

Start-up India Action Plan

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Source: *PIB*

About Start-up India

Startup India initiative was announced by the Prime Minister of India on 15th August 2015. The flagship initiative has an objective 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. Further to this, an **Action Plan for Startup India was unveiled by the Prime Minister of India on 16th January 2016.**



Sanctioning of Funds to Start-Up

- There is no provision under Startup India initiative for sanctioning of funds to startups directly. However, the Government of India has established a Fund of Funds for Startups (FFS) with a corpus of Rs. 10,000 crores, to meet the funding needs of startups.
- **DPIIT is the monitoring agency and Small Industries Development Bank of India (SIDBI) is the operating agency for FFS.**
- The total corpus of Rs. 10,000 crores is envisaged to be provided over the 14th and 15th Finance Commission cycles based on the progress of the scheme and availability of funds.
- **Fund of Funds does not directly invest into startups but provides capital to SEBI-registered Alternate Investment Funds (AIFs),** known as daughter funds, who in turn invest money in growing Indian startups through equity and equity-linked instruments.
- Thus, there is no direct fund allocation from DPIIT to

States/UTs under Startup India initiative.

Key features of Startup India Action Plan

- **Compliance Regime based on Self-Certification** with an objective to reduce the regulatory burden on Startups thereby allowing them to focus on their core business and keep compliance cost low.
- **Startup India Hub** with an objective to create a single point of contact for the entire Startup ecosystem and enable knowledge exchange and access to funding.
- Rolling out of **Mobile App and Portal** with an 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.
- **Legal Support and Fast-tracking Patent Examination at Lower Costs** with an 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.
- **Relaxed Norms of Public Procurement for Startups** with an objective to provide an equal platform to Startups across sectors vis-à-vis the experienced entrepreneurs/companies in public procurement.
- **Faster Exit for Startups** with an objective to make it easier for Startups to wind up operations.
- **Providing Funding Support through Fund of Funds** with a Corpus of Rs. 10,000 crores with an objective to provide funding support for the development and growth of innovation-driven enterprises.
- **Credit Guarantee Fund for Startups** with objective to

catalyze entrepreneurship by providing credit to innovators across all sections of society.

- **Tax Exemptions on Capital Gains** with an objective to promote investments into Startups by mobilizing the capital gains arising from the sale of capital assets.
- **Tax Exemptions to startups for 3 Years** with an objective to promote the growth of Startups and address working capital requirements.
- **Tax Exemption on Investments above Fair Market Value** with an objective to encourage seed-capital investment in Startups.
- **Organizing Startup Fests for Showcasing Innovation and Providing a Collaboration Platform** with an objective to galvanize the Startup ecosystem and to provide national and international visibility to the Startup ecosystem in India.
- Launch of **Atal Innovation Mission (AIM)** with an 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.
- **Harnessing Private Sector Expertise for Incubator Setup** with an 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.
- **Building Innovation Centers at National Institutes** with an objective to propel successful innovation through augmentation of incubation and R&D efforts.
- **Setting up of 7 New Research Parks Modelled on the Research Park Setup at IIT Madras** with an objective to propel successful innovation through incubation and joint R&D efforts between academia and Industry.
- **Promoting Startups in the Biotechnology Sector** with an objective to foster and facilitate bio-entrepreneurship.

- Launching of **Innovation Focused Programs for Students** with an objective to foster a culture of innovation in the field of Science and Technology amongst students.
- **Annual Incubator Grand Challenge** with an objective to support creation of successful world-class incubators in India.