

Startup India (16th January, 2016)



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- Is a flagship initiative of the Government of India,
- To build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities.

What is flagship programme??

- Most important scheme of GOI which addresses national concern
- Education, environment, employment, irrigation, urban and rural development etc
- Flagship schemes are declared by Union Cabinet or Development Evaluation Advisory Committee (DECC) of NITI Ayog
- Can modify flagship schemes time to time
- Swatch Bharat Abhiyan, MGNREGA, Sarva Shiksha Abhiyan, Jan Dhan Yojana, Beti Bachao – Beti Padhao, etc

Definition of Startup

- An **entity**, incorporated or registered in India not prior to five years, with annual turnover not exceeding INR 25 crore in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
- Provided that such **entity** is not formed by splitting up, or reconstruction, of a business already in existence.

- Provided also that an entity shall cease to be a Startup if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 5 years from the date of incorporation/ registration.
- Provided further that a Startup shall be eligible for tax benefits only after it has obtained certification from the Inter-Ministerial Board, setup for such purpose.

Entity

- Private Limited Company (under The Companies Act, 2013) or
- a Registered Partnership Firm (under The Indian Partnership Act, 1932) or
- Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)

Identification of businesses under the definition

A business which aims to develop and commercialize

- A new product or service or process; or
- A significantly improved existing product or service or process, that will create or add value for customers or workflow.

The mere act of developing

- Products or services or processes which do not have potential for commercialization; or
- Products or services or processes with no or limited incremental value for customers or workflow would not be covered under this definition.

A “Startup” to be considered eligible, should

- be supported by a recommendation (with regard to innovative nature of business), in a format specified by Department of Industrial Policy and Planning (DIPP), from an Incubator established in a post-graduate college in India; or
- be supported by an incubator which is funded (in relation to the project) from GoI as part of any specified scheme to promote innovation; or
- be supported by a recommendation (with regard to innovative nature of business), in a format specified by DIPP, from an Incubator recognized by GoI; or

- be funded by an Incubation Fund/Angel Fund/Private Equity Fund/ Accelerator/Angel Network duly registered with SEBI that endorses innovative nature of the business; or
- be funded by GoI as part of any specified scheme to promote innovation; or
- have a patent granted by the Indian Patent and Trademark Office in areas affiliated with the nature of business being promoted. **DIPP may publish a ‘negative’ list of funds which are not eligible for this initiative.**

Simplification and Handholding

Startups shall be allowed to self-certify compliance (through the Startup mobile app) with 6 labour and 3 environment laws.

- In case of the labour laws, no inspections will be conducted for a period of 3 years.

Labour Laws:

- The Building and Other Constructions Workers' (Regulation of Employment & Conditions of Service) Act, 1996
- The Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Employees' State Insurance Act, 1948

- In case of environment laws, Startups which fall under the ‘white category’ (as defined by the Central Pollution Control Board (CPCB)) would be able to self-certify compliance and only random checks would be carried out in such cases.

Environment Laws:

- The Water (Prevention & Control of Pollution) Act, 1974
- The Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003
- The Air (Prevention & Control of Pollution) Act, 1981

Tax Exemption to Startups for 3 years

Launching of Innovation Focused Programs for Students

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

the Government is implementing:

- **Innovation Core.** Program initiated to target school kids with an outreach to 10 lakh innovations from 5 lakh schools.
- One lakh innovations would be targeted and the top 10,000 innovations would be provided prototyping support.
- Of these 10,000 innovations, the best 100 would be shortlisted and showcased at the Annual Festival of Innovations in the Rashtrapati Bhavan.

- **NIDHI**: A Grand Challenge program (“**N**ational **I**nitiative for **D**eveloping and **H**arnessing **I**nnovations) instituted through Innovation and Entrepreneurship Development Centres (IEDCs) to support and award INR 10 lakhs to 20 student innovations from IEDCs.

- **Uchhattar Avishkar Yojana:** A joint MHRD-DST scheme which has earmarked INR 250 crore per annum towards fostering “very high quality” research amongst IIT students.
- The funding towards this research will be 50% contribution from MHRD, 25% from DST and 25% from industry.
- This format has been devised to ensure that the research and funding gets utilized bearing in mind its relevance to the industry.
- Each project may amount to INR 5 crore only.
- This scheme will initially apply to IITs only

Startup India Hub

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