

**GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

**RAJYA SABHA**

**UNSTARRED QUESTION NO. 2780.  
TO BE ANSWERED ON FRIDAY, THE 19<sup>TH</sup> MARCH, 2021.**

**PROMOTION OF STARTUPS**

**2780. DR. VINAY P. SAHASRABUDDHE:**

Will the Minister of **Commerce and Industry** be pleased to state:

- (a) whether Government has undertaken any specific measures for the promotion of Startups in the country; and
- (b) if so, how many Startups have benefitted from such specific measures, the details thereof, State-wise?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY  
(SHRI SOM PARKASH)**

- (a) & (b):** Startup India is a flagship initiative of the Government of India launched on 16th January 2016. The initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive to growth of Startups. Since the launch of Startup India initiative, a total of 44,766 Startups have been recognized by DPIIT as on 14th March 2021. States/UTs wise breakup of DPIIT recognized startups is at Annexure-I.

A detailed progress made on 19 Action Points of Startup India Action plan is enclosed as Annexure-II.

Summary of achievements in respect of many other initiatives undertaken beyond the Action plan for development of over all growth of Startup movement in the country is enclosed as Annexure-III.

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## ANNEXURE – I

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE RAJYA SABHA UNSTARRED QUESTION NO. 2780 FOR ANSWER ON 19.03.2021.

**Recognized Startups under Startup India initiative – State/UT-wise**

<b>States</b>	<b>Total</b>
Maharashtra	8353
Karnataka	5999
Delhi	5587
Uttar Pradesh	3880
Gujarat	2622
Haryana	2495
Telangana	2462
Tamil Nadu	2338
Kerala	2049
Rajasthan	1350
West Bengal	1274
Madhya Pradesh	1268
Odisha	815
Andhra Pradesh	724
Bihar	697
Chhattisgarh	528
Jharkhand	408
Punjab	392
Uttarakhand	356
Assam	330
Jammu and Kashmir	192
Goa	186
Chandigarh	167
Himachal Pradesh	106
Puducherry	44
Manipur	42
Tripura	34
Andaman and Nicobar Islands	16
Nagaland	16
Dadra and Nagar Haveli and Daman and Diu	13
Meghalaya	9
Arunachal Pradesh	4
Mizoram	4
Sikkim	4
Ladakh	1
Lakshadweep	1
<b>Total</b>	<b>44766</b>

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**ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE RAJYA SABHA UNSTARRED QUESTION NO. 2780 FOR ANSWER ON 19.03.2021.**

**Detailed progress made on the 19 Action Points of Startup India Action Plan**

**1. Compliance Regime based on Self-certification**

**Objective**

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

**Progress**

15 states have complied with the self-certification advisory for five years and 12 states have complied with the advisory for three years. 9 states have integrated their portals with Shram Suvidha Portal. 169 startups have availed the benefits of self-certification. A list of 64 Startups that have self-certified has been uploaded on the Shram Suvidha Portal. 36 white category industries identified for availing self-certifications

**2. Startup India Hub**

**Objective**

To create a single point of contact for the entire Startup ecosystem and enable knowledge exchange and access to funding

**Progress**

A dedicated Startup hub team was setup under Invest India. 2,05,725 queries have been addressed, as of 12th March 2021.

**3. Startup India Portal and Mobile App**

**Objective**

To serve as the single platform for Startups for interacting with Government and Regulatory Institutions for all business needs and information exchange among various stakeholders

**Progress**

Startup India portal and app were launched in April 2016. 4,68,043 users are registered on the Startup India Portal as of 14<sup>th</sup> March 2021. 44,766 startups are recognized by Department for Promotion of Industry and Internal Trade (DPIIT) as on 10<sup>th</sup> March 2021 through the portal.

#### **4. Legal Support and Fast-tracking Patent Examination at Lower Costs**

##### **Objective**

To promote awareness and adoption of IPRs by Startups and facilitate them in protecting and commercializing the IPRs by providing access to high quality Intellectual Property services and resources, including fast-track examination of patent applications and rebate in fees.

##### **Progress**

Startups are eligible for 80% rebate in patent filing fees and 50% on trademark filing fees. Additionally, Startups are also provided the facility of expedited examination of patent applications to reduce the time taken in granting patents. 510 patent facilitators and 392 trademark facilitators have been empanelled, as of November 2020, under this scheme to provide free-of-charge services to Startups. Till date 5253 applications for patents have been filed by startups under the SIPP Scheme, out of which 514 patents have been granted. Till November 2020, total 12,264 Trademark applications have been filed.

#### **5. Relaxed Norms of Public Procurement for Startups**

##### **Objective**

To provide an equal platform to Startups (in the manufacturing sector) vis-à-vis the experienced entrepreneurs/ companies in public procurement

##### **Progress**

The requirement of prior turnover & experience has been relaxed to encourage startups to participate for tenders. Further, startups have been exempted from requirement of earnest money deposit. 'GeM Startup Runway' has been launched with dedicated corner for startups to sell products and services to Government. As of 4th January 2021, 7,929 DPIIT recognized startups have registered on Government e-Marketplace (GeM). 53,226 orders have been placed to startups. The value of orders served by startups is to the tune of about Rs. 2,279 crore.

#### **6. Faster Exit for Startups**

##### **Objective**

To make it easier for Startups to wind up operations

##### **Progress**

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.

#### **7. Funding Support through a Fund of Funds**

##### **Objective**

To provide funding support for development and growth of innovation driven enterprises

##### **Progress**

The Fund of Funds for Startups (FFS) is being operated and managed by Small Industries Development Bank of India (SIDBI). FFS funds the AIFs which in turn invest twice the amount contributed by the FFS, into DPIIT recognized startups. SIDBI has committed Rs 4326.95 Crore to 60 SEBI registered Alternative Investment Funds (AIFs). These funds have raised a corpus fund of Rs 31,598 crore. Rs 1270.46 crore have been drawn from the SIDBI Fund of Funds. Rs 4509.16 crore have been invested into 384 startups as on 1<sup>st</sup> December 2020.

## **8. Credit Guarantee Fund for Startups**

### **Objective**

The objective of the CGSS is to create a Credit Guarantee Fund for Startups (CGFS) for providing credit guarantee up to a specified limit against loan extended by Member Lending Institution (MLI) to finance a Startup.

### **Progress**

To ease access to early-stage debt and to finance the capital requirements for startups, a credit guarantee scheme with a corpus of Rs 500 Crore per year for four years is proposed to be launched. A Credit Guarantee fund for startups has been proposed with a corpus of Rs 2,000 Crore. The proposal targets coverage of guarantee for approximately Rs 15,000 Crore for 3000 units with an average loan size of Rs 5 Crore to eligible borrower.

## **9. Tax Exemption on Capital Gains**

### **Objective**

To promote investments into startups by mobilizing the capital gains arising from sale of capital assets.

### **Progress**

This initiative is coordinated by Department of Revenue. Section 54EE and 54GB have been inserted in the Income-tax Act, 1961 to provide exemption from capital gains tax.

## **10. Tax Exemption to Startups for 3 years**

### **Objective**

To promote the growth of Startups and address working capital requirements.

### **Progress**

The provisions of section 80-IAC of the Income Tax Act provide for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive assessment years out of 7 years, at the option of the assessee, subject to certain conditions. The Finance Act, 2020 provides for an amendment to Section 80-IAC of the Income Tax Act so as to provide that the deduction under the said section 80-IAC shall be available to an eligible start-up for a period of 3 consecutive assessment years out of 10 years beginning from the year in which it is incorporated. This amendment will take effect from 1st April 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years. To avail these benefits, a Startup must get a Certificate of Eligibility from the Inter-Ministerial Board (IMB). 350 startups have been granted income tax exemptions till February 2021.

## **11. Tax Exemption on Investments above Fair Market Value**

### **Objective**

To encourage seed-capital investment in Startups

### **Progress**

DPIIT recognized startups are exempt from tax under Section 56(2)(viib) of the Income Tax Act when such a Startup receives any consideration for issue of shares which exceeds the Fair Market Value of such shares. The startup has to file

a duly signed declaration in Form 2 to DPIIT {as per notification G.S.R. 127 (E)} to claim the exemption from the provisions of Section 56(2) (viib) of the Income Tax Act. As of 11<sup>th</sup> March 2021, with regard to declarations received from entities, furnished in Form 2, intimation regarding receipt of declaration in Form 2 has been mailed in the cases of 3,806 entities.

## **12. Organizing Startup Fests for Showcasing Innovation and Providing a Collaboration Platform**

### **Objective**

To galvanize the Startup ecosystem and to provide national and international visibility to the Startup ecosystem in India

### **Progress**

This Department has organized various Startup events. Some of such key events are as follows:

- I. Roundtable headed by Minister of Commerce and Industry with Venture Fund managers in April 2018 at Mumbai;
- II. Roundtable with Singapore delegation led by Enterprise Singapore & TiE Singapore in August 2018 at Delhi;
- III. Roundtable with Japanese startups led by JETRO in September 2018 at Delhi;
- IV. Roundtable headed by Secretary DPIIT with Venture Fund managers in August 2018 at Delhi;
- V. Roundtable with Finance Secretary on banking regulations faced by startups in September 2018 at Delhi;
- VI. Startup India Global Venture Capital Summit in December 2018 at Goa;
- VII. Roundtable headed by Secretary DPIIT on Angel Tax regulations in February 2019 at Delhi;
- VIII. Startup Manthan @ Aero India in February 2019 at Bengaluru;
- IX. Speed Mentoring Session for Women Entrepreneurs in March 2019 at Delhi;
- X. Roundtable headed by Secretary, DPIIT on Accreditation of investors in April 2019 at Delhi;
- XI. Roundtable headed by Secretary DPIIT on Regulatory issues faced by stakeholders of startup ecosystem April 2019 at Delhi;
- XII. Roundtable with Central Government Departments on best practices for promoting startups in May 2019 at Delhi
- XIII. Roundtable headed by Secretary, DPIIT on journey and hurdles faced by Startups in November 2019 at Delhi
- XIV. Second edition of Startup India Global Venture Capital Summit in December 2019 at Goa;
- XV. Roundtable headed by Minister of Commerce and Industry to discuss regulatory concerns of investors in December 2019 at Goa
- XVI. Roundtable headed by Secretary DPIIT on Regulatory issues pertaining to Startups held in January 2020 at Delhi;
- XVII. Roundtable headed by Secretary DPIIT on mobilization of surplus funds available with pension, insurance and PSUs for investment into Startups in January 2020 at Delhi.

- XVIII. Roundtable headed by Chairman - Airport Authority of India on mobilization of surplus funds available with PSUs for investment into Startups in February 2020 at Delhi.
- XIX. Roundtable headed by Secretary - Ministry of Labour and Employment on mobilization of surplus funds available with pension fund for investment into Startups in February 2020 at Delhi.
- XX. Roundtable headed by Secretary DPIIT on action taken report on regulatory concerns of Investors and other stakeholders of the Startup Ecosystem in February 2020 at Delhi.
- XXI. Roundtable headed by Joint Secretary DPIIT taxation concerns of the startup stakeholder community in March 2020 at Delhi.
- XXII. Videoconference headed by Minister of Railways and Commerce & Industry to assess the impact of COVID-19 and lockdown in the country on Startup ecosystem in April 2020.
- XXIII. Videoconference headed by Joint Secretary DPIIT on taxation concerns of the startup stakeholder community in May 2020.
- XXIV. Videoconference headed by Joint Secretary DPIIT on mobilisation of Surplus fund available with Insurance Companies for investment into Startups through Alternative Investment Fund (AIF) in June 2020.
- XXV. An investment readiness roundtable chaired by Shri. Anil Aggarwal, Joint Secretary, DPIIT, was conducted in June 2020, with relevant industry stakeholders, including, IFC, IVCA, IAN, LetsVenture, TiE. The roundtable was aimed at explaining the vision and objective of the digital platform for investor ecosystem to the stakeholders, followed by garnering their inputs, feedback, and suggestions on the design and flow of the portal.
- XXVI. Several Indic language startups were contacted to enlist their challenges which was followed by two consultation meetings with relevant Government departments to resolve them. First meeting, chaired by Shri Anil Agarwal, Joint Secretary, DPIIT, was held in June 2020 and was attended by officials from MeitY and FDI division of DPIIT along with several Indic Language startups.
- XXVII. Videoconference headed by Joint Secretary DPIIT to discuss the possibility of mobilization of surplus funds available with insurance companies for investment into startups through Alternative Investment Fund (AIF) in August 2020.
- XXVIII. Video Conference was held in August 2020 under the chairmanship of Joint Secretary, DPIIT to facilitate interaction with relevant ministries and companies to understand data and technologies present with the Government and discuss possibilities of creating synergies between different organizations to develop Indian-based Digital Maps & Navigation systems. In order to encourage Indian tech entrepreneur to venture in this sector and provide them with required information pertaining to research and development that has already been carried out by Government organizations, a webinar was held on 15th October.

- XXIX. A virtual felicitation ceremony was held in the august presence of Hon'ble Minister of State for Commerce & Industry, Shri Som Parkash where the Results of the National Startup Awards 2020 were released by Hon'ble Minister of Railways and Commerce & Industry, Shri Piyush Goyal, on 6<sup>th</sup> of October, 2020 at the National Media Centre, New Delhi.
- XXX. The results of States' Startup Ranking Exercise 2019 were announced in a video conference on 11th September 2020 in the presence of preeminent dignitaries - Shri Piyush Goyal, Hon'ble Minister of Railways and Commerce and Industry, Shri Hardeep Singh Puri, Hon'ble Minister of State for Commerce and Industry and Minister of State (Independent Charge) for Civil Aviation, Housing and Urban Affairs and Shri Som Prakash, Hon'ble Minister of State for Commerce and Industry. The National Report, State Reports, and Compendium of Best Practices which provides insight on the enormous path breaking efforts made by the states and also give guidance to them, on the way forward were also launched by the honorable dignitaries at the event.
- XXXI. Videoconference headed by Secretary DPIIT on taxation concerns of the startup stakeholder community held in November 2020.
- XXXII. Closed-door roundtable headed by Hon'ble Minister of Railways and Commerce & Industry to discuss the concerns of Global Funds, share a progress report of the current Indian Startup-VC Ecosystem, and discuss ways ahead for Investing in India with an aim to mobilising Global Capital in Indian Innovation and promoting ease of doing business for global venture funds held on 15<sup>th</sup> January 2021.
- XXXIII. Closed Door Roundtable headed by Hon'ble Finance Minister to discuss the ways to mobilize domestic capital for Indian Startups and support ease of doing business held on 16<sup>th</sup> January 2021.

### **13. Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilization (SETU) Program**

#### **Objective**

To serve as a platform for promotion of world-class Innovation Hubs, Grand Challenges, Startup businesses and other self-employment activities, particularly in technology driven areas

#### **Progress**

As of Feb 2020, 14,916 schools across the country have been selected for Atal Tinkering Laboratories, out of which 4,875 have received Rs. 12 Lakhs grant each and are operational

### **14. Harnessing Private Sector Expertise for Incubator Setup**

#### **Objective**

To ensure professional management of Government sponsored / funded incubators, Government will create a policy and framework for setting-up of incubators across the country in public private partnership.



## **Progress**

Atal Innovation Mission (AIM) has selected 86 incubators across the country to provide financial support through grants in aid. and has already disbursed grants worth ~Rs. 201 Crores to 68 incubators.

Within the past three years, and as self-reported by the incubators, 1,250+ startups have been incubated in the Atal Incubation Centers/ Established Incubation Centers out of which ~500 are women-led startups. 144+ MSME's have been supported to build business sustainability and Rs. 62+ crores of seed funding have been leveraged from other sources based on the Rs. 6+ crores granted by AIM. 13,800+ jobs have been created by the startups incubated at the Atal Incubation Centers/ Established Incubation Centers. 1,000+ mentors have been onboarded by the Atal Incubation Centers/ Established Incubation Centers to guide startups. 2,200+ events and 700+ trainings have been reported by this network of Atal Incubation Centers/ Established Incubation Centers.

NITI Aayog has launched Innovation Awards through the challenge route by the name of Atal New India Challenges (ANIC). For this, call for applications in 24 focus areas across 5 ministries was conducted and 26 Applicants have been shortlisted for funding and handholding support and additional 26 applicants have been shortlisted for handholding support.

## **15. Building Innovation Centres at National Institutes**

### **Objective**

To propel successful innovation through augmentation of incubation and R&D efforts

### **Progress**

This initiative is coordinated by Department of Science and Technology and Ministry of Human Resource Development. 11 TBIs (Technology Business Incubators) have been approved for which Rs 42.23 crore have been sanctioned and Rs 18.69 crore have been disbursed to TBIs. 21 new TBIs (over and above 15 TBIs envisaged) and 5 Centres of Excellence (COEs) are proposed to be established.

## **16. Setting up of 7 New Research Parks**

### **Objective**

To propel successful innovation through incubation and joint R&D efforts between academia and industry

### **Progress**

This initiative is coordinated by Department of Science and Technology and Ministry of Human Resource Development. 8 new Research Parks have been

identified to be built over 5 years at 7 IITs and IISc Bangalore. INR 575 Cr. Sanctioned and INR 250 Cr. disbursed by DST as of 13<sup>th</sup> September 2019.

## **17. Promoting Startups in the Biotechnology Sector**

### **Objective**

To foster and facilitate bio-entrepreneurship

### **Progress**

- DBT-BIRAC has supported more than 1000 startups, Entrepreneurs & SMEs
- Total number of Indian Biotech Startups - 3325
- More than INR 350 Cr Partnered funding raised by more than 75 Startups
- More than 130 Products & Technologies
- 48 Bio-incubators across India creating an incubation space of 523449 sq. ft. for budding entrepreneurs. 650 Incubatees supported
- 16 BioNEST Incubators engaged as SEED Fund Partners supporting more than 40 startups
- 6 BioNEST Incubators engaged as LEAP Fund Partners supporting 10 startups
- INR 150 Cr committed under Biotechnology Innovation - AcE (Accelerating Entrepreneurs) Fund supporting 27 Companies so far
- 4 bio-clusters (NCR, Kalyani, Bangalore and Pune) till date
- 4 BIRAC Regional Centres
- More than 200 IPs filed
- Five Bio-connect offices have been established
- 5 Technology Transfer Offices have been established till date at BIRAC's BioNEST Bio-incubators

## **18. Innovation Focused Programs for Students**

### **Objective**

To foster a culture of innovation in the field of Science and Technology amongst students

### **Progress**

- 158 projects have been approved under Uchchar Avishkar Yojana (UAY)-I and Uchchar Avishkar Yojana (UAY) – II
- National Initiative for Developing and Harnessing Innovations (NIDHI) aims to nurture start-ups through scouting, supporting and scaling of innovations
- The INSPIRE 'Innovation in Science Pursuit for Inspired Research' (INSPIRE) Awards - MANAK (Million Minds Augmenting National Aspirations and Knowledge), being executed by DST with National Innovation Foundation – India (NIF), an autonomous body of DST, aims to motivate students in the age group of 10-15 years and studying in classes 6 to 10. The objective of the scheme is to target one million original ideas/innovations rooted in science and societal applications to foster a culture of creativity and innovative thinking among school children. About 50,000 top ideas have been shortlisted from about 3.2 lakh nominations received from Schools for an INSPIRE award of INR 10,000/- each, for preparation of a project/model and participation in District Level Exhibition & Project Competition (DLEPC).

## **19. Annual Incubator Grand Challenge**

### **Objective**

To support creation of successful world class incubators in India

### **Progress**

- An "Incubator Grand Challenge" exercise is being carried out for identification of these incubators under the Established Incubation Centres (EIC) program of AIM.
- Atal Innovation Mission (AIM) has selected 16 incubators across the country to provide financial support through grants in aid and has already disbursed grants worth ~INR 54.65 Crs to 9 incubators till date.
- These incubators are being given INR 10 crore each as financial assistance which may be used for ramping up the quality-of-service offerings. The EIC program provides scale-up support to well-performing incubators to augment, enhance and upgrade their incubation capacity manifold and develop a conducive innovation and entrepreneurship ecosystem by strengthening linkages with various national and international stakeholders.

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**Many other initiatives beyond the Startup India Action Plan have been undertaken for development of overall growth of Startup movement in the country. Summary of achievements made so far under such initiatives are enumerated below.**

**1. Regulatory Easing**

Recognizing that disruptive business models and innovative technologies may face regulatory hurdles, DPIIT has held extensive consultations with all stakeholders and has worked with relevant Government Agencies to make regulatory changes. 39 such regulatory changes to enhance ease of doing business, raising capital and reducing compliance burden have been undertaken. The list of regulatory reforms is enclosed at Annexure A

**2. Participation of States in Strengthening Startup Ecosystems  
States' 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 Ecosystems, the States' Startup Ranking Framework was launched by Department for Promotion of Industry and Internal Trade (DPIIT) on 6th February 2018.

A total of 27 States and 3 UTs participated in this exercise. Many parameters involved getting feedback from beneficiaries. The participating States and UTs were evaluated on a score of 100, against 38 Action Points categorized into 7 areas of intervention of the ranking framework. The ranking results were announced on the 20th of December 2018 with the State of Gujarat declared as the 'Best Performer'

Impact of Ranking Exercise 2018:

- 3213 Startups provided with Seed Funding
- 163 Startups funded through Venture Funds
- 17 States announcing incentives for women entrepreneurs
- 10.2 lakh sq. ft. Incubation Area supported by State Governments
- 596 Entrepreneurship Cells established across 340 districts
- 1996 Mentors Registered across 19 States
- 233 Startup Events organized across 21 States

**Startup Ranking Framework 2019**

The Department has launched States' Startup Ranking Framework for 2019 with the key objective to encourage States and UTs to take proactive steps towards strengthening the Startup ecosystems within their jurisdictions. To establish uniformity and ensure standardization in the ranking process, States and UTs have been divided into Category-X and Category-Y, wherein the Y category entails all UTs, except Delhi, and all states in North East India, except Assam ; Category X contains all other states.

State Ranking Framework 2019 is spread across 7 areas of intervention with a total of 30 action points, as compared to the 38 action points in the Previous Year State Ranking Framework. The overall score attributed to States and UT's, 76% is based on the feedback collected from beneficiary startups.

A total of 25 States/UTs participated in this exercise and more than 60,000 calls have been made. Feedback was collected from more than 6000 beneficiaries in more than eleven languages.

**Regional Knowledge Exchange Workshops :** In a capacity development initiative, Startup India organized knowledge exchange workshops for dissemination of best practices and mutual learning among States and UTs. Three two-day knowledge exchange workshops were organized in leading States across the country. The workshops offered an opportunity for participating States and UTs to interact with each other, exchange best practices, interact with leading Startups, investors and incubators.

The **Results of the second edition of Ranking of States on Support to Startup Ecosystems** were released by Minister of Commerce & Industry and Railways **Shri Piyush Goyal on 11th September, 2020**. The State of Gujarat declared as the ‘Best Performer’ in Category X and Andaman and Nicobar Islands was declared as ‘Best Performer’ in Category Y

Impact of Ranking Exercise 2019:

- 18 states and 2 UTs have supported the participation of startups in more than 130 national and international events conducted across the world
- 18 States and 2 UTs have operational incubators that offer seats to startups at subsidized rates or free of cost
- 15 States awarded at least one work order to startups
- 6 States and 1 UT have given a 100% relaxation to startups in public procurement tenders
- 5 states and 1 union territory provide 100% relaxations for the criteria related to prior turnover
- 18 States have provided seed funding to more than 1,300 startups. In the top performing state, 30% of all the beneficiaries i.e more than 400 beneficiaries have availed this support.

A number of reforms have been undertaken by the states and the State Ranking Framework 2019 evaluated the number of rules, regulations and Acts amended or introduced to support startups.

The reforms are as follows:

S. No	State/UT	Reforms
1.	Andhra Pradesh	<ul style="list-style-type: none"> <li>• Electric Mobility Policy 2018-2023 introduced in June 2018.</li> </ul>
2.	Bihar	<ul style="list-style-type: none"> <li>• Taxi Aggregator Operational Directives 2019</li> </ul>
3.	Gujarat	<ul style="list-style-type: none"> <li>• Biotechnology Policy 2016-2021</li> <li>• Disposal of applications received from Startups for CTE - Gujarat Pollution Control Board; dated 31-Jul-19</li> </ul>
4.	Karnataka	<ul style="list-style-type: none"> <li>• Karnataka Open Data Initiative (K-Odi)</li> <li>• Karnataka Biotechnology Policy 2017-22</li> <li>• Karnataka Animation, Visual Effects, Gaming and Comics Policy 2017-22</li> <li>• Karnataka Electric Vehicle &amp; Energy Storage Policy 2017</li> <li>• Karnataka Electronics System Design and Manufacturing Policy 2017-22</li> </ul>

5.	Kerala	<ul style="list-style-type: none"> <li>• Establishment of Massachusetts Institute of Technology Super Fab Labs</li> <li>• Establishment of Hardware Accelerator by BRINC at Integrated Startup Complex; dated 7-Mar-19</li> <li>• Senior Fellowship Program</li> </ul>
6.	Maharashtra	<ul style="list-style-type: none"> <li>• Maharashtra's Electric Vehicle policy, 2018</li> <li>• Maharashtra Fintech Policy</li> </ul>
7.	Odisha	<ul style="list-style-type: none"> <li>• Odisha State Youth Policy (OYSP) 2013</li> <li>• Odisha State Film Policy 2016</li> <li>• Renewable Energy (RE) Policy 2016</li> <li>• Biotechnology Policy 2018</li> <li>• Aerospace Defence Manufacturing Policy 2018</li> </ul>
8.	Punjab	<ul style="list-style-type: none"> <li>• Punjab Pollution Control Board - Relaxed norms for industries falling under Orange &amp; Green categories</li> </ul>
9.	Telangana	<ul style="list-style-type: none"> <li>• Drone Policy 2019</li> <li>• Blockchain Policy 2019</li> </ul>
10.	Uttarakhand	<ul style="list-style-type: none"> <li>• Startup Uttarakhand Policy 2018 (English)</li> <li>• Startup Uttarakhand Policy 2018 (Hindi)</li> <li>• Purchase Preference Policy</li> <li>• Uttarakhand Procurement (Amendment) Rules</li> </ul>

The Department has also launched States' Startup Ranking Framework 2020.

### 3. Startup Yatra

Since its launch, Startup India Yatra has covered 224 Districts across 23 States

- Rs. 1.05 Crore worth cash prizes distributed
- 78,346 individual outreaches
- Sensitising regional STARTUP ecosystems
- 145 Bootcamps conducted
- 315 Van Stops
- 441 Institutes covered
- 1,424 incubation offers

As part of the awareness and outreach efforts of Startup India, the Yatra initiative was launched in 2017 to scout for potential startup ideas, spread awareness on the growing Indian startup ecosystem, and the related incentives. The "Startup India Yatra" initiative was also launched with an aim to identify grassroot level entrepreneurs in tier 2 & 3 cities of India.

This initiative provided aspiring entrepreneurs a mechanism to develop upon their ideas through incubation at selective facilities. It was conducted through a collaboration between DPIIT and State departments. The mission was to create awareness about the Indian Startup ecosystem & provide mentorship to budding entrepreneurs, provide Incubation offers to the best talent within Tier 2/3 districts of the States, and provide other incentives from the resource partners of Startup India such as legal consultation, advisory services, mentorship, cash prizes, etc.

The Yatra initiative also conducted knowledge and activity-based sessions wherein startup enthusiasts were imparted deeper understanding of the culture of entrepreneurship, emerging technologies, and processes involved in stagewise development of a startup.

A 'Startup India Mobile Van' was also launched that travelled throughout participating States to record ideas during the workshops. The ideas selected were further evaluated and rewarded to mentor the Next Gen Entrepreneurs of India.

The ideas shortlisted from these bootcamps were further eligible to attend a two-day acceleration program to develop their potential from validation of products/ offerings to developing lucrative marketing pitches.

The initiative identified numerous innovative ideas from entrepreneurs chiefly in the following sectors:

- Technology
- Social Sector
- Agriculture
- Sustainability

#### **4. Grand Challenges**

DPIIT has engaged with various Government Departments and assisted them in launching Startup challenges on various sectors and domains.

DPIIT has launched the Ease of Doing Business (EoDB) Grand Challenge inviting innovative ideas from individuals, startups or other enterprises to implement Artificial Intelligence (AI), Big Data Analytics, Internet of Things (IoT), Block chain and other cutting-edge technologies for re-engineering related Government processes. 789 startups application received through Startup India website have been screened and winners have been selected for problem statements.

Under Swachh Bharat Grand Challenge, Startup India has worked with Ministry of Water and Sanitation to recognise Startups spearheading novel innovations in the field of waste management, water management, air management and sanitation. The initiative has helped the Ministry to identify relevant solutions for environmental challenges. Two startups under each sector have been awarded cash grants.

DPIIT in collaboration with Ministry of Agriculture has launched an Agriculture Grand Challenge inviting solutions on 12 problem statements. Winners of the challenge have received mentorship, free of cost incubation for a period of 3 months, opportunities to conduct pilot programs and funding support in the form of grants.

DPIIT launched Single Use Plastic Grand Challenge to incentivize innovators and Startups to develop design solutions across three problem statements. First Winners to receive cash price of INR 3 lakhs for each problem statement and second winners to receive cash price of INR 2 lakhs for each problem statement.

Apart from channelizing resources from the Government, Market opportunities and mentorship have been provided by way of organizing Corporate Grand Challenges in partnership with Softbank, Whatsapp, Western Digital, International Accelerator etc.

#### **5. 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. 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 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.

These innovations span across various cutting-edge sectors such as Fintech, EnterpriseTech, Social Impact, HealthTech, EdTech, among others. These startups are solving critical problems and have shown exceptional innovation in their respective sectors. Ecosystem stakeholders have nurtured and supported these startups, thereby validating their presence on this platform.

## **6. Blockchain Based Certification**

The Department for Promotion of Industry and Internal Trade (DPIIT) launched a Blockchain-based Certificate Verification Platform on 6th October 2020.

DPIIT issues certificates to recognized startups through the Startup India platform. Each certificate is allotted a unique number that can be used to verify the authenticity of the certificate. To enable instant access and verification, DPIIT has developed a Blockchain-enabled certificate verification platform to offer an additional layer of security and ensuring transparency of public certificates. The platform can be utilized by Government Departments, PSUs, Banks, and Investors to verify the authenticity of the information submitted by startups, for availing support opportunities.

This initiative has been undertaken to provide an additional layer of security to the startup certificates by making them tamper-proof. This platform is the first step towards introducing emerging technologies within existing government frameworks to transform traditional processes. The long-term vision of DPIIT is to establish a multi-party blockchain-based system to reduce redundancies involved in submission of common details by startups to multiple stakeholders.

## **7. Shanghai Cooperation Organization Startup Forum**

DPIIT in partnership with the Confederation of Indian Industry organised the SCO Startup Forum on 27th October 2020. The SCO Startup Forum was launched by Hon'ble Minister of Commerce & Industry, Shri Piyush Goyal. The Forum was one of its kind- the virtual platform was customized to represent the Indian culture in augmented reality. The Forum had 1 plenary session and 6 simultaneous activity zones wherein 11 different activities were held within 3.5 hours in three languages- English, Mandarin, and Russian, which was supported by 14 live interpreters.

The SCO Startup Forum housed a Startup Showcase built to provide a holistic and interactive 3D environment. 90 startups from 4 SCO Member States exhibited their products/ services as part of the virtual startup showcase. 12 Startups from 4 SCO Member States were also given an opportunity to pitch their idea in front of a Jury consisting of renowned professionals and industrialists. Further, 8 Panel Discussions on various areas of cooperation such as Sharing of Best Practices, Promoting Women Entrepreneurship, pitching sessions, Procuring Social Innovations, building successful incubators, among others, were conducted by 49 Speakers from 7 SCO Member States.



The Forum also received global participation- 2,600+ observers from 60 countries and 6 continents registered for the SCO Startup Forum. The top five registrations were received from the Republic of India, the Kyrgyz Republic, the Russian Federation, the Islamic Republic of Pakistan, and the People's Republic of China.

#### **8. International Bilateral Cooperation**

International bilateral cooperation with countries having strong Startup ecosystems- Israel, Singapore, Portugal, Japan and Sweden etc. have been entered into by Startup India Hub to facilitate market access and promote investments. One of the key objectives under the Startup India initiative is to help connect Indian Startup ecosystems to global Startup ecosystems through various engagement models. Details on key International Partnerships executed by DPIIT are enclosed at Annexure-A.

#### **9. Encouraging Women Entrepreneurship**

10% of the fund (Rs 1000 crore) in the Fund of Funds operated by SIDBI has been reserved for women led startups, which will have a multiplier effect as Rs 1000 crore would mean overall corpus of Rs 7000 crore. All the AIFs where SIDBI takes equity have been mandated to contribute 20% in businesses which are women led, women influenced and women employment or women consumption centric.

Efforts are being made to see that other Central Government Departments and State Governments having specific schemes for start-ups and entrepreneurs shall reserve at least one third of the benefits for women. To promote flow of both equity and debt to women led startups, interactions of such women entrepreneurs with venture funds supported by SIDBI and lending institutions including banks are being organized by inviting applications on the 'Startup India Hub' and inviting selected women entrepreneurs, after a process of screening by experts, to interact with these institutions for both equity/debt funding. Specific and suitable entrepreneurship development programmes for women led startups throughout the country are being designed by ascertaining the training/skilling needs of the target groups. To meet the advisory needs of the start-ups led by women, legal, tax, financial and other service providers are being sought to get them connected with each other through the Startup India Hub.

#### **10. National Startup Awards**

DPIIT has conceived the National Startup Awards 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.

A total of 1641 applications were received from startups spread across 23 States and 4 Union Territories for the first version of the National Startup Awards. These applicants included 654 Women-led, 165 academic institution based and 331 startups working in rural areas. Of these 192 finalist startups, 36 Startups were adjudged as winners by the jury panels.

Congratulating the winners, the Railways and Commerce & Industry Minister Shri Piyush Goyal said that the awards will generate excitement and enthusiasm among the young entrepreneurs in taking their innovative ideas to the higher level. DPIIT has now embarked on a new journey with all of the 192 NSA finalists (including the winners), handholding them reach their next stage of growth. DPIIT is supporting

the startups across 8 key tracks viz. Investor Connect, Mentorship, Corporate Connect, Government Connect, International Market Access, Regulatory Support, Benefits under Startup India initiative, and Startup India Showcase

All the 8 tracks are tailored as per the “wish-lists” of the startups and host of exclusive opportunities are being worked upon with renowned partner organisations to support these champions of Indian startup ecosystem

Next edition of the National Startup Awards has been launched and the applications are open until 15<sup>th</sup> February 2021.

## **11. Seed Fund**

Easy availability of capital is essential for entrepreneurs at the early stages of growth of an enterprise. Funding from angel investors and venture capital firms becomes available to startups only after the proof of concept has been provided. Similarly, banks provide loans only to asset-backed applicants. It is essential to provide seed funding to startups with an innovative idea to conduct proof of concept trials. The capital required at this stage often presents a make or break situation for startups with good business ideas.

DPIIT is creating a 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. It will support an estimated 3,600 entrepreneurs through 300 incubators in the next 4 years. The scheme has been approved for the period of next four years starting from 2021-22. It will be implemented with effect from 1st April 2021.

## **12. Prarambh**

As a follow up to Hon’ble PM’s announcement in the Plenary Session of the 4th BIMSTEC Summit held in Kathmandu, Nepal on 30th -31st August 2018 to host BIMSTEC Startup Conclave to increase connectivity among our entrepreneurs, Startup India International Event was proposed to be organized. ‘Prarambh’ was designed such that it meets the Hon’ble Prime Minister’s vision to develop multilateral relationship with the BIMSTEC member countries.

‘Prarambh’ also honored 5 years of Startup India. Today, the Indian Startup ecosystem is the world’s third largest Startup ecosystem and is growing at an unprecedented rate, contributing to the innovation driven growth for the Indian economy. Since the inception of the initiative, more than 40,884 Startups have been recognised as on 21st December 2020 across 586 districts from all 28 States and 8 Union Territories, of which 55% come from tier 1 cities and 45% from tier 2 & 3 cities. Working across IT, Industry 4.0, education, healthcare, agriculture, energy, finance, space, defence, and all other sectors of the economy, Indian startups have attracted substantial global investments and reported more than 4,22,986 jobs.

The two-day long virtual summit (on 15th & 16th January) brought together over 200 marquee speakers from around the world and India, facilitate discussions on technologies, innovation, robust policies, and initiatives, enable government and

international organisations to share their views and set on fire the minds of young Indian entrepreneurs, driving them to solve the problems and challenges that matter, not just for India but also for the entire world.

### **13. Investment Support for startups (Priority Sector lending)**

As per revised guidelines for Priority Sector Lending, issued by the Reserve Bank of India on 4th September 2020, loans to startups have been included as fresh categories eligible for finance. Accordingly, loans of up to INR 50 Crore will be given to startups that are engaged in agriculture and allied activities, those conforming to the definition of MSME as specified by the Government of India and other startups which are engaged in activities apart from agriculture and MSME. Since higher weightage will be given to districts with lower credit flow, startups stand to gain from this initiative.

**Regulatory Reforms**  
**For Enabling Small Businesses or Startups**  
**(Since January, 2016)**

**Reserve Bank of India**

1. Startup enterprises permitted to access loans under External Commercial Borrowing Framework up to USD 3 million.(Oct, 2016)
2. A Securities and Exchange Board of India (SEBI) registered Foreign Venture Capital Investor (FVCI) may contribute up to 100%of the capital of an Indian company engaged in any activity mentioned in Schedule 6 of Notification No. FEMA 20/2000, including startups irrespective of the sector in which it is engaged, under the automatic route. (Aug, 2017)
3. An Indian startup having an overseas subsidiary, may open a foreign currency account with a bank outside India for the purpose of crediting to it foreign exchange earnings out of exports/ sales made by the said entity and/ or the receivables, arising out of exports/ sales, of its overseas subsidiary. (June, 2016)
4. SOFTEX form filed by software exporters moved online. (Feb, 2019)

**Securities and Exchange Board of India (SEBI)**

5. Lock in period for investments made by an Angel Fund reduced to 1 year from 3 years as amended by the SEBI (Alternative Investment Funds) (Amendment) Regulations,2016, w.e.f. 04-01-2017.
6. Angel Funds are allowed to invest in overseas venture capital undertakings upto 25% of their investible corpus in line with other AIFs as provided by the SEBI (Alternative Investment Funds) (Amendment) Regulations, 2016, w.e.f. 04-01-2017.
7. The upper limit for number of angel investors in a scheme is increased from forty nine to two hundred as amended by SEBI (Alternative Investment Funds) (Amendment) Regulations, 2016,w.e.f. 04-01-2017
8. The requirements of minimum investment amount by an Angel Fund in any venture capital undertaking is reduced from fifty lakhs to twenty five lakhs as amended by SEBI (Alternative Investment Funds) (Amendment) Regulations, 2016,w.e.f. 04-01-2017
9. “Operating Guidelines for Alternative Investment Funds in International Financial Services Centres” issued by SEBI. (Nov, 2018)

**Ministry of Corporate Affairs**

10. The financial statement, with respect to private company (if such private company is a start-up) may not include the cash flow statement. (June, 2017)
11. A private company, which is considered as a start-up for a period of five years from the date of its incorporation, is also allowed to accept deposits from members without any restriction on the amount. (Sep, 2017)
12. Startup defined for the purpose of Companies Act, 2013: As per the definition, a start-up company means a private company incorporated under the Companies Act, 2013 and recognised as a “start-up” in accordance with the notification issued by the Department for Promotion of Industry and Internal Trade. (June, 2017)
13. Exemption from procedural compliance (e.g. such as issue of an offer circular or creation of a deposit repayment reserve) for raising deposits from shareholders. (June, 2017)
14. In relation to a private company (if such private company is a startup), the annual return shall be signed by the Company Secretary, or where there is no Company Secretary, by the Director of the company. (June, 2017)

15. A private company (if such private company is a startup) is required to conduct at least one meeting of the Board of Directors in each half of a calendar year and the gap between the two meetings is not less than ninety days. (June, 2017)
16. Name Reservation for Company incorporation: Rule 8, Companies (Incorporation) Rules, 2014 substituted with Companies (Incorporation) 5th Amendment Rules, 2019, which provides for new regulations on resemblance with an existing company name, new categories of undesirable names of a company and list of words which can be used only after obtaining approval. (May, 2019)
17. Amendment in Companies (Share Capital and Debentures) Rules, 2014: The Ministry of Corporate Affairs issued a notification on 16th August, 2019 increasing the period in which ESOPs could be granted to promoters and directors (holding more than 10% equity) of Startups, from 5 years to 10 years from the date of incorporation and thereby aligned the provisions of the Companies (Share Capital and Debentures) Rules with the provisions referred to in the DPIIT notification dated 19th Feb, 2019.  
The notification also enhanced the limit on shares with Differential Voting Rights in the Company from 26% of the total post-issue paid up equity capital of the Company to 74% of the total voting power. Further, the condition for the company to have consistent track record of distributable profits for the last three years for issue of DVR shares has been removed. (August 2019)
18. Corporate Social Responsibility Funds: In reference to section 135 of the Companies Act 2013, Schedule VII has been amended to include Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs). (October 2019).
19. As part of Government of India's Ease of Doing Business (EODB) initiatives, the Ministry of Corporate Affairs has launched a new integrated Web Form christened 'SPICe+' replacing the existing SPICe form. SPICe+ would offer 10 services by 3 Central Govt Ministries & Departments (Ministry of Corporate Affairs, Ministry of Labour & Department of Revenue in the Ministry of Finance) and One State Government (Maharashtra), thereby saving as many procedures, time and cost for Starting a Business in India and would be applicable for all new company incorporations w.e.f. 23rd February 2020. SPICe+ has two parts: Part A-for Name reservation for new companies and Part B offering a bouquet of services viz. (i) Incorporation (ii) DIN allotment (iii) Mandatory issue of PAN (iv) Mandatory issue of TAN (v) Mandatory issue of EPFO registration (vi) Mandatory issue of ESIC registration (vii) Mandatory issue of Profession Tax registration (Maharashtra) (viii) Mandatory Opening of Bank Account for the Company and (ix) Allotment of GSTIN (if so applied for) (February 2020)
20. Amendment in Companies (Share Capital and Debentures) Rules, 2014: The Ministry of Corporate Affairs issued a notification on 05th June, 2020 increasing the period in which Sweat Equity shares, from 5 years to 10 years from the date of incorporation and thereby aligned the provisions of the Companies (Share Capital and Debentures) Rules with the provisions referred to in the DPIIT notification dated 19th Feb, 2019. (June 2020)

21. Amendment in Companies (Acceptance of Deposits) Rules, 2014: The Ministry of Corporate Affairs issued a notification on 07th September, 2020 increasing the period of issuance of convertible note, from 5 years to 10 years from the date of issue and thereby aligned the provisions of the Companies (Acceptance of Deposits) Rules, 2014 with the provisions referred to in the DPIIT notification dated 19th Feb, 2019. (September 2020)
22. Amendment in Companies (Acceptance of Deposits) Rules, 2014: The Ministry of Corporate Affairs issued a notification on 07th September, 2020 whereby the maximum limit in respect of deposits to be accepted from members by a private company shall not apply to a start-up company for 10 years from the date of its incorporation, instead of 5 years. (September 2020)

### **Ministry of Finance, Department of Revenue**

23. In the case of a domestic company, where its total turnover or the gross receipt in the previous year does not exceed two hundred and fifty crore rupees, income tax shall be charged at the rate of 25 percent of the total income. (Feb, 2018)
24. Definition of eligible business as stated in Section 80-IAC aligned with Startups definition. (April, 2018)
25. Introduction of Section 54EE in the Income Tax Act, 1961: Exemption from tax on long-term capital gain if such long-term capital gain is invested in a fund notified by Central Government. The maximum amount that can be invested is Rs 50 lakh. (May, 2016)
26. Amendment in Section 54GB of Income Tax Act: 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 prescribed stake of equity shares of eligible Startup for utilizing the same for purchase of specified asset. (Feb, 2016)
27. Minimum Alternate Tax credit allowed to be carried forward up to fifteenth assessment years instead of ten assessment years. (2017)
28. Exemption under section 80-IAC of Income Tax Act: Exemption to eligible Startup for any 3 consecutive assessment years out of 7 years (earlier 5 years) beginning from the year in which such eligible Startup is incorporated. (April, 2018)
29. Exemption from tax under the provisions of section 56(2)(viib) to Startups for issue of shares above fair market value on the basis of a self-declaration to the Central Board of Direct Taxes. The aggregate amount of paid up share capital and share premium of the startup after issue or proposed issue should not exceed Rs. 25 Crore (Feb, 2019)
30. Taxation of convertible notes - Period for which a bond, debenture, debenture-stock or deposit certificate was held prior to conversion shall be considered for determining the period of holding of such shares or debentures acquired upon conversion. (March, 2016)
31. Amendment in Section 54GB of Income Tax Act w.e.f 1<sup>st</sup> April 2020: (August 2019)
  - i. The condition of minimum holding of 50% of share capital or voting rights in the start-up relaxed to 25%
  - ii. Extension of period under which benefit under section 54GB from for sale of residential property can be availed up to 31st March, 2021
  - iii. Condition restricting transfer of new asset being computer or computer software is to relaxed from 5 years to 3 years w.e.f. 1-4-2020
32. Amendment in Section 79 of Income Tax Act (August 2019): Eligible Startups to carry forward their losses on satisfaction of any one of the two conditions:
  - i. Continuity of 51% shareholding/voting power or
  - ii. Continuity of 100% of original shareholders carrying voting power
33. Pass through of losses allowed to Investment Funds i.e. Category I and II AIF similar to pass through of income. These amendments will take effect from the 1st April, 2020 and

will, accordingly, apply in relation to the assessment year 2020-21 and subsequent assessment years (August 2019)

34. The investment made by Venture Capital Fund of Category-I AIF in a startup was exempted from the applicability of the provisions of section 56(2)(viib) of the IT Act. This exemption has been extended to all sub-categories of Category-I AIF and Category-II AIF via introduction of “specified funds” in the said section (August 2019)
35. The Finance Act 2020 provides for amendment in section 80-IAC of the Income-tax Act relating to special provision in respect of specified business. The provisions of section 80-IAC, inter alia, provide for a deduction of an amount equal to hundred per cent. of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years vis-à-vis the earlier norm of seven years at the option of the assessee and the total turnover of its business does not exceed hundred crore rupees in the previous year relevant to the assessment year for which deduction under this section is claimed. This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years. (Feb 2020)
36. The Finance Act 2020 provides for amendment in section 80-IAC of the Income-tax Act relating to special provision in respect of specified business. The provisions of section 80-IAC, inter alia, provide for a deduction of an amount equal to hundred per cent. 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 and the total turnover of its business does not exceed hundred crore rupees vis-à-vis the earlier norm of twenty-five crore rupees in the previous year relevant to the assessment year for which deduction under this section is claimed. This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-2022 and subsequent assessment years. (Feb 2020)
37. The Finance Act 2020 provides for amendment in sections 156, 191 and 192 of the Income Tax Act laying to enable employees receiving specified security or sweat equity share as perquisite under section 17(2)(vi) of an eligible startup referred to in section 80-IAC, to deduct or pay, as the case may be, tax on such income within fourteen days after the expiry of forty-eight months from the end of the relevant assessment year; or from the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be the employee of the person, whichever is earlier, on the basis of rates in force of the financial year in which the said specified security or sweat equity share is allotted or transferred. This amendment will take effect from 1st April, 2020. As per the earlier norms, the said perquisite including ESOPs were taxed in the hands of the employee at the time of exercise of the option.

#### **Ministry of Electronics and Information Technology**

38. Removal of clause from Electronic Development Fund (EDF) operating guidelines stating that if a fund draws from Fund of Funds for Startups, then they cannot draw from EDF and vice versa. (Nov, 2018)

#### **Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade**

39. Amendment in the definition of a Startup: An entity shall be considered as a Startup upto a period of ten years from the date of incorporation/ registration and turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees. (Feb, 2019)

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