



# **CSE332**

Unit3:- Government Funding and  
startup schemes

# What are startups

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- Startups often operate with limited resources and rely on funding from investors, venture capitalists, or crowdfunding.
- They typically focus on rapid growth and scalability to achieve success in a competitive market.
- Many startups begin as small teams and evolve into larger companies if they succeed.
- While some startups achieve great success, many face challenges and risks that can lead to failure.

# India (DPIIT - Startup India)



The **Department for Promotion of Industry and Internal Trade (DPIIT)** defines a startup as:

- A company that has been in existence for **less than 10 years** from its date of incorporation.
- Its annual turnover does not exceed **INR 100 crore** in any financial year.
- It is working towards **innovation, development, or improvement of products, processes, or services** or has a **scalable business model** with high potential for employment and wealth creation.
- It should **not be formed by splitting or reconstructing an existing business.**

# Government Startup Schemes in India



**Objective:** Encourages entrepreneurship by providing **financial support, tax benefits, and easier business registration.**

- Key Benefits:
  - 1. Tax Exemptions:** Startups can get income tax exemption for 3 years under Section 80-IAC.
  - 2. Self-Certification:** Startups can self-certify compliance for certain labor and environmental laws.
  - 3. Easy Registration:** Startups can register through the Startup India portal with minimal paperwork.
  - 4. Funding Support:** The Fund of Funds (₹10,000 crore corpus) helps startups get investment from government-backed funds.

# 1. Funding Support: The Fund of Funds (₹10,000 Crore )



- The **Fund of Funds for Startups (FFS)** is a government initiative under the **Startup India** program.
- It was launched in **2016** with a total of **₹10,000 crore**, managed by the **Small Industries Development Bank of India (SIDBI)**.
- It is NOT a direct funding scheme. Instead, the Government of India provides funds to SIDBI under the FFS initiative.
- The purpose is to encourage private investors and venture capitalists to support Indian startups.
- The total fund of ₹10,000 crore is distributed over a period of 14 years (2016-2030).

## 2. MUDRA Loan Scheme



**Objective:** Supports small businesses and startups by providing **collateral-free loans** (loans without security).

**Loan Amount:** Up to **₹10 lakh** small businesses.

**Types of MUDRA Loans:**

- **Shishu Loan** (Up to ₹50,000): For early-stage startups.
- **Kishore Loan** (₹50,000 to ₹5 lakh): For growing businesses.
- **Tarun Loan** (₹5 lakh to ₹10 lakh): For expanding businesses

# 3. Stand-Up India

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**Objective:** Supports **SC/ST** and **women entrepreneurs** in starting their businesses.

**Loan Amount:** Between **₹10 lakh** and **₹1 crore**.

## **Who Can Apply?**

- At least **one SC/ST or woman entrepreneur** per bank branch should get a loan.
- The applicant must be starting a **new business in manufacturing, services, or trading sectors**.

## **Benefits:**

- Lower interest rates than regular business loans.
- Flexible repayment options (up to **7 years**).

# 4. Atal Innovation Mission (AIM)



- ✓ **Atal Tinkering Labs (ATLs)** – Set up in schools to encourage students to develop problem-solving and STEM skills.
- ✓ **Atal Incubation Centers (AICs)** – Established in universities, research institutions, and private sectors to support early-stage startups.
- ✓ **Atal New India Challenge (ANIC)** – A platform for innovators and startups to solve real-world problems in various sectors like healthcare, agriculture, and energy.
- ✓ **Mentor India Network** – A network of experts who guide young entrepreneurs and students.



# 5. Government E-Marketplace (GeM)



An online platform where startups and businesses can sell their products and services directly to government departments, PSUs, and ministries.

- No Middlemen, Fast Payments, Equal Opportunity.

## Process:

- 1 Register as a **seller** on <https://gem.gov.in>.
- 2 List your **products and services** on the portal.
- 3 Government departments **place orders directly** or through tenders.
- 4 Get **payments securely** through the GeM platform.

# 6. Startup India SEED Fund Scheme



- ✓ **Funding of up to ₹50 lakh** per startup for product development and business expansion.
- ✓ **Incubators distribute the funds**, providing mentorship and support.

## Eligibility for Startups

- ✓ Must be **recognized by DPIIT** under the **Startup India initiative**.
- ✓ Startup should be **less than 2 years old** at the time of application.
- ✓ Should have an **innovative business model with high growth potential**.

## How to Apply?

- 1 Visit the official **Startup India portal** – <https://startupindia.gov.in>.
- 2 Register your startup and apply under the **SEED Fund Scheme**.
- 3 If selected, you will receive funding through an **incubator** to develop and scale your business.

## Bank-Specific Startup Loans

- Many banks offer **customized startup loans**:
- **SBI Startup Loan** – Business loans for MSMEs(Micro Small Medium Enterprises) and startups
- **HDFC Bank Business Growth Loan** – Unsecured loans for startups
- **ICICI Bank Business Loan** – Loans for working capital and expansion
- **Axis Bank Business Loan** – Quick approval loans for small businesses

# **How to Apply for a Startup loan?**



## **1. Prepare Documents:**

1. Business plan
2. Financial projections
3. GST registration, PAN, Aadhaar
4. Bank statements (last 6 months)

## **2. Choose a Loan Scheme (MUDRA, Stand-Up India, CGTMSE, etc.)**

## **3. Apply Online or Visit a Bank**

## **4. Submit Documents & Get Approval**

# Benefits of Startup India Scheme



## 1. Tax Benefits

- **Tax Holiday for 3 Years** – Startups can get income tax exemption for 3 years under Section 80-IAC.
- **Exemption from Angel Tax** – Startups are exempt from the **Angel Tax** (Section 56(2)(viib)) on investments received from investors.
- **Capital Gains Tax Exemption** – Startups can claim **exemptions on long-term capital gains** if the amount is reinvested in a fund approved by the government.

# Benefits of Startup India Scheme



## **2. Easy Compliance & Self-Certification**

- Startups can **self-certify** compliance for **labor and environmental laws**, reducing the regulatory burden.
- Fewer inspections in the initial years.

## **3. Simplified Company Registration**

- Startups can **register online** via the **Startup India Portal** with minimal documentation.

## **4. Funding Support**

- **Fund of Funds for Startups (FFS)** – ₹10,000 crore fund managed by **SIDBI** to support venture capital firms investing in startups.
- **Credit Guarantee Scheme** – Provides collateral-free loans to startups.

# Benefits of Startup India Scheme



## 5. Fast-Track Patent & IPR Protection

- Startups get **80% rebate** on patent filing fees and **50% rebate** on trademark fees.
- **Fast-track patent examination** and **free legal assistance** for intellectual property rights.

## 6. Government Tenders

- Startups **do not need prior experience** to apply for **government tenders**.
- They get **priority in public domain** from PSUs and government departments.

# Benefits of Startup India Scheme



## **7. Incubation & Networking Opportunities**

- **Startup India Hub** connects entrepreneurs with mentors, investors, and incubators.
- Access to **Atal Incubation Centers (AICs)** and **Startup Accelerators**.

## **8. Easier Exit for Startups**

- Startups can **wind up within 90 days** under the **Insolvency and Bankruptcy Code, 2016** instead of the usual 180 days.