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STARTUP: WHERE IDEAS MEET ACTION

The term startup refers to an enterprise in the initial stages of operations. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand.

Startups are important because they bring new ideas and innovations to the marketplace. A Startup is usually designed to effectively develop and validate a scalable business model.

Startup India Campaign is based on an action plan aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage startups with job creation. The campaign was first announced by Prime Minister Narendra Modi in his 15 August 2015 speech from the Red Fort.

Initiative of Startup India by Government of India

- **Launched on 16th January, 2016, the Startup India Initiative has introduced several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. These programs are managed by a dedicated Startup India Team, which reports to the Department for Industrial Policy and Promotion (DPIIT).**

- **Hon'ble Prime Minister Shri Narendra Modi Ji announced 16th January, the foundation day of Startup India, as National Startup Day.**

- **Startup India is a flagship initiative of the Government of India, intended 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. The Government through this initiative aims to empower Startups to grow through innovation and design.**

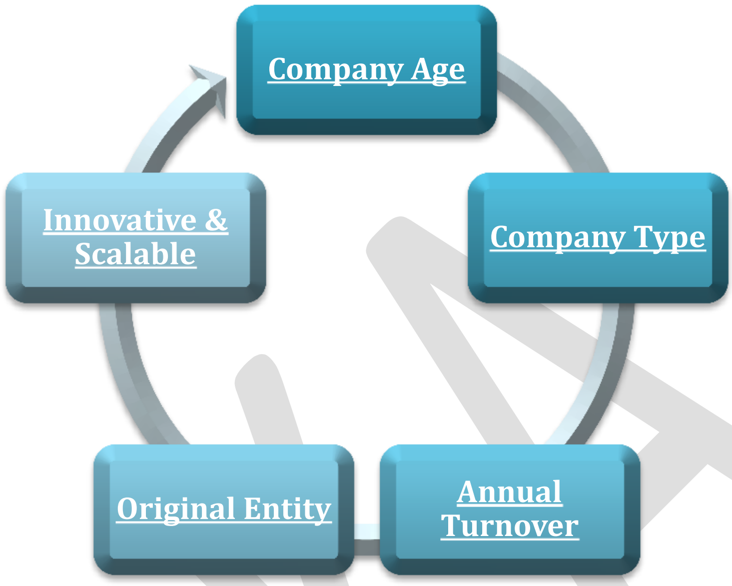
- **In order to meet the objectives of the initiative, Government of India is announcing this Action Plan that addresses all aspects of the Startup ecosystem. With this Action Plan the Government hopes to accelerate spreading of the Startup movement:**

  - **From digital/ technology sector to a wide array of sectors including agriculture, manufacturing, social sector, healthcare, education, etc.; and**

  - **From existing tier 1 city to tier 2 and tier 3 cities including semi-urban and rural areas.**

Eligibility Criteria for Startup Recognition:

Your Company must meet the following criteria to be considered eligible for DPIIT startup recognition.



- **The Startup should be incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India;**

- **Turnover should be less than INR 100 Crores in any of the previous financial years;**

- **An entity shall be considered as a startup up to 10 years from the date of its incorporation;**

- **The Startup should be working towards innovation or improvement of existing products, services and processes and should have the potential to generate employment and create wealth;**

- **An entity formed by splitting up or reconstruction of an existing business shall not be considered a "Startup".**

Under the Startup India Action Plan, startups that meet the definition as prescribed under G.S.R. notification 127 (E) are eligible to apply for recognition under the program. The Startups have to provide support documents, at the time of application.

Recognition Roadmap: Navigating the Startup Recognition Process

The process of recognition of an eligible entity as startup shall be as under:

i. **A Startup shall make an online application over the mobile app or portal set up by the DPIIT (Department of Industrial Policy and Promotion).**

ii. **The application shall be accompanied by a copy of Certificate of Incorporation or Registration, as the case may be, and any of the following documents as mentioned below:**

- **a recommendation (with regard to innovative nature of business), in a format specified by DPIIT, from any Incubator established in a post graduate college in India; or**

- **a letter of support by any Incubator which is funded (in relation to the project) from Government of India or any State Government as a part of any specified scheme to promote innovation; or**

- **a recommendation (with regard to innovative nature of business), in a format specified by DPIIT from any incubator recognized by Government of India; or**

- **a letter of funding of not less than 20% of equity by any Incubation Fund/ Angel Fund/ Private equity fund/ Accelerator/ Angel Network duly registered with Securities and Exchange Board of India that endorses innovative nature of business; or**

- **a letter of funding by Government of India or any State Government as part of any specified scheme to promote innovation; or**

- **a patent filed and published in the journal by the Indian Patent Office in areas affiliated with the nature of business being promoted.**

> ***BUSINESS INCUBATORS are institutions that support entrepreneurs in developing their businesses, especially in initial stages. These are organizations geared towards speeding up the growth and success of start-ups and early stage companies.**
>
> **An incubator is a workspace created to offer early-stage startups access to all resources they need under one roof. They provide office space, mentoring, business services, funding, and networking opportunities to the incubatees.**

iii. The DPIIT may, after calling for such documents or information and making such enquires, as it may deem fit-
- Recognize the eligible entity as Startup; or
- Reject the application by providing reasons.

Unveiling the Benefits for Startups

1) **Simple Process:**
Government of India has launched a mobile app and a website for easy registration for startups. Anyone interested in setting up a start-up can fill up a single form on the website and upload certain documents. The entire process is completely online.

2) **Reduction of Cost:**
The government also provides lists of facilitators of patents and trademarks.

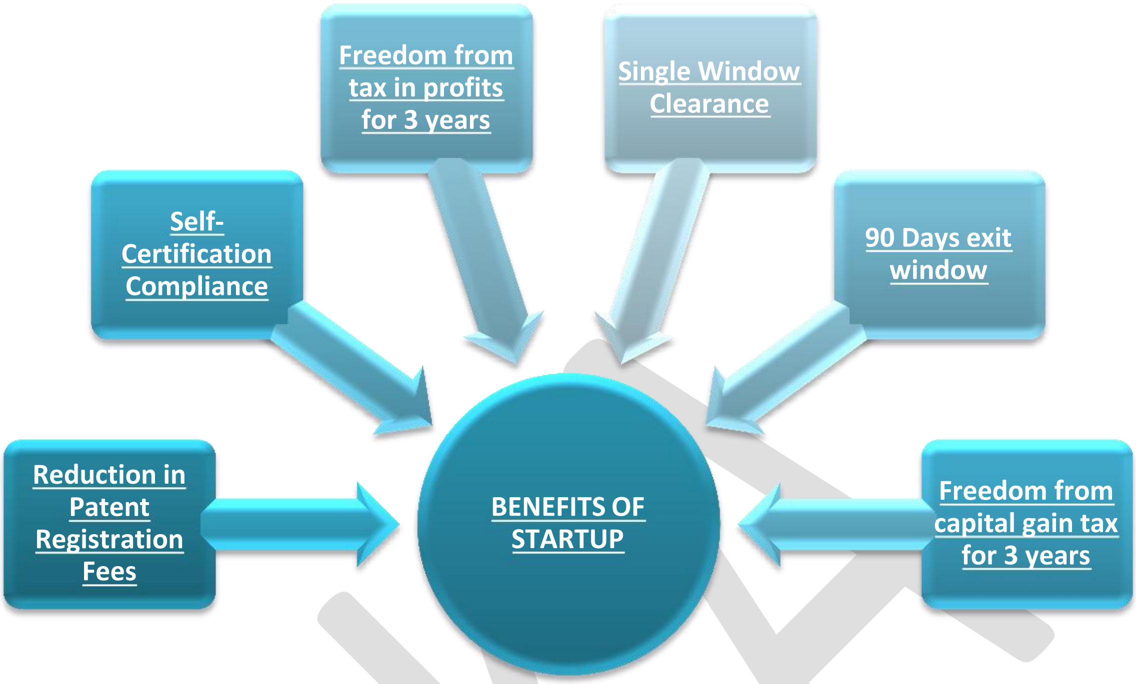
They will provide high quality Intellectual Property Right Services including fast examination of patents at lower fees. The government will bear all facilitator fees and the startup will bear only the statutory fees. They will enjoy 80% reduction in cost of filing patents.

3) **Easy access to Funds**
A 10,000 crore rupees fund is set-up by government to provide funds to the Startups as venture capital. The government is also giving guarantee to the lenders to encourage banks and other financial institutions for providing venture capital.

4) **Tax holiday for 3 Years**
Startups will be exempted from income tax for 3 years provided they get a certification from Inter-Ministerial Board (IMB). That sounds a supportive initiative to encourage startup growth by offering a three-year income tax exemption, contingent on obtaining certification from an Inter-Ministerial Board. This could potentially foster innovation and entrepreneurship.

5) **Research &Development facilities**
Seven new Research Parks were set up to provide facilities to Startups in the Research and development sector.

6) **No time-consuming compliances**
Various compliances have been simplified for Startups to save time and money. Startups shall be allowed to self-certify compliance (through the Startups mobile app) with 9 labour and 3 environment laws.



7) **Tax saving for investors**

People investing their capital gains in the venture funds setup by government will get exemption from capital gains. This will help Startups to attract more investors. Certainly! In subsequent topics, we can delve deeper into specific aspects of startup benefits.

8) **Easy exit**

In case of exit, a startup can close its business within 90 days from the date of application of winding up. Ministry of Corporate Affairs has notified Startups as 'fast track firms' enabling them to wind up operations within 90 days viz-a-viz 180 days for other companies. Startups with simple debt structures or those meeting such criteria as may be specified may be wound up within a period of 90 days from making of an application for winding up on a fast-track basis.

(Refer Section 55 and 56 of Insolvency and Bankruptcy Code, 2016)

Guidelines for recognition of Startups:

1) **Merger/ Demerger/ Acquisition/ Amalgamation/ Absorption:**

Not to be recognized: Resultant entity or entities formed due to merger demerger/ acquisition/ amalgamation/ absorption/will not be recognized as Startup.

Recognized: However, merger or amalgamation under section 233 of the Companies Act, 2013 (Merger/Amalgamation of certain companies) between any of the following class of companies will be allowed subject to fulfillment of norms of DPIIT Notification by the resultant company

- two or more start-up companies; or
- one or more start-up company with one or more small company.

2) **Compromise/ Arrangement:**

Not to be recognized: Entities formed due to compromise/ arrangement as provided under the Companies Act, 2013 will **not be recognized as Startup.**

3) **Conversion:**

Recognized: Conversion of an entity from one form to another **shall not be a bar** for availing recognition **subject to the fulfillment of condition provided in sub-section (3) of section 80-IAC of the Income- tax Act, 1961***

*Section 80-IAC subsection 3 of Income Tax Act, 1961 as follows:

This section applies to a start-up which fulfills the following conditions, namely:—

i. it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of a start-up which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in that section;

ii. it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation 1.—For the purposes of this clause, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if all the following conditions are fulfilled, namely:—

(a) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(b) such machinery or plant is imported into India;
(c) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.

Explanation 2.—Where in the case of a start-up, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (ii) of this sub-section, the condition specified therein shall be deemed to have been complied with.

4) **Holding including foreign holding, Subsidiary including foreign subsidiary, Joint Ventures, entities incorporated outside territory Indian Territory:**

- **Holding/Subsidiary Companies will not be permitted for recognition. Any startup becoming holding/subsidiary of any company after recognition will be derecognized.**
- **Any entity formed by Joint Venture will not be recognized. Any Startup entering into any Joint Venture will be derecognized.**
- **Entities incorporated outside India will be ineligible for recognition.**
- **Shareholding by Indian promoters in the startup should be at least 51%, as per Companies Act, 2013 and SEBI (ICDR) Regulations, 2018.**

5) **Name Change:**

Changes in the name of a recognized Startup necessitated under the relevant provisions of the applicable Act will be permitted. The benefits will be applicable starting from the original date of incorporation/registration or commencement of business by the original entity, whichever is earlier.

6) **Corporate Identification Number/Limited Liability Partnership Identification Number (CIN/LLPIN) CHANGE:**

Changes necessitated in CIN/LLPIN due to:

(a) Change in domicile State; or
(b) Due to conversion as in para-3 above,
(c) Change in industry/ sector subject to cancellation of existing certificate,

Shall be permitted subject to approval obtained as per the relevant act, The benefits will be applicable starting from the original date of incorporation/registration <u>or</u> commencement of business by the original entity, <u>whichever is earlier</u>.

Changes in CIN/LLPIN for any other reasons will not be permitted.

RECOGNIZED	NOT TO BE RECOGNIZED
• Merger/Amalgamation of certain allowed subject to fulfilment of norms: 1. two or more start-up companies; or 2. one or more start-up company with one oe more small company • Conversion of entity from one form to another shall not be a bar subject to condition	• Resultant entity due to Merger/acquisition/amalgamation/absorption; • Entity formed due to Compromise/arrangement; • Holding/Subsidiary Companies; • Entity formed by Joint Venture; • Entities incorporated outside India; • Incorporating additional entity having similar address; • And many more other as notified below

7) **<u>Incorporating Additional Entities:</u>**

<u>Not to be recognized</u>: Incorporating additional entities having similar address with same production line/services and at least one common director/ designated partner/partner <u>will not be recognized as startup.</u>

8) **<u>Common Directorship/Partnership:</u>**

Recognition of an entity having common director/designated partner/ partner with any other entity shall be allowed <u>to the extent permissible under the provisions of the Companies Act, 2013</u>. Related party transaction shall not be allowed except transactions on arm's length basis.

9) **Regulatory Areas:**

Not to be recognized: Entities operating in domains* specifically prohibited by law **shall not be recognized.**

*Note: Building a strong online presence is vital for startups to thrive in today's digital landscape. A well-chosen domain name helps establish credibility and professionalism. It should reflect the business's identity and offerings, making it easy for customers to find and remember. A memorable domain name also enhances brand recognition and enables word-of-mouth referrals.

For example, a startup in the fashion industry could consider a domain that includes relevant keywords or showcases its unique brand.

For example, a fitness startup could consider a domain like "fitnesstracker.com" to target users searching for fitness-related products.

10) **Sole Proprietorship:**

A sole proprietorship is not eligible to apply for recognition. If a sole proprietorship changes its type of entity into a type permissible for recognition, then the recognition will be granted from date of commencement of business of the sole proprietorship.

For more details refer the link:
https://www.startupindia.gov.in/content/dam/invest-india/Templates/public/Revised%20Guidelines%20for%20recognition.pdf

External Commercial Borrowing (ECB) Facility for Startups

ECBs are commercial loans raised by eligible resident entities from recognized non-resident entities and should conform to parameters such as minimum maturity, permitted and non-permitted end-uses, maximum all-in-cost ceiling, etc. The parameters apply in totality and not on a standalone basis.

Parameters for considering an entity as a Startup as defined below have since been published in the Official Gazette on February 18, 2016 by the Government of India.

AD Category-I banks are permitted to allow Startups to raise ECB under the automatic route as per the following framework:

- **Eligibility:**

An entity recognized as a Startup by the Central Government (Procedure for recognition as Startup was defined earlier) as on date of raising ECB.

- **Maturity:**
  Minimum average maturity period shall be 3 years.

- **Recognized lender:**
  Lender / investor shall be a resident of a FATF compliant country, and shall not be from a country identified in the public statement of the FATF as:

  a. **A jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or**

  b. **A jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.**

  However, foreign branches/subsidiaries of Indian banks and overseas entity in which Indian entity has made overseas direct investment as per the extant Overseas Direct Investment Policy will not be considered as recognized lenders under this framework.

- **Forms:**
  The borrowing can be in form of loans or non-convertible, optionally convertible or partially convertible preference shares. The funds should come from a country which fulfills the conditions of Recognized lender.

- **Currency:**
  The borrowing should be denominated in any freely convertible currency or in Indian Rupees (INR) or a combination thereof. In case of borrowing in INR, the non-resident lender should mobilize INR through swaps/ outright sale undertaken through an AD Category-I bank in India.

- **Amount:**
  The borrowing per Startup will be limited to USD 3 million or equivalent per financial year either in INR or any convertible foreign currency or a combination of both.

- **All-in-cost:**
  Shall be mutually agreed between the borrower and the lender;

- **End uses:**
  For any expenditure in connection with the business of the borrower;

- **Conversion into equity:**
  Conversion into equity is freely permitted subject to Regulations applicable for foreign investment in Startups.

- **Security:**
  The choice of security to be provided to the lender is left to the borrowing entity. Security can be in the nature of movable, immovable, intangible assets (including patents, intellectual property rights), financial securities, etc. and shall comply with foreign direct investment / foreign portfolio investment / or any other norms applicable for foreign lenders / entities holding such securities.

  Further, issuance of corporate or personal guarantee is allowed. Guarantee issued by a non-resident(s) is allowed only if "such parties qualify as lender under ECB for Startups". However, issuance of guarantee, standby letter of credit, letter of undertaking or letter of comfort by Indian banks, all India Financial Institutions and Non-Banking Financial Companies are not permitted.

- **Hedging:**
  The overseas lender, in case of INR denominated ECB, will be eligible to hedge its INR exposure through permitted derivative products with AD Category - I banks in India. The lender can also access the domestic market through branches/ subsidiaries of Indian banks abroad or branches of foreign bank with Indian presence on a back to back basis.

  NOTE: Startups raising ECB in foreign currency, whether having natural hedge or not, are exposed to currency risk due to exchange rate movements and hence are advised to ensure that they have an appropriate risk management policy to manage potential risk arising out of ECBs.

- **Conversion rate:**
  In case of borrowing in INR, the foreign currency - INR conversion will be at the market rate as on the date of agreement.

- **Other Provisions:**
  Other provisions like parking of ECB proceeds, reporting arrangements, powers delegated to AD banks, borrowing by entities under investigation, conversion of ECB into equity will be as included in the ECB framework.

  However, provisions on leverage ratio and ECB liability: Equity ratio will not be applicable.

  For more details refer the link:
  https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10667&Mode=0

Outcomes of Startup India Action Plan (Initiated by Government of India)

1) Tax Exemption for Three years

The Profits and gains derived by an eligible startup from eligible business may get 100 % exemption for three consecutive assessment years out of seven years from the year of its incorporation.

In order to further rationalize the provisions relating to startups, **it is proposed under Finance Bill 2020 to amend Section 80-IAC of the Act so as to provide that the deduction under the said section shall be available to an eligible startup for a period of three consecutive assessment years out of 10 beginning from the year in which it is incorporated.**

To avail these benefits, a Startup must get a Certificate of Eligibility from the Inter-Ministerial Board (IMB).

2) Setting up of seven new research parks Modelled on the research park setup at IIT Madras

A total of 8 research parks identified:

- Indian Institutes of Technology (IITs) IIT Delhi
- Indian Institutes of Technology (IITs) IIT Kanpur
- Indian Institutes of Technology (IITs) IIT Gandhinagar
- Indian Institutes of Technology (IITs) IIT Mumbai
- Indian Institutes of Technology (IITs) IIT Guwahati
- Indian Institutes of Technology (IITs) IIT Kharagpur
- Indian Institutes of Technology (IITs) IIT Hyderabad
- Indian Institute of Science (IITs) IISc Banglore

3) Tax Exemption On Capital Gains

Introduction of Section 54EE in the Income Tax Act, 1961 in May, 2016: Exemption from tax on long-term capital gain if such long term capital gain is invested in a fund notified by Central Government. The maximum amount that can be invested is **Rs. 50 lakh.**

Amendment in Section 54GB of Income Tax Act in February 2016: Exemption from tax on capital gains arising out of sale of residential house or a residential plot of land if the amount of net consideration is invested in prescribed stake of equity shares of eligible Startup for utilizing the same for purchase of specified asset.

4) Faster Exit For Startups

The Insolvency and Bankruptcy Code, 2016 (Code) provides for insolvency resolution of corporate persons, partnership firms and individual in a time bound manner. The Code has improved business climate in the country by making it easier for enterprises to exit in case of difficulties.

Ministry of Corporate Affairs has notified Startups as "Fast-track firms enabling them to wind up operations within 90 days vis-à-vis 180 days for other companies. (Refer Section 55 and 56 of Insolvency and Bankruptcy Code, 2016)

In terms of IBC, startups with simple debt structures may be wound up within 90 days from making of an application for winding up on a fast track basis. In such instances, an insolvency professional shall be appointed for the startup, who will be in charge of company for liquidating its assets and paying its creditors within six months of such appointment.

On appointment of insolvency professional, the liquidator shall be responsible for the swift closure of the business, sale of assets and repayment of creditors in accordance with the distribution waterfall set out in the IBC.

5) Cash Flow Statements not Mandatory:

Under Section 2 clause 40 of the Companies Act, 2013 previously, every company's financial statement must consist of cash-flow information as well. But, after the notification, a startup is exempted from making cash-flow statements. This is done to save time and money for startups. Startups receive capital from investors or the public, or the government. Since it takes time to receive such funds from the investors, initially, there wouldn't be any cash flow within the firm, and hence a cash flow statement will be unessential.

As per law, a proviso shall be inserted Under Section 2 clause 40 of the Companies Act, 2013 that provided that the financial statement, with respect to one person company, small company, dormant company and private company (if such private company is a start-up) may not include the cash flow statement;

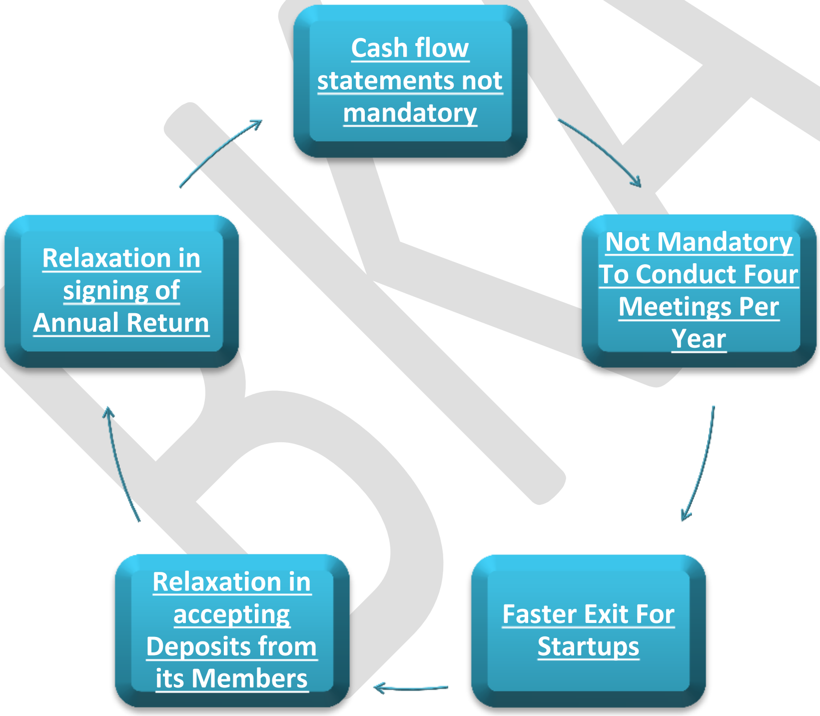
All Compliances except described above will be applicable on these companies as per the applicability of the limit as per Companies Act, 2013

For more details refer the link:
https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjE2OTQ=&docCategory=Notifications&type=open

6) Not Mandatory To Conduct Four Meetings Per Year:

A modification was made in Section 173 subsection 5 of the Companies Act, 2013 previously; it is only a Private Company, a Dormant Company, a Small Company, and a One-person Company which are given the leeway in conducting quarterly meetings in a year.

Later, according to the new notification, no startup needs to hold a minimum of 4 meetings a year. Still, it is mandatory to conduct a minimum of two meetings a year with a minimum gap of 90 days between the meetings.
For more details refer the link:
https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjE2OTQ=&docCategory=Notifications&type=open



7) Relaxation in accepting Deposits for Startups from its Members

In the Companies (Acceptance of Deposits) Rules, 2014 (hereinafter referred to as the principal rules), in rule 3, in sub-rule (3), for the proviso, the following shall be substituted, namely:-

"Provided that a Specified IFSC Public company and a private company may accept from its members monies not exceeding one hundred per cent of aggregate of the paid up

share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar of Companies in Form DPT-3.

EXPLANATION- For the purpose of this rule, a Specified IFSC Public company means an unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone set-up under the Special Economic Zones Act, 2005 (28 of 2005) read with the Special Economic Zones Rules, 2006:

Provided further that the maximum limit in respect of deposits to be accepted from members shall not apply to following classes of private companies, namely:—

i. **a private company which is a start-up, for ten years* from the date of its incorporation;**
ii. **a private company which fulfills all of the following conditions, namely:-**

   a) **which is not an associate or a subsidiary company of any other company;**
   b) **the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is less ; and**
   c) **such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under section 73;**

Provided also that all the companies accepting deposits shall file the details of monies so accepted to the Registrar of Companies in Form DPT-3"

***Substituted for "five years" by the Companies (Acceptance of Deposits) Amendment Rules, 2020 w.e.f. 07-09-2020.**

For more details refer the link:
https://www.mca.gov.in/Ministry/pdf/CompaniesAcceptanceofDepositSecondAmendmentRule_22092017.pdf

8) Relaxation in signing of Annual Return of a Startup Company

Startups have been granted exemption from compulsory requirement of having its annual returns signed by a company secretary. In case, and private company (if such private company is a start-up), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.

For the proviso of Section 92 sub-section (1) of Companies Act, 2013, the following proviso shall be substituted, namely:-

Provided that in relation to One Person Company, small company and private company (if such private company is a start-up), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company".

For more details refer the link:
https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjE2OTQ=&docCategory=Notifications&type=open

9) Startup India: 80 IAC (Section 80IAC of Income Tax Act, 1961)Tax Exemptions:

Eligibility Criteria for applying to Income Tax exemption (80IAC):

- The entity should be a recognized Startup;
- Only Private limited or a Limited Liability Partnership is eligible for Tax exemption under Section 80IAC;
- Deduction of an amount equal to 100% of the profits and gains derived from such business for **three consecutive assessment years**.
- The Startup should have been incorporated **on or after 1st April, 2016 but before 1st of April 2024.**
- The deduction specified may, at the option of the assessee, be claimed by him for any **three consecutive assessment years out of ten years** beginning from the year in which the eligible start-up is incorporated.

Cautionary Statements:

Following are the points which you should keep in your mind while applying for Startup Registration:

- Department of Industrial Policy and Promotion, Ministry of Commerce and Industry **has not appointed any Agency/Representative/ Franchise** for DPIIT Certificate of Recognition for Startups.

- Application for Startup India Certificate of Recognition should be filed by the Startup on its own, using own details/ mobile No/ email.

- Ministry of Commerce and Industry **does not charge any fee for DPIIT Certificate of Recognition for Startups**.

- Any charging of fees for Recognition for Startups is **illegal and will invite appropriate legal action.**

Conclusion:

From reading and observing the whole regarding Startups it is concluded that:

- Startup India is a flagship initiative launched by the Government of India on 16th January, 2016 to build a strong eco-system for nurturing innovation and startups in the country which will drive economic growth and generate large scale employment opportunities.

- A healthy startup ecosystem can help these startups succeed and can have a positive impact on society as a whole. In conclusion, the startup ecosystem is a critical component of the business world. It provides the resources, support, and network that entrepreneurs need to succeed.

- Contributing to the Prime Minister's vision of an 'Aatmanirbhar Bharat', Startup India has been supporting entrepreneurs and transforming India into a country of job creators rather than job seekers.

- Fostering a fruitful culture of innovation in the country is a long and important journey. This initiative will go a significant way in reiterating Government of India's commitment to making India the hub of innovation, design and Startups.

- The government has proposed to hold 2 startup fests annually both nationally and internationally to enable the various stakeholders of a startup to meet. This will provide huge networking opportunities.

- Startups are being highly encouraged by the government. The benefits enjoyed by them are immense, which is why more people are setting up startups. Some of the benefits for Startups are Simple process, reduction of cost by providing facilitators of patents and trademark, and Meet up with new entrepreneurs by mode of startup fests organized by government both at national and international level.

- A startup is exempted from making cash-flow statements. This is done to save time and money for startups. Startups receive capital from investors or the public, or the government. Since it takes time to receive such funds from the investors, initially, there wouldn't be any cash flow within the firm, and hence a cash flow statement will be unessential.