

## REGISTRATION UNDER STARTUP INDIA: EMPOWERING ENTREPRENEURS FOR SUCCESS



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The Startup India Initiative is a 'Movement'. Yes, I call it a 'Movement' because it is not an event of the past. It is not stationary. It is ongoing, changing and adapting itself to the needs of startups and supporting the startup environment and its components. This has been one of the Masterstroke of the Modi Government.

This initiative has given wings to innovative ideas that were earlier not realisable at all. It has helped give ideas a form or in a way one can say transition from abstract to physical.

The Startup India Initiative is monitored and aptly supported by the Department for Promotion of Industry and Internal Trade under the Ministry of Commerce and Industry, Government of India.

### I. The key features and benefits for registered startups include:

1. Tax benefits and exemptions: These include a three-year income tax exemption for eligible startups, exemption from capital gains tax, and exemptions for investments made by incubators, angel investors, and venture capital funds.
2. Access to funding and financial support: Startup India facilitates access to funding through various channels including banks and various government schemes and grants.
3. Simplified regulatory compliance: The self-certification system allows startups to comply with labor and environmental laws without any inspections for a certain period.
4. Incubation and mentoring opportunities: Startup India encouraged the establishment of incubators and accelerators to support startups. These incubators provide physical infrastructure, mentoring, business development support, and networking opportunities. Startups can leverage these resources to refine their business models, access industry experts, and gain valuable insights.
5. Intellectual property rights support: Startup India offers various support mechanisms to safeguard the IP rights of startups. This includes fast-tracking of patent applications, reducing the cost of filing patents, and providing legal assistance in IP-related matters.
6. Government procurement benefits: The government has introduced measures to promote the procurement of goods and services from startups, including relaxation of prior experience and turnover requirements. This opens up a significant market for startups and enhances their growth prospects.

### II. Eligibility Criteria and Preparing for Registration

#### A. Eligibility Criteria:

To register under Startup India and avail the benefits offered by the initiative, startups need to fulfill certain eligibility criteria. These criteria are designed to ensure that the startups registered under the program are innovative, scalable, and have the potential to contribute to the growth of the economy. Let's explore these key eligibility requirements:

1. **Type of Entity:** The entity should be a private limited company (includes a One Person Company but not a Section 8 Company), limited liability partnership or a registered partnership firm.
2. **Age of the Entity:** The date of incorporation should be within the past 10(ten) years from the date of application to Startup India.
3. **Turnover Limit:** The annual turnover of the startup should not exceed INR 100 crores (approximately USD 14 million) in any of the previous financial years.
4. **Character of the Entity (Originality):**
5. **Innovation and Scalability:** Startups are required to demonstrate their innovative nature and the potential for scalability. Innovation can be evidenced through the development of a new product, process, or service, or substantial improvement in existing products, processes, or services. The scalability potential is assessed based on the startup's business model and market potential.
6. **Endorsement or Recommendation:** Though not mandatory, Startups can obtain an endorsement or recommendation from any of the following entities to support their application:
  - a. Incubators recognized by the Government of India
  - b. Accelerators recognized by the Government of India
  - c. Funding agencies recognized by the Government of India
  - d. Any State or Central Government agency

The endorsement or recommendation serves as an affirmation of the startup's potential and credibility.

**Important points to remember:**

1. The registrant entity should not have been formed on account of Merger, Demerger, Acquisition, Amalgamation, Absorption or due to compromise or arrangement as provided under the Companies Act, 2013 will not be recognized as Startup.
2. Conversion of an entity from one form to another shall not be a bar for availing recognition subject to the fulfilment of condition provided in sub-section (3) of section 80-IAC of the Income- tax Act, 1961.
3. Entities under Holding Company – Subsidiary Structure or Joint Ventures will not be recognised as startup.
4. Also, entities which are incorporated outside India will be ineligible for recognition.
5. It is mandatory for Indian promoters to hold at least 51% of the capital as per Companies Act, 2013 and SEBI (ICDR) Regulations, 2018 in the proposed startup.
6. Changes in the name of a recognized Startup necessitated under the relevant provisions of the applicable Act will be permitted.
7. Changes in CIN/LLPIN for any other reasons are not permitted except where it is necessitated due to:

- (a) change in domicile State; or
  - (b) due to conversion of entity into permitted categories (i.e. private Limited company, limited liability partnership or registered partnership firm); and
  - (c) change in industry / sector subject to cancellation of existing certificate.
8. Incorporating same line of businesses or production lines with even a single common director / designated partner / partner will not be recognized as startup.
  9. Entities with common director / designated partner / partner with any other entity shall be allowed to the extent permissible under the provisions of the Companies Act, 2013.
  10. Related party transaction shall not be allowed except transactions on arm's length basis.
  11. Entities operating in domains specifically prohibited by law shall not be recognized.
  12. Sole proprietorships are permitted to be registered unless they convert themselves into any of the permitted category of entity.

## **B. Preparing for Registration:**

Before initiating the registration process under Startup India, it is important for entrepreneurs to gather the necessary documents and information. This ensures a smooth and efficient application process. Here are the key steps to prepare for registration:

### **1. Incorporation Documents:**

Ensure that you have the necessary incorporation documents of your startup, such as the certificate of incorporation, memorandum and articles of association in case of a private limited company, registration certificate and partnership deed or LLP agreement as the case may be for partnership firm or a Limited Liability partnership, or any other relevant registration document. These documents establish the legal existence of your startup.

### **2. Business Description:**

Prepare a comprehensive description of your startup's business activities. Clearly articulate your product or service offerings, target market, unique value proposition, and how your startup aims to disrupt or innovate in the industry. This description should showcase the uniqueness and potential of your startup.

### **3. Recommendation or Endorsement Letters:**

Obtain recommendation or endorsement letters from recognized incubators, accelerators, funding agencies, or government agencies. These letters should highlight the innovative nature of your startup, its growth potential, and the need for support and recognition under Startup India.

### **4. Pitch Deck:**

Craft a well-structured and compelling pitch deck that presents your startup's vision, mission, market opportunity, business model, revenue generation plan, and growth strategy. A pitch deck is an essential tool for communicating your startup's potential to investors, mentors, and evaluators.

## 5. Financial Statements and Projections:

Ensure that your financial statements, including balance sheets, profit and loss statements, and cash flow statements, are up to date and accurate. Additionally, prepare realistic financial projections that demonstrate the growth potential and financial viability of your startup.

By gathering these documents and preparing the necessary information, you will be well-equipped to initiate the registration process under Startup India. In the next part, we will provide a step-by-step guide to registering your startup under the initiative.

## C. Step-by-Step Registration Process

Registering your startup under Startup India involves a straightforward process that can be completed online through the official Startup India website. Follow these step-by-step instructions to navigate through the registration process:

1. **Create an Account:** Visit the official Startup India website ([www.startupindia.gov.in](http://www.startupindia.gov.in)) and create an account. Provide the required details to create your login credentials.
2. **Log in to the Portal:** Log in to the Startup India portal using your registered email address and password.
3. **Fill out the Registration Form:** Once logged in, fill out the registration form with accurate details about your startup. The information required includes:
  - a. **Startup Details:** Provide your startup's name, address, date of incorporation, and the type of legal entity (private limited company, partnership firm, LLP, or sole proprietorship).
  - b. **Description of Business Activities:** Describe your startup's business activities in detail, highlighting its innovative aspects and scalability potential.
  - c. **Supporting Documents:** Upload the necessary documents, including the certificate of incorporation/registration, recommendation or endorsement letters, pitch deck, and financial statements.
4. **Self-Certification:**

As part of the registration process, you will be required to self-certify that your startup meets the eligibility criteria and complies with the necessary regulations. Ensure that you have fulfilled the eligibility requirements and comply with the relevant regulations before proceeding with the self-certification.
5. **Submission and Review:**

Submit your application for review. The Inter-Ministerial Board, responsible for evaluating startup applications, will review your submission. The board consists of representatives from various ministries and departments.
6. **Approval and Registration:**

Upon approval by the Inter-Ministerial Board, your startup will be officially registered under Startup India. You will receive a recognition certificate and a unique Startup India number.

**7. Avail the Benefits:**

With the registration completed, you can now avail the benefits and incentives provided by Startup India. Explore the various programs, schemes, and initiatives available and leverage them to accelerate the growth of your startup.

Once the requisite information is provided and the requisite documents are uploaded the authorised recognition team will then review the information. If they feel that the information is incomplete or additional information / documents are required then they will mark accordingly. Upon providing the requested additional information / documents, DPIIT will issue a Certificate of Recognition bearing the name of the registered entity.

It is important to note that the authorities permit only updation of data only thrice. Beyond the permitted limits the application will be rejected.

It is important to note that the registration process may involve additional steps or requirements depending on the specific circumstances of your startup. Stay updated with the official Startup India website and guidelines to ensure you have the latest information.

**Conclusion:**

Registering your startup under Startup India opens doors to a plethora of benefits, support programs, and incentives designed to nurture and accelerate the growth of innovative ventures. By fulfilling the eligibility criteria, preparing the necessary documents, and navigating the registration process, entrepreneurs can position themselves for success in India's dynamic startup ecosystem. The supportive ecosystem, financial incentives, simplified regulatory compliance, and access to funding and mentorship opportunities create a fertile ground for startups to thrive. Embrace the opportunities offered by Startup India and embark on a rewarding entrepreneurial journey where innovation, growth, and success await.

