

## **Entrepreneurship Promoting Schemes and Organizations**

**W5 L1 – Startup India**

**Instructor – Prof. B. Jirli, CMDR**

Hello friends, I hope you are all enjoying the lectures and getting some useful information.

In today's class, we will be discussing about the flagship scheme of the Government of India that is Startup India. The Startup India scheme was launched on 16th January 2016 for the benefit of the people. The basic idea behind launching this scheme was to build a strong ecosystem for nurturing innovation and startups in the country that will drive sustainable economic growth and generate large-scale employment opportunities for the people in one of our previous discussions, we have observed that since January 2016 till date, More than 1.2 lakh startups have been launched with employment generation of about 9 lakh.

So, this is in a nutshell about this particular scheme and how it can create the entrepreneurship environment in the country and how these schemes are generating revenue. The interest among the people to be an entrepreneur. We use the term flagship program. What do you mean by this flagship program?

Flagship program means it is the most important scheme of government of India which addresses the national concern. What is the national concern this particular scheme is addressing? That is entrepreneurship development one aspect, second one is employment generation. These are the two major issues that up Startup India is addressing.

Then education, environment, employment, irrigation, urban, rural development, etc. are the issues of national concern and the priority for which government keeps on coming out with the flagship schemes to address these things. The schemes are declared by union cabinet. or Development Evaluation Advisory Committee of NITI Aayog.

This is again the body of Government of India which declares certain schemes as flagship schemes. Flagship scheme means it is the most important scheme of Government of India and it can modify So, we are going to look into the flagship schemes from time to time, depending on its demand in the country and the objectives, what it has satisfied, all these things.

To place some flagship schemes of Government of India, Swachh Bharat Abhiyan, Mahatma Gandhi National Rural Employment Guarantee Act, Sarva Shiksha Abhiyan, Jan Dhan Yojana, Beti Padao, Beti Bachao, all these coming under this particular category. So, then coming to the definition of the startup. So, startup is an entity. Incorporated or registered in India, not prior to 5 years with annual turnover of not exceeding 25 crores in any preceding financial year, working towards innovation, development deployment or commercialization of new products, processes or services driven by technology or intellectual property. We use the term entity here. What do you mean by this entity? Entity means provided that such entity is not for the products of splitting up or reconstruction of an existing enterprise also. So now having understood this provided also that an entity shall cease to be a startup if a turnover for any of the previous financial year has exceeded 25 core, or it has completed the time period of five years from the date of its inception or incorporation, or the registration provided that the startup shall be eligible for tax benefits only after the firm obtains the certification from the inter ministerial board set up for this purpose.

We have used the term entity. What do you mean by this entity? A private limited company under the Companies Act 2013 or a registered partnership firm under the Indian Partnership Act 1932 or under the Limited Liability Partnership Act 2008. Any of the organizations, institutions registered under the So, any of these provisions will be called as a entity under this startup. Then identification of the business under this particular 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 the customers or their workflow.

The mere act of developing a product or service or process which do not have potential for commercialization, will not be considered as under this startup India. Then products and services or the processes which do not have incremental value for customers or any such things will not be covered under this definition of Startup India scheme.

Then, startup to be considered eligible should be supported by recommendation with regard to its innovative nature of the business in the format specified by Department of Industrial policy and planning from in a incubator established in a postgraduate college in India or any, under any of the institutions and it should be supported by an incubator, which is funded in relation to that particular project from Government of India as a part of any specified scheme to promote an innovation or it should be supported by the recommendations of DIPP as we have said from

any of the incubator then only it will be considered as the startup under this definition and it may be funded by an incubation fund or the angel fund.

There are so many angel investors nowadays we will be having a separate discussion on this venture capital in which we will be discussing about the concept of angel funds also. Then private equity fund. The Angel Networks duly registered with SEBI Securities and Exchange Board of India that endorses innovative nature of the business or it is funded by Government of India as a part of any specified scheme to promote innovation or it might be, it might have a patent granted by Indian Patent or Trademark Office in the areas affiliated with SEBI.

The nature of the business being promoted. All these things help in qualifying that particular venture under startup India. So there is a concept of simplification and handholding. So handholding means. Extending the support for the new entrepreneur or the person who is making an effort in this direction by various government agencies with the support of an incubator or any of the institutions which can support that particular venture.

Then startup shall be allowed To self certify compliance through the startup mobile app with six labor laws and three environmental laws. So, this is the major deviation from the any of the industrial policies that the government of India has and this is how it is creating A difference in the enterprise, entrepreneurial environment in the country.

So, what are these? In case of the labor laws, no inspection will be conducted for a period of 3 years. Otherwise, many of the entrepreneurs are having problems with these kind of enterprises, which are these labor laws, which are exempted for the startup initiatives. The Building and Other Construction Workers Regulation of Employment and Conditions of Services Act 1996 is not applicable for the startup initiatives.

The Interstate Migration Workmen Regulation of Employment and Conditions of Service Act 1979 and the Payment of Gratuity Act 1972. So, all these three labor laws are being exempted for these entrepreneurs. Then the Contract Labor Acts is also exempted. Then Employees EPF, Employees Prohibited Fund and Miscellaneous Provisions Acts 1952 so, these are the major acts for which an startup is going to be exempted from. And another important issue is the Employees State Insurance Act 1948. So, these are the six labor laws. That a startup is going to be exempted from to begin with for a period of 3 years. So, this itself is becoming an incentive to launch an enterprise under Startup India scheme.

Then in case of environment laws which are very, very stringent in nature. So, many of the enterprises even today are facing number of issues. Associated with this environmental laws. So there are three such environmental laws which are exempted for the startups. Number one, the water prevention and control of pollution Act 1974.

The water prevention and control pollution says Amendment Act 2003 and the air Prevention and Control of Pollution Act of 1981. These are the three laws. where the entities established under the Startup India scheme are exempted. And another attractive feature under Startup India is exemption of tax, tax exemption to startups 3 years.

You can say that it is a kind of tax holiday. So, whatever the income that they are earning for the first 3 years after registration, they are exempted. are going to be exempted from the taxation. Then, launching of an innovation focused programs for students under this Startup India, which to foster the culture of innovation in the field of science and technology among the students, the Government of India is implementing the Innovation Core Program. This program is initiated to the targets target school kids with an outreach of 10 lakh innovations from 5 lakh schools. So, this is what is the idea so that even this culture is being inculcated at the school level itself. So, out of this 10 lakh innovations, 1 lakh innovations would be targeted and the top 10, 000 innovations would be provided to in prototyping support so that they will be given some financial support so that they can come out with some products as well as services.

Of these 10, 000 innovations, the best 100 ideas will be shortlisted and showcased at the annual festival of Innovations in the Rashtrapati Bhawan. So this is focusing the school kids so that their participation is ensure at the school level itself. They can come out with the innovative ideas, so of which one lab prototypes will be developed and 10,000 ideas will be given financial support. And out of this 10,000, 100 ideas will be presented before the Honorable President of India just to motivate the ideas of the students.

NIDHI is another scheme under this Startup India a grand challenge program, National Initiative for Developing and Harnessing Innovations. So, instituted through IEDC's Innovation and Entrepreneurship Development Centers to support and award about awarding 10 lakh rupees to 20 student innovations. So, each innovation will be awarded rupees, 10 lakh rupees. 20 such innovations will be selected under this NIDHI program.

Then another scheme under Uchatar Avishkar Yojana, it is only for IIT students. So, their limit is up to 250 crore rupees per annum will be spent on this, very high quality research programs, but it is only for IITs. The funding towards research will be to 50 percent contribution from a Minister of Education, 25 percent from Department of Science and Technology, and 25 percent from the industry.

So, the total budget allocation for this is about 250 crore rupees per annum. This format has been devised to ensure that the research and funding gets utilized So, that the best ideas can be generated from the educational institutions which are relevant for the specific industries. So, out of this 250 crore rupees, each project may amount to the 5 crore rupees.

So, that is what is the idea here. And it is only for the IITs. as on date. So, this is in a nutshell about the Startup India Hub and the basic idea behind this is to develop the entrepreneurial environment in the country and the entrepreneurial environment among the potential individuals starting from the school level, the college level and at the institutional and when after completion of your graduation also you can So, you can think of these things.

The details can be obtained from this particular toll free number as well as by writing to this email id.

Thank you