

Startup India

Highlights of the Startup India Scheme

Startup India Scheme	
Date of launching	16th January 2016
Government Ministry	Ministry of Commerce and Industry
Department	Department for Promotion of Industry and Internal Trade
Launched by	Arun Jaitley (Former Finance Minister of India)

What is Startup India Scheme?

Startup India scheme is an important government scheme that was launched on 16th January 2016 with an aim to promote and support the start-ups in India by providing bank finances. It was inaugurated by the former finance minister, Arun Jaitley.



Organized by the Department for promotion of industry and internal trade, the major objective of Startup India is to discard some of the restrictive States Government policies which include:

1. License Raj
2. Land Permissions
3. Foreign Investment Proposals
4. Environmental Clearances

The Startup India scheme is based majorly on three pillars which are mentioned below:

1. Providing funding support and incentives to the various start-ups of the country.
2. To provide Industry-Academia Partnership and Incubation.
3. Simplification and Handholding.

Registration for Startup India

A person must follow the below-mentioned steps that are important for the successful registration of their business under the Startup India scheme:

1. A person should incorporate their business first either as a Private Limited Company or as a Limited Liability Partnership or as a Partnership Firm along with obtaining the certificate of Incorporation, PAN, and other required compliances.
2. A person needs to log in to the official website of Startup India where he/she has to fill all the essential details of the business in the registration form and upload the required documents.
3. A letter of recommendation, Incorporation/Registration Certificate, and a brief description of the business are some of the essential documents required for the registration purpose.
4. Since the start-ups are exempted from income tax benefits, therefore, they must be recognized by the Department of Industrial Policy and Promotion (DIPP) before availing these benefits. Also, they should be certified by the Inter-Ministerial Board (IMB) to be eligible for IPR related benefits.
5. After successful registration and verification of the documents, you will be immediately provided with a recognition number for your startup along with a certificate of recognition.

IAS aspirants should also read about the [Stand-Up India](#) scheme which slightly differs from Startup India.

Who is eligible to apply under the Startup India scheme?

An entity is eligible to apply when:

- It is incorporated as a private limited company or partnership firm or a limited liability partnership in India
- It has less than 10 years of history i.e. less than 10 years have elapsed from the date of its incorporation/registration
- The turnover for all of the financial years, since the incorporation/ registration has been less than INR 100 crores

Note: An entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'Startup'.

Startup India Benefits

After the launch of the Startup India scheme, a new program was launched by the government named the I-MADE program which focused on helping the Indian entrepreneurs in building 1 million mobile app start-ups. The government of India had also launched the Pradhan Mantri Mudra Yojana which aimed to provide financial supports to entrepreneurs from low socioeconomic backgrounds through low-interest rate loans. Some of the key benefits of Startup India are as follows:

1. To reduce the patent registration fees.
2. Improvement of the Bankruptcy Code ensuring a 90-day exit window.
3. To provide freedom from mystifying inspections and capital gain tax for the first 3 years of operation.
4. To create an innovation hub under the Atal Innovation Mission.

5. Targeting 5 lakh schools along with the involvement of 10 lakh children in innovation-related programs.
6. To develop new schemes that will provide IPR protection to startup firms.
7. To encourage entrepreneurship throughout the country.
8. To promote India as a start-up hub across the world.

Government Measures to Promote Startup Culture in the Country

1. As part of the “Make in India” initiative, the government proposes to hold one Start-Up fest at the national level annually to enable all the stakeholders of the Start-up ecosystem to come together on one platform. You can know in detail about the [Make In India program](#) on the linked page.
2. Launch of Atal Innovation Mission AIM – to promote Entrepreneurship through Self-Employment and Talent Utilization (SETU), wherein innovators would be supported and mentored to become successful entrepreneurs. It also provides a platform where innovative ideas are generated. Relevant details on [Atal Innovation Mission AIM](#) are available on the linked page.
3. Incubator set up by PPP – To ensure professional management of Government-sponsored or funded incubators, the government will create a policy and framework for setting-up of incubators across the country in public-private partnerships. The incubator shall be managed and operated by the private sector. Read more on [Public-Private Partnership](#) on the link provided here.
 - 35 new incubators in existing institutions. Funding support of 40% shall be provided by the Central Government, 40% funding by the respective State Government and 20% funding by the private sector for establishment of new incubators.
 - 35 new private sector incubators. A grant of 50% (subject to a maximum of INR 10 crore) shall be provided by Central Government for incubators established by the private sector in existing institutions.
4. A [Startup India Seed Fund Scheme](#) has been implemented with effect from April 1, 2021. The scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialisation.
5. **Startup India – State Rankings**
6. States’ Startup Ranking Framework is an evolved evaluation tool aimed to strengthen the support of States and UTs to holistically build their startup ecosystems. The rankings are based on the criteria of policy, incubation hubs, seeding innovation, scaling innovation, regulatory change, procurement, communication, North-Eastern states, and hill states.
7. The latest edition of the [States’ Startup Ranking](#) 2020 was released on September 11, 2020. UPSC aspirants can visit the linked article and get the list of top states with the best startup ecosystem.
8. The States’ startup rankings from 2019 and 2018 have been given in the following tables for the reference of the candidates:

Startup India State Rankings 2019

Ranks	States
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Best performer	Gujarat, Andaman and Nicobar Islands
Top performers	Karnataka, Kerala
Leader	Maharashtra, Odisha, Rajasthan, Bihar and Chandigarh
Aspiring leaders	Telangana, Uttarakhand, Haryana, Jharkhand, Punjab
Emerging states	Chattisgarh, Himachal Pradesh, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Uttar Pradesh Assam, Delhi, Mizoram and Sikkim

Startup India State Rankings 2018

Ranks	States
Best performer	Gujarat
Top performers	Karnataka, Kerala, Odisha, and Rajasthan
Leader	Andhra Pradesh, Bihar, Chhattisgarh, Madhya Pradesh, and Telangana
Aspiring leaders	Haryana, Himachal Pradesh, Jharkhand, Uttar Pradesh, and West Bengal
Emerging states	Assam, Delhi, Goa, Jammu & Kashmir, Maharashtra, Punjab, Tamil Nadu, and Uttarakhand
Beginners	Chandigarh, Manipur, Mizoram, Nagaland, Puducherry, Sikkim, and Tripura

9. Candidates should follow the latest developments in Current Affairs related to other government schemes for their [UPSC 2021](#) preparation.