

Startup India Scheme

January 8, 2021

In news

Applications networking company F5 announced that it is acquiring Volterra, a multi-cloud management startup, for \$500 million.

Company F5

The world's largest businesses, service providers, government entities, and consumer brands rely on F5 (NASDAQ: FFIV) to deliver and secure their applications anywhere. The company is headquartered in Seattle, Washington with offices worldwide.

What Startup India?

The initiative to launch Startup India was taken by the Government of India. The scheme was launched on **16th January, 2016** discarding the rules of License Raj, Land Permission, Foreign Investment Proposals, and Investment Clearances which are based on government policies.

Why Startup India?

- **Setting up of a company and other business entities was difficult in India.** They made the prospectus promoters leave India and start up in other countries.
- Though the restrictions decreased after the **policy of liberalization in 1991** but still there were many restrictions like License Raj, Land Permission, Foreign Investment Proposals, and Investment Clearances which were imposed by the policies of the government.
- India is a country where the **problem of unemployment** creates massive hindrance in the development of the country.
- This **scheme will promote the setting up of business** with

fewer restrictions and with this the employment opportunities in the country will increase. So, this scheme is also launched to increase the job opportunities in the country.

About Start-Up India Scheme

- Startup India Scheme is an initiative of the Indian government, the primary **objective of which is the promotion of startups, generation of employment, and wealth creation.**
- The action plan of this initiative is based on the following **three pillars:**
 - Simplification and Handholding
 - Funding Support and Incentives
 - Industry-Academia Partnership and Incubation
- An additional area of focus is to discard restrictive States Government policies within this domain, such as License Raj, Land Permissions, Foreign Investment Proposals, and Environmental Clearances.
- It was **organized by The Department for promotion of industry and internal trade (DPI&IT).**
- Legal support and **fast-track patent examination** by reducing 80% of the patent cost.
- Faster exit for start ups through modified **new bankruptcy code** ensuring 90 days exit window.
- **Credit Guarantee Fund** for start ups through Small Industries Development Bank of India.
- Providing Funding support through a **Fund of Funds with a corpus of Rupees 10,000 crore.**
- **Tax exemption** on capital gains invested in Fund of Funds.
- **Tax exemption** to startups for 3 years.
- **Exemption from labour inspection for 3 years.**
- Launch of innovation hub through Atal Innovation Mission (**AIM**) with Self –Employment and Talent Utilization (**SETU**) Program of NITI Aayog.

- Harnessing private sector expertise for setting up incubators.
- The initiative is also aimed at **promoting entrepreneurship among SCs/STs, women communities**
- **Rural India's version of Start up India was named the Deen Dayal Upadhyay Swaniyojan Yojana.**