



SCO Knowledge Bank



Republic of India  
Startup Ecosystem

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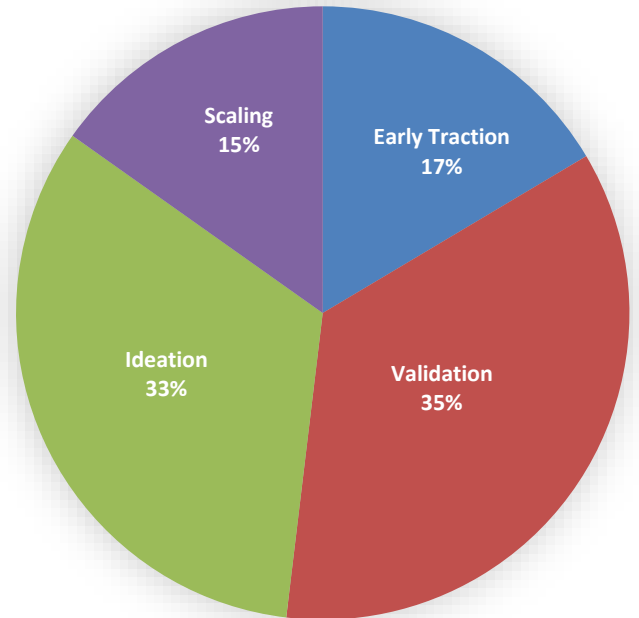
## Indian Startup Ecosystem

57,000+ Number of Startups<sup>1</sup>

700+ Incubators/Accelerators

USD 75+ Bn Startup Funding

11 Direct Jobs per Startup



## Institutional support to startups

India has favorable demography, open economic environment, and culture of entrepreneurialism, Hon'ble Prime Minister Shri Narendra Modi launched **Startup India along with an Action Plan** on January 16<sup>th</sup>, 2016 intending to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship driving sustainable economic growth and generating large-scale employment opportunities in India. The 19-point Action Plan focuses both on restricting hindrances and promoting faster growth by way of (i) Simplification and Handholding (ii) Funding Support and Incentives and (iii) Industry-Academia Partnership and Incubation.

During this period, India got its **legal definition of the startup** as prescribed under **G.S.R. notification 127 (E)** by the DPIIT, Government of India. DPIIT recognized startups receive numerous incentives such as self-certification of

<sup>1</sup> as of 13<sup>th</sup> October 2021



labor & environmental laws, rebate on patent and trademarks, expedited IPR support, easier public procurement norms, etc. To encourage the growth of startups, an amendment to the **Income Tax Act** was made that permits an eligible startup to receive a 100 percent income tax exemption for 3 years. Furthermore, one of the most significant accomplishments was enacting the Angel Tax Amendment, which established a mechanism to claim **exemption on tax levied** on capital raised beyond fair market value.

The **Startup India Hub**, a one-stop online platform, was launched to allow all stakeholders in the startup ecosystem to communicate with each other, exchange knowledge, and collaborate in a vibrant environment. In addition, the Hub attempts to have a knowledge bank comprising Government schemes and initiatives, industry reports, and free tools.

Furthermore, the Government has undertaken **49 regulatory reforms** specifically tailored for players in the startup space to enable ease of doing business, ease of raising capital and lessen the compliance burden on them.

## Initiatives to foster innovation and entrepreneurship

Entrepreneurship and innovation have always been identified as crucial components for economic growth. Over the last few years, the Government has undertaken several initiatives to foster a culture of entrepreneurship and startups in the country. As part of Startup India's awareness and outreach plan, DPIIT launched the **Startup India Yatra** to reach out to startups in every district of the country and encouraged entrepreneurs in realizing their startup dream. The Startup India mobile van traveled around states, covering over 236 districts in 23 states and reaching out to over 78,000 prospective entrepreneurs.



The **National Startup Awards**, an annual exercise, was conceived and launched by the Government to recognize and rewards startups and enablers passionate for invention and to promote growth and innovation within the startup ecosystem. Winner and finalists of the awards receive not only monetary benefits but also handholding across 8+ pillars of support essential for startups.

Further to facilitate and encourage the startup ecosystem in States and UTs, the Government has undertaken an annual exercise, the **States' Startup Rankings**. The initiative is an evolved evaluation tool aimed to strengthen the support of States and UTs to holistically build their startup ecosystems. 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.

To commemorate 5 years of Startup India, the Government of India hosted the **Prarambh**: Startup India International Summit to position India's entrepreneurial spirit on the global map. The objective was to inspire the youth for innovation and entrepreneurship, mobilize global and domestic capital, and provide opportunities for entering international markets. Over 1.2 lakh registrations from 56 nations were received for the two-day summit, which brought together some of the brightest entrepreneurial minds from India and around the world. An exceptional set of ideas and collaborations were explored to lay the foundation for the next wave of startup growth, not only in India but globally as well.

To provide a platform to startups to showcase innovations, an online discovery platform, **Startup India Showcase**, for the most promising startups of the country chosen through various DPIIT and Startup India programs exhibited in a form of virtual profiles has been created. The startups showcased on the



platform have distinctly emerged as the best in their fields. These innovations have been handpicked by experts and have gone through multiple rounds of screening and evaluation.

## Government and International Market Access

The Government has developed a lucrative platform called Government eMarketplace (GeM) to enable small traders and manufacturers to offer their products and services to important purchasers from the Government sector or PSUs. To onboard budding startups and reach out to Government Buyers, the Government has launched an interactive project, the **GeM Startup Runway**, promoting entrepreneurship through innovation and providing a level playing field to startups vis-à-vis the experienced companies in public procurement. In addition, Startup Runway allows entrepreneurs to obtain exemptions on prior experience, prior turnover, and earnest money deposit requirements, feedback from Government entities, and market valuation from potential buyers and investors.

Furthermore, the Government has made a provision for startups to register on the **Central Public Procurement Portal (CPPP)**, an online portal to publish all procurement requests, to become preferred bidders in public orders, and benefit from the aforementioned exemptions.

Expanding a business to a new international market is a significant challenge for entrepreneurs and requires a significant amount of resources. Startup India launched **Startup International Bridges**, a soft-landing platform that would connect Indian startups with the global market and assist in bringing global startups to India. It has also established a network of mentors, venture capitalists, incubators, and accelerators that benefitted the global startup ecosystems. To date, 11 partner countries have signed on, including Portugal,



Israel, Japan, Sweden, Singapore, Finland, Korea, Russia, the United Kingdom, the Netherlands, and Germany, and stakeholders from startup ecosystems are benefiting greatly.

## Incubation and Acceleration Support

To encourage social entrepreneurship and innovation among the country's youth, NITI Aayog launched the **Atal Innovation Mission (AIM)** and a mechanism known as Self Employment and Talent Utilization (SETU). So far, AIM identified 86 incubators around the country for financial assistance, and 68 of these incubators have received grants totaling more than INR 200 crore. Moreover, within the first three years, the Atal Incubation Centers nurtured 1,250+ startups, 500+ of which were led by women, and onboarded 1,000+ mentors to guide startups.

Additionally, to leverage the resources of India's top technical and R&D institutes, the Government established the **Technology Business Incubators (TBI)**, which provide an integrated package of their resources such as workspace, shared office services, access to specialized equipment, legal services, networking support, etc. The primary goal of TBIs is to foster an innovative mindset among technology-based entrepreneurs in the country and the Government has sanctioned approximately 150 such TBIs so far.

To promote innovation through incubation and collaborative R&D efforts between academics and industry, the Government planned to establish **Research Parks**. 8 new Research Parks have been identified for development at 7 IITs and IISc Bangalore, with a total of INR 575 crore sanctioned and INR 250 crore already disbursed.

Furthermore, the Government crafted the National Innovation and Startup



Policy to actively involve students and faculty at Higher Education Institutions (HEIs) in innovation and entrepreneurship-related activities. Also, to support the formation of a robust innovation and startup ecosystem among HEIs in terms of IP ownership and technology licensing. From around 3.2 lakh submissions received from schools, approximately 50,000 ideas were shortlisted to prepare a project and participate in the District Level Exhibition & Project Competition (DLEPC).

## Funding Support

For entrepreneurs, the ready availability of capital is a critical aspect in growing their business – many business ideas fail due to a lack of capital. To address this issue, the Government has established the **Startup India Seed Fund Scheme (SISFS)** with a budget of INR 945 crore to provide financial support to startups for Proof of Concept, Prototype Development, Product Trials, Market Entry, and Commercialization, resulting in job creation. SISFS will be distributed to qualifying startups through approved incubators across India, and it will support an estimated 3,600 entrepreneurs through 300 incubators over the next few years.

The Government has instituted access to a large capital of funds for startups through the scheme **Fund of Funds (FFS)**. The aim is to inspire entrepreneurship by providing indirect funding to budding startups via Venture Capital (VC) Funds active in the Indian startup ecosystem. FFS gives capital to SEBI-registered Alternate Investment Funds (AIFs), often known as daughter funds managed by SIDBI, who invest in high-potential Indian startups.





## Mentorship Support

Startup India launched **Startup India's Learning and Development Program** to motivate individuals and teach the foundations of entrepreneurship to startup aspirants/early-stage startups. The learning program includes courses on important aspects of businesses from 40+ top founders that are available in both English and Hindi.

Women-owned businesses are playing an important role in society, encouraging others and creating more job opportunities in the country. Through different laws and programmes, the Government is committed to strengthening the women's entrepreneurial ecosystem. The **Women Capacity Development Program (WING)** addresses capacity development for women-led businesses by disseminating information about initiatives, training, and providing a platform for startups. A total of 21 capacity-building workshops were held in 9 states, benefiting over 1150 female entrepreneurs. In addition, a **Virtual Incubation Program for Women Entrepreneurs** was launched in cooperation with Zone Startups to provide pro-bono acceleration support to 20 women-led tech startups for three months.

## Capacity-building Initiatives for enablers

Adequate support and mentoring at various stages of the business lifecycle are essential for a new idea to become a successful commercial venture. Incubators play a crucial role in identifying and supporting early-stage entrepreneurs throughout their existence.

To energise the startup ecosystem, the Government annually hosts the **Startup India Global Venture Capital Summit** – a summit attended by fund managers and limited partners from top global venture capital firms. The summit's goal is



to mobilize global capital for innovation in India, allowing Indian startups to meet top global investors for advisory support and to discuss investment prospects.

The Government has collaborated with numerous private organizations to hold startup challenges to increase competitiveness and involve entrepreneurs in supporting the Government's efforts. The **Startup Grand Challenges** have also directed the Government and private-sector agencies to collaborate with startups in the spirit of innovation and entrepreneurship. Since 2017, DPIIT has organised 10+ grand challenges in partnership with other Ministries and public organisations, with the winners receiving significant prizes.

## Contact Details

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