of the startups have also received **direct offers for deployment and funding**. There have also been **successful collaborations** between startups of the same sectors.





Agriculture

- Mandya Organic Foods
- Cornext Agri Products
- Foodcloud



Space

- Skyroot Aerospace
- Dhruva Space
- Bellatrix Aerospace



Energy

- Aloe Ecell
- Esyasoft Technologies



Education

- Robotguru Education
- Kickhead Softwares



Health

- Niramai Analytix
- Bonayu Lifesciences
- Innaumation Medical Devices



Industry 4.0

- Fabheads Automation
- Scapic Innovations
- Planys Technologies
- Gingermind Technologies



Industry 4.0

- Gods Own Food
- Intello Labs
- Nava Design Innovation



Tourism

- Feeinsta Consulting
- Param People Infotech



Security

- Staqu Technologies
- Safe Security



Urban Services

- SNPC Machines
- Taraltec Solutions



Finance

- MinionLabs
- BharatPe



Special Category

- Genrobotic Innovations
- Azooka Labs
- Bodhami Pvt Ltd

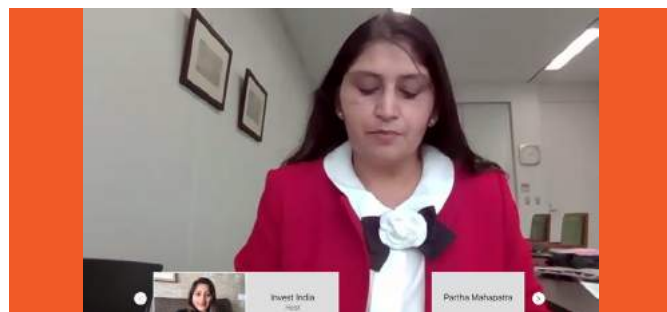
C. International Market Access

There's been a focus on facilitating international market access for Indian startups through both government connects and private sector support. DPIIT has been closely engaging with the Indian Missions in different countries to help Indian startups with the required mentorship, market access and investor connects in key geographical regions across the world.

India-Japan Pitching

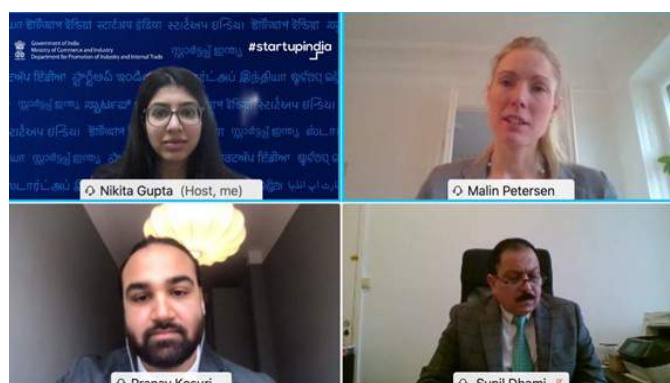
In furtherance of India-Japan innovation synergy, **DPIIT** has partnered with **Embassy of India, Tokyo** to help Indian startups with an exclusive opportunity to explore Japan as a potential business destination. To achieve the same, focused pitching sessions are being organised for Indian startups to pitch their innovations to Japanese investors and business corporations for exploring investment, strategic business, and technical collaborations.

The previous pitching session in Clean Energy, Energy Efficiency and Waste Management saw overwhelming participation from stakeholders. On January 27th, 2021, second pitching session was organised where 10 startups in the Agri Value Chain sector pitched to **60 potential Japanese buyers. 52 stakeholder connections** were facilitated after the session. Sessions have been scheduled across all NSA sectors in the coming months. A microsite dedicated to investor connect sessions is being created for all relevant stakeholders to access startup information and register for upcoming sessions.



Indo-Sweden Mentor Connect

DPIIT and Embassy of India in Sweden organised the third mentorship session as part of the Indo-Sweden Mentor Connect. The mentors for the session included Ms Malin Petersen, Programme Manager International Collaboration at Vinnova and Country Manager for India, Sweden's Innovation Agency and Pranav Kosuri, the Co-founder of Brandie. The session was focused on exploring upcoming sectors such as healthcare, digital technology, industry 4.0. The session was attended by over **50 startups** from India, and the mentors resolved more than **20 queries**.



Mentorship Program with DPIIT, Embassy of India in Washington and USISPF

The DPIIT and Embassy of India in Washington in collaboration with **US-India Strategic Partnership Forum (USISPF)** launched the inaugural mentoring program with National Startup Awards Winners and Finalists on 5th January 2020. The session provided exclusive mentorship to NSA Startups on exploring US as a potential market. The meeting was attended by **H.E. Taranjit Singh Sandhu, Ambassador of India to the United States, Shri Anil Agarwal, Joint Secretary, DPIIT** and **Mr John Chambers, Founder and CEO JC2 ventures**.

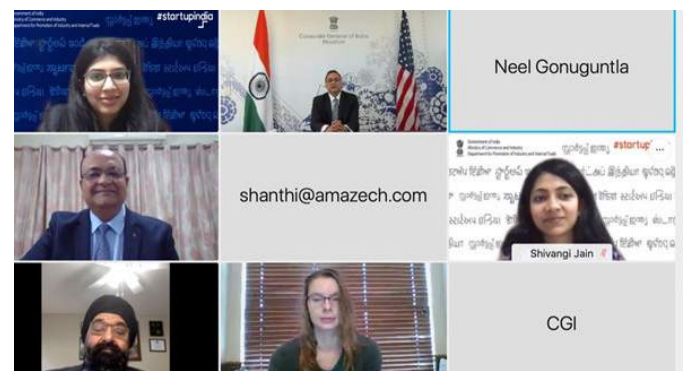


Meeting by Consul General of India, Houston

A meeting was organized by the Consul General of India in Houston in February 2021 to explore synergies between **DPIIT and US-India Chamber of Commerce Dallas Fort Worth (USICC) and Indo-American Chamber of Commerce of Greater Houston (IACCGH)**. The main objective of the meeting was to discuss collaboration activities to support and promote Indian Startups. The meeting was attended by **Shri Anil Agarwal, Joint Secretary, Department for Promotion of**

Industry and Internal Trade (DPIIT).

Through the meeting, next steps were identified that can enable international market access for Indian Startups.



D. Mentorship with Industry Leaders

There have been curated mentorship programs being organized for National Startup Awards 2020 finalists. A masterclass on "Due Diligence and Valuations" was organized by **DPIIT, IVCA and Duff & Phelps** for all National Startup Award 2020 winners with industry experts and practitioners on 11th of February 2021.



The DPIIT in partnership with **Sequoia Capital India** also hosted a 4 hour long virtual Fundraising Bootcamp for all NSA finalists aimed to help them in building a more refined pitch deck for raising investments. Sequoia Capital India is also currently conducting individual office hours with each of the 36 winners to help them better grow their startups. Alongside this, Sequoia Capital India's investment team is hosting dedicated mentorship sessions with **10 shortlisted NSA finalists**.



NASSCOM Interactions

NASSCOM is engaged in facilitating targeted mentorship and corporate connect to the NSA finalists. It has facilitated subject-matter mentoring on pitching and market strategy for all NSA finalists. Also, it has connected startups on one-to-one basis for need-based mentoring such as for financial mentoring. NASSCOM has also connected NSA finalists with larger associations/corporates to assist in realising their wish-lists.



E. Regulatory Support

DPIIT has been focussing on knowledge sessions for the NSA finalists and improving regulatory frameworks through interactions with them. A survey was conducted with NSA finalists to identify various regulatory issues that are being discussed with various ministries through roundtables.

Workshop on "Structuring ESOP's and Incentive Plans": DPIIT conducted a workshop in collaboration with **Khaitan & Co** on "Structuring ESOPs (Employment stockownership plan) and Incentivise Plans" for attracting talent. The workshop saw participation from **150 NSA finalists**.

MASTERCLASS ON ESOPS: STRUCTURING ESOPS & INCENTIVE PLANS FOR ATTRACTING TALENT



SHRUTI DIVVEDI SODHI
Partner at Khaitan Legal Associates



SANJANA DASGUPTA
Associate at Khaitan Legal Associates

DATE: 31st March, 2021
TIME: 11:00 AM TO 12:30PM(IST)

#startupindia

KHAITAN LEGAL ASSOCIATES
INDIAN ADVOCATES

F. Startup India Showcase

Startup India Showcase is an online discovery platform for the most promising startups of the country chosen through various DPIIT and Startup India programs exhibited in a form of virtual profiles. The platform provides individual profile pages for each startup, detailing information about the startup, its products and the services it offers. The platform is also a unique opportunity for startups to network with other stakeholders in the ecosystem. **34 NSA finalists** have also been onboarded on Startup India Virtual Showcase.

Startup India Showcase

An opportunity for innovative Indian startups to be recognized!

Key Features of the Showcase



Visibility



Networking



Discovery



Star Repository

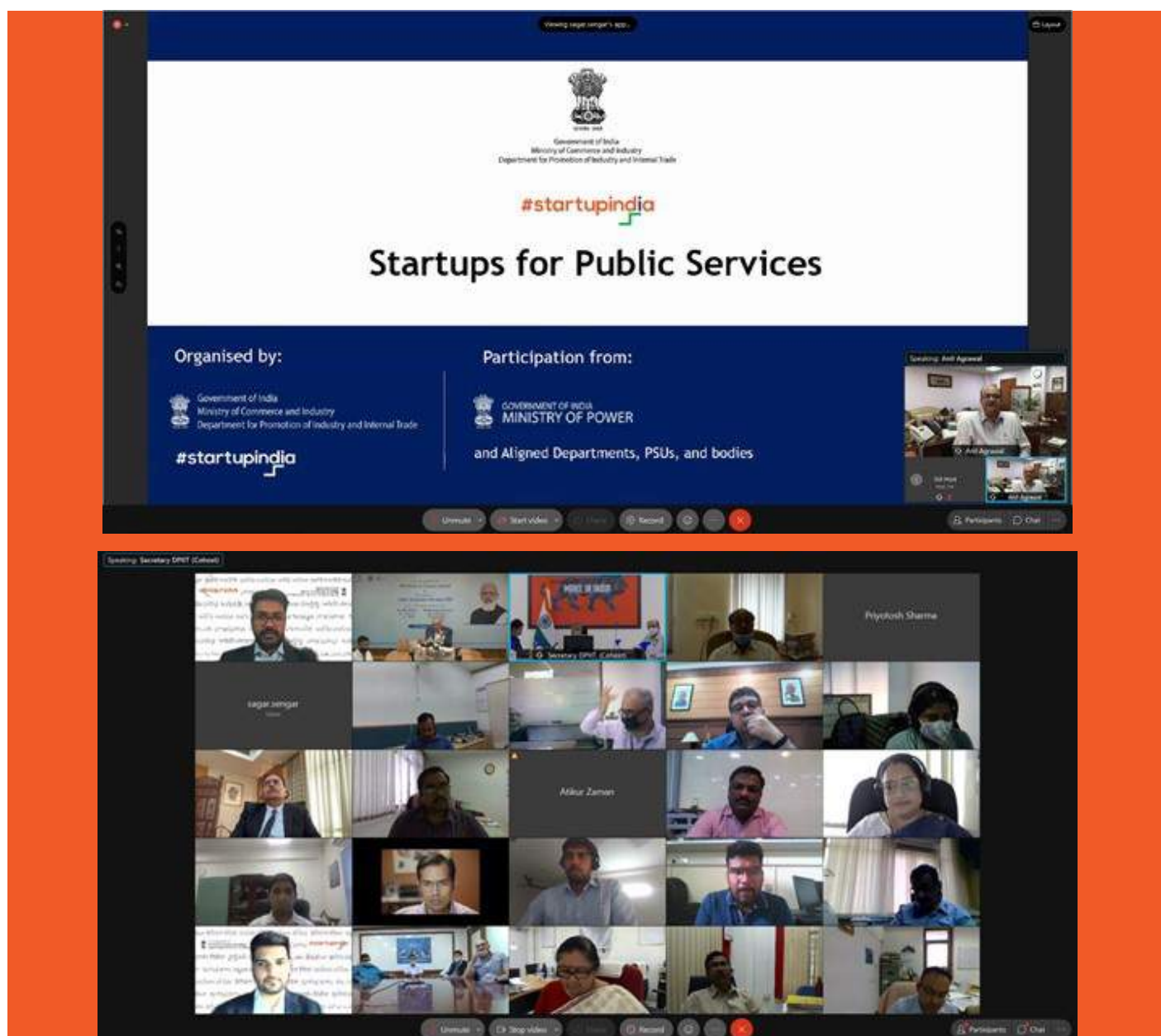


#startupindia

G. Government Connect

A unique series of workshops "Startups for Public Services" is being organised to facilitate the National Startup Award 2020 finalists to gain more government market traction. The workshops are planned with participation from five key ministries i.e. **Ministry of Petroleum and Natural Gas, Ministry of Defence, Ministry of Power, Ministry of Health and Family Welfare, and Ministry of Education**. The objective of the program is to acquaint the public sector with available innovation in the market and how they can be utilised to augment public service deliveries.

- **Two workshops** have already been organized, which witnessed participation from hundreds of senior officers representing from major oil and gas CPSUs & power companies.
- More than **60 on-the-spot connection requests** have been expressed by the PSUs through two workshops so far.



States Startup Ranking

The States Startup Ranking is the first of its kind initiative to utilize the power of competitive federalism to transform a country into a flourishing startup ecosystem. It is an exercise that is undertaken by Startup India to **augment mutual learning** of States and Union Territories by **fostering competitiveness, identifying best practices, and highlighting policy intervention** to build a conducive startup nation.

Evolution of the States' Startup Ranking Framework

The first two editions of the Ranking Framework successfully provided insight into the scale and scope of State-driven initiatives and enabled mutual learning amongst ecosystem stakeholders. Startup Ranking Framework 2019 was formulated as a result of key learnings from the first edition and numerous good practices by the states were identified.

States' Startup Ranking Framework 2020 is an evolved evaluation tool aimed to strengthen the support of States and UTs to holistically build their startup ecosystems. Startup Ranking Framework 2020 has been developed as a more robust and outcome-oriented exercise and aims to achieve large-scale progress across each State and UT. To ensure the formulation of a comprehensive framework, a virtual consultation was hosted by DPIIT to gather the feedback and inputs of each State and UT.

Owing to learnings in previous editions, new reform areas have been identified which are aimed at capacity building, connecting mentors to startups as well as promoting comprehensive entrepreneurial growth. The 2020 Ranking Framework spans **seven reform areas** imperative for the growth of

a startup ecosystem: Institutional Support, Fostering Innovation & Entrepreneurship, Access to Market, Incubation Support, Funding Support, Mentorship Support, and Capacity Building of Enablers. With a total of **26 Action Points**, a combination of absolute, relative, and feedback-based scoring is mapped to arrive at a holistic picture of the State/UTs support to their respective startup ecosystem.

Expanding the Scope of the States' Startup Ranking Exercise

The States' Startup Ranking Framework 2020 has introduced three novel reform areas developed by meticulously analyzing the need of the hour within the current startup ecosystem.

- **Fostering Innovation and Entrepreneurship:** As the third edition of the ranking exercise commenced, SRF recognized the importance of highlighting the development of the startup ecosystem by identifying the number of unique startups that are registered within the State. Furthermore, given the rise in the number of startups from Tier 2 and 3 cities, the recognition of grassroots innovations across the States is also highlighted through this reform area. Student entrepreneurship has seen a magnanimous boost over the years and the number of programs undertaken at Higher Education Institutes (HEIs) has a significant role to play. As a result, the ranking framework also captures the frequency and scope of such programs.
- **Mentorship Support:** Mentorship can transform the journey of a startup at each stage of its lifecycle and the ecosystem is replete with its examples. The

ranking framework thus emphasizes qualitative support provided in the form of mentorship to startups within each State. It not only highlights the number of mentors connected to startups but delves deeper into highlighting the time spent by mentors in one-on-one as well as one-to-many formats of mentorship.

• Capacity Building of Enablers:

Ecosystem enablers ranging from government officials, incubators to investors have a distinct role in the development of a startup and the States' Startup Ranking Framework 2020 recognizes their role and aims to enable sensitization and training for the holistic growth of startups. As part of this vision, Startup India, DPIIT is undertaking a Capacity Development Program with the objective of nationwide sensitization of key officials and other stakeholders with respect to the Indian startup ecosystem. These workshops aim to showcase good practices on an array of subjects across States/UTs to propel the creation of a prospering national startup ecosystem. These workshops are also a platform to discuss aspects of Startup Ranking Framework 2020.

structured to include online as well as telephonic responses from beneficiaries. Paying large emphasis to capacity development, nationwide capacity development workshops are organized in each region in a virtual and inclusive format.

States' Startup Showcase Series

With the objective of developing capacities of ecosystem enablers and stakeholders to promote a more inclusive startup ecosystem by collective efforts of Central and State governments, DPIIT has started a series of sessions by States and Union Territories (UTs). The State Startup Ecosystem Showcase series is a platform for States and UTs to present their good practices, evolution and future plans of the State's/UT's startup ecosystems. The series are part of the National Capacity Development agenda of the Startup India: The Way Ahead unveiled by the Hon'ble Prime Minister at the five-year celebrations of Startup India initiative on 16th January 2021. By end of March 2021, six States have presented as part of the series, namely, Karnataka, Punjab, Mizoram, Nagaland, Chhattisgarh and Andhra Pradesh.

Accounting for the Impact of COVID-19 in this year's framework

The States' Startup Ranking Framework 2020 has accounted for the impact of COVID-19 and has undertaken measures to provide a fair playing field to all States. The period in which compliance and progress on action points will be considered for the evaluation process has been made to include 21 months from October 2019 to July 2021. Moreover, virtual sessions and programs undertaken during this period have been given due weightage across the framework. The feedback collection process has also been

Karnataka at a glance

- Industry**
 - Karnataka is the Innovations and Technology Hub of India and Bengaluru is the 4th largest technology cluster in the World
 - Most innovative State in India - Ranked #1 in India Innovation Index by NITI Aayog
 - 5,500+ IT/ITES companies
 - 750 MNCs contributing to over INR 42.5 lakh Cr of exports
 - Direct employment to over 12 lakh professionals and creating over 31 lakhs indirect jobs
 - IT industry 25% of State GDP
- Research and Development**
 - Home to nearly 400 Global In-house Centres (GICs) focused on R&D
 - ISc Bengaluru - India's highest ranked institution in Times Higher Education's World University Rankings for 2019
- Startups**
 - Bengaluru has been widely cited as one of the fastest growing technology and startup hubs in the world
 - Startup Capital of India - most over VC/angel funded and quantum of funds raised
 - Ranked 26th in 'The Global Startup Ecosystem Report 2020' by Startup Genome - only Indian city to feature in the Top 30
 - Ranked 14th Best Startup Ecosystem in the world by Startup Blink in 2020
 - Bengaluru Startup has managed to attract a total VC inflow worth \$18 Bn by 2014 and H1 2020, the highest among any other startup hub in India
 - Home to 20 Unicorns, highest in the country
 - Several international/corporate incubators such as Microsoft, NetApp, SAP, NUMA, Airbus, Ricoh, Catalist, etc. are based in Bengaluru
 - Home to 700+ startups, largest in India
 - Karnataka has been recognized as "Top Performer" in State Startup Rankings by DPIIT, 2nd in 2019 and 2020.

Basic Parameters of the State

Area	21,081 Sq Km
International Borders	Myanmar (404 Km) Bangladesh (318 Km)
Inter-State Borders	With Assam (123 Km) With Gujarat (166 Km) With Manipur (95 Km)
Average Rainfall	1000 mm
Population	10,97,206 (2011 census)
Sex Ratio	976 female per 1000 male (2011 census)
Density	52 per Sq Km
Literacy	91.33% (2011 census)
No. of Villages	830 (2011 census)
No. of Notified Towns	23 (2011 census)



Manoj Ponnada (Joint Director, A...)

Lavanya (Joint Director) APIS

Chauhani, Startup India

Education and Human Resource

- The state is a knowledge hub, providing high-quality, research oriented, industry relevant education.
- World renowned leaders in technology are from AP and the Telugu diaspora provide strong IT workforce across the Globe



EDUCATION

PREMIERE INSTITUTES
IT
IIT
IIM
SRM

HIGHER EDUCATION
18 State Universities
346 Engg. / MCA colleges
400 Management schools
500 Private & Industrial Training Institutes

NEXTGEN SKILLSET
Establish a world-class IT skills university in Vengal Rao
AI, Data Analytics, & other emerging technologies

IIT
International Institute of Digital Technologies
India's First Digital Technology University focused on advanced technologies

State Government	Date	Speaker(s)
Karnataka	17th February	Mr. Jaikrishna Ramesh (Manager) and Mr. Abrar Ahmed (Associate) – Startup Karnataka
Punjab	24th February	Mr. Deepinder Dhillon (Joint Director), Department of Industries and Commerce
Nagaland	15th March	Er.Y. Lipongse Thongtsar (Deputy Director) – Department of Industries and Commerce
Mizoram	17th March	Mr. Isak Chuaungo (Economist cum Under Secretary), Planning and Programme Implementation Department
Chhattisgarh	22nd March	Mr. Harish Saxena (Joint Director) and Mr. Sanjay Rane (Deputy Director), Directorate of Industries
Andhra Pradesh	25th March	Mr. Manoj Ponnada (Joint Director), Andhra Pradesh Innovation Society and Ms. Lavanya (Joint Director), Andhra Pradesh Innovation Society

LeadHERs – International Women' Day Event

The increasing presence of women as entrepreneurs has led to a change in demographic characteristics of business and economic growth of the country. Women-owned business enterprises are playing a prominent role in society inspiring others and generating more employment opportunities in the country. There is a need to further support this growth, and Startup India is committed to strengthening the women entrepreneurship ecosystem, through policies, initiatives, and creation of enabling networks.

Furthering the cause of supporting women in every walk of life and to promote more women entrepreneurs and women who have been creating change at the grassroots, DPIIT organised an event on 8th of March 2021 on the occasion International Women's Day.

Workshops by Industry Partners

Selected partners conducted workshops for women attendees at the event to provide mentoring support to aspiring women entrepreneurs and women-led startups on sales and marketing, customer and brand management, tech-support, cloud computing, and cloud credit

- 'Crafting your Venture Story' by **Salesforce Ventures**
- 'Fundraising 101' by **LetsVenture**
- 'Realizing Innovations during Product Development' by **Qualcomm**
- 'Creating Meaningful Brand Conversations' by **Freshworks**

Investor Mock Pitching Session

Investor Mock Pitching Sessions were organized to support and mentor women entrepreneurs on how to make a good pitch by renowned investors and leaders. **30 women entrepreneurs** were selected through an open call for innovation and mapped to a 3-4 membered investor panel.

- Rema Subramanian, Ankur Capital
- Pankaj Thakar, Padup Ventures
- Nita Sachan, Endiya Partners
- Anjali Bansal, Avaana Capital
- Jinesh Shah, Omnivore
- Archana Jahagirdar, Rukam Capital
- Mathangi Chandrashekhar, Wadhvani Foundation
- Sheena Jain, Quona Capital
- Loveleen Malhotra, The Fundamentum
- Partnership
- Ajay Ramasubramaniam, Startup Reseau
- Swato Murarka, Investus India

Fireside Chat with Ms. Arundhati Bhattacharya, Chairperson and CEO, Salesforce India

A Fireside Chat with Ms. Arundhati Bhattacharya, Chairperson and CEO, Salesforce India was organized where she addressed the audience and talk about how women can break stereotypes and achieve their desired goals.



Roundtable on 'Best Practices to Promote Women Entrepreneurship'

A closed-door session, chaired by **Dr. Guruprasad Mohapatra, Secretary, DPIIT**, was **organized** with women from the startup ecosystem in attendance, to understand the challenges, discuss on ways to support women entrepreneurs in the country and enhance the growth of women-led startups.

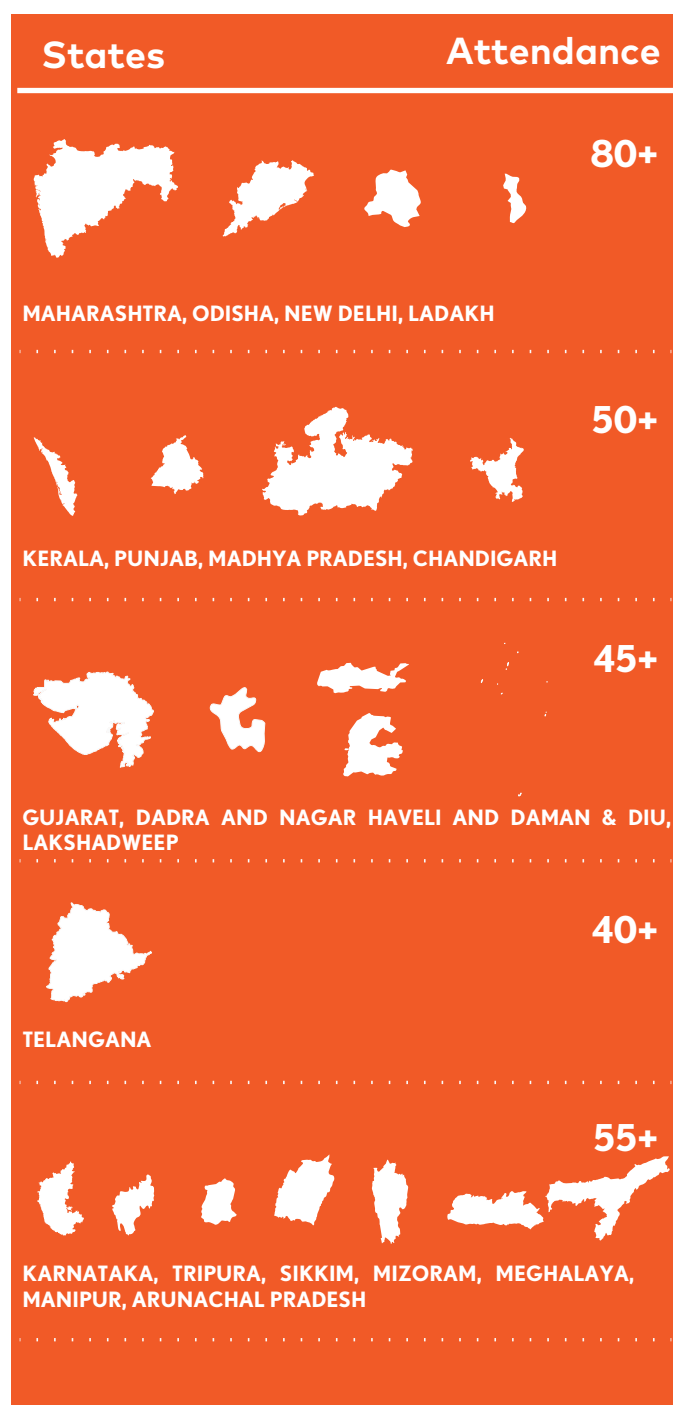


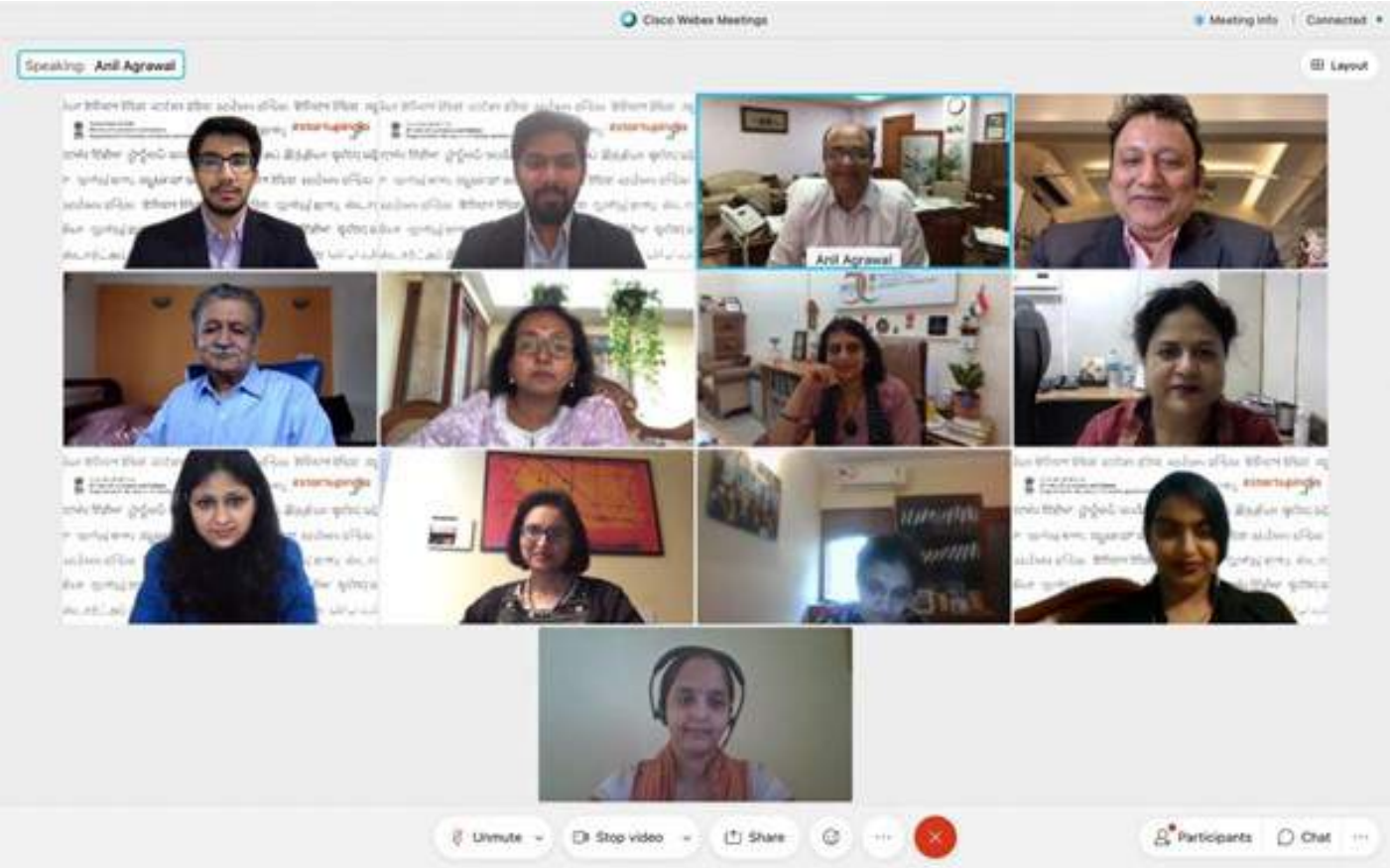
Startup India Seed Fund Scheme

The Hon'ble Prime Minister during Startup India International Summit "Prarambh" on 16th January 2021 announced the **Startup India Seed Fund Scheme (SISFS) with an outlay of INR 945 Crore** to provide financial assistance to startups for Proof of Concept, prototype development, product trials, market entry, and commercialization. The INR 945 crore corpus will be divided over the next 4 years for providing seed funding to eligible startups through eligible incubators across India. The scheme is expected to support an estimated **3,600 startups**. The scheme can be availed by DPIIT recognized startups through selected incubators across India. Seed Fund to a selected shall be disbursed through grants of up to **INR 20 Lakhs** for Proof of Concept, and through investments of up to **INR 50 Lakhs** for commercialization/scaleup through convertible debentures or debt or debt-linked instruments.

To increase awareness about the scheme, a number of workshops are being organized across the country.

An Experts Advisory Committee (EAC) has been constituted by DPIIT for the overall execution and monitoring of the scheme. The EAC will evaluate and select incubators from across India for allotment of Seed Funds. Startup India portal will host the Call for Applications for both incubators and startups. An introductory meeting with the Experts Advisory Committee was organized under the Chairmanship of Sri H.K. Mittal. The members discussed how they can work towards the efficient utilization of funds under the scheme.





Union Budget 2021 – Relevant announcement for startups

Incentivizing incorporation of One Person Companies (OPCs)

As a measure which directly benefits Startups & Innovators in the country, the budget proposes to incentivize the incorporation of One Person Companies (OPCs) by amending the Companies (Incorporation) Rules to allow OPCs to grow without any restrictions on paid up capital and turnover, allowing their conversion into any other type of company at any time, **reducing the residency limit** for an Indian citizen to set up an OPC from 182 days to 120 days and also **allow Non-Resident Indians (NRIs) to incorporate OPCs in India.**

The amendments to the Rules will be effective from 01st April 2021. The impact will be as follows:

- Previously NRIs were not allowed to incorporate OPCs. Now any natural person, who is an Indian citizen, whether resident in India or otherwise would be allowed to form an OPC.
- For being considered as a resident in India, the residency period has been proposed to be reduced to 120 days from 182 days for NRIs.
- Rule relating to voluntary conversion unless OPC has completed two years from the date of incorporated is proposed to be omitted and conversion of One Person Company into a Public company or a Private company shall be permitted anytime. A One Person company may be converted into a

Private or Public Company other than a company registered under section 8 of the Act, after increasing the minimum number of members and directors to two or minimum of seven members and

- three directors as the case may be,

Similarly, the limitation of paid up capital and turnover presently applicable for OPCs (paid up share capital of fifty lakhs rupees and average annual turnover during the relevant period of two crore rupees) is being done away with so that there are no restrictions on the growth of OPCs in terms of their paid-up capital & turnover.

Extension of date of incorporation for eligible start up for tax exemption

The existing provisions of the section 80-IAC of the Act, inter alia, provides for a deduction of an amount equal to hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years at the option of the assessee. The eligible start-up is required to be incorporated on or after 1st day of April, 2016 but before 1st day of April 2021. In order to incentivize start-ups in the country, the Budget proposes to **extend the eligibility** for claiming tax holiday for start-ups by one more year **till 31st March, 2022.**

The amendment will take effect from 1st April, 2021. The impact will be as follows:

- With the extension in eligibility criteria for availing tax benefits, the eligible startups incorporated on or after 1st day of April 2016 to 31st March 2022 would be able to claim benefit of carrying forward and set-off of losses under section 79 of the Income Tax Act.
- The extension of eligibility for claiming tax benefit by one more year will also help eligible start-ups availing the benefit of deferment of tax liability on ESOPs or sweat equity shares for employees of eligible start-ups.
- To help India's startups amid the COVID-19 pandemic and growth of startups in the country, tax holidays for eligible startups have been extended by one year till March 31, 2022.

transferred on or before 31st March, 2021.

The amendment will take effect from 1st April, 2021. The impact will be as follows:

- In order to help such eligible start-up investment in them, the Budget proposes to amend the provisions of section 54GB of the Income Tax Act to extend the outer date of transfer of residential property from 31st March 2021 to 31st March 2022.
- Budding entrepreneurs often sell their residential properties to support their business activities. This exemption will boost the investment in eligible startups and will promote their growth and expansion.

Other indirect benefits provided to Startup ecosystem

Extension of date of incorporation for investment in eligible start-up -

In order to incentivise funding of the start-ups, the Budget proposes to extend the capital gains exemption for investment in startups by one more year - till 31st March, 2022. The existing provisions of the section 54GB of the Act, inter alia, provide for exemption of capital gain which arises from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee. The assessee is required to utilise the net consideration for subscription in the equity shares of an eligible start-up, before the due date of furnishing of return of income under sub-section (1) of section 139 of the Act. The eligible start-up is required to utilise this amount for purchase of new asset within one year from the date of subscription in equity shares by the assessee. Further, it has been provided that benefit is available only when the residential property is

- In order to incentivise non-cash transactions to promote digital economy and to further reduce compliance burden of small and medium enterprises, the Budget proposed to increase the threshold from five crore rupees to ten crore rupees for tax audit of certain companies.
- Decriminalization of the Limited Liability Partnership (LLP) Act, 2008.
- Launch of data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0. This Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.
- To have ease of doing business for those who deal with Government or CPSEs, and carry out contracts, it is proposed to set up a Conciliation Mechanism and mandate its use for quick resolution of contractual disputes.

- Reduction on time-limit for re-opening of assessment to 3 years from the present 6 years by tax officers.
- Constitution of Dispute Resolution Committee for small and medium taxpayers
- For Foreign Portfolio Investors, deduction of tax on dividend income to be enabled at lower treaty rate.
- The Government is committed to make the International Financial Services Centre (IFSC) in GIFT City a global financial hub, thus it is proposed to incentivize relocating of foreign funds in IFSC