



Startup India Recognises 2.07 Lakh Ventures, Creates 21.9 Lakh Jobs; Govt Expands Funding Push Through Flagship Schemes

Govt Eases Compliance, Expands Tax Relief for Startups Through BRAP, Jan Vishwas, 80-IAC Benefits and ESOP TDS Relief

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Startup India is an initiative by the Government of India. As on 31st December 2025, a total of 2,07,135 entities have been recognised as startups by the Department for Promotion of Industry and Internal Trade (DPIIT) across all States/Union Territories (UTs), and such startups have generated over 21.9 lakh direct jobs. The year-wise details of recognized startups and jobs generated by such startups are placed as Annexure-I.

Under the Startup India initiative, the Government is implementing three flagship Schemes, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS), and Credit Guarantee Scheme for Startups (CGSS) to provide funding opportunities for startups across sectors at various stages of their business cycle.

FFS has been established to catalyze venture capital investments and is operationalized by Small Industries Development Bank of India (SIDBI), which provides capital to Securities and Exchange Board of India (SEBI)-registered Alternative Investment Funds (AIFs), which in turn invest in startups through equity and equity-linked instruments. As on 31st December 2025, supported AIFs under the Scheme have invested Rs. 25,547.98 crore in 1,371 selected startups across 29 States/UTs. The year-wise details of the amount invested in startups by AIFs supported under the FFS are placed as Annexure-II. Such supported startups have generated over 2 lakh jobs.

SISFS provides financial assistance to seed stage startups through incubators in the form of grants, convertible debentures or debt or debt-linked instruments. SISFS is implemented from 1st April 2021. As on 31st December 2025, selected incubators under the Scheme have approved funding of Rs. 590.93 crore to 3,271 startups across 32 States/UTs. Such supported startups have generated over 22,600 jobs.

CGSS is implemented for enabling debt funding to startups through eligible financial institutions by guaranteeing up to a specified limit against credit instruments. CGSS is operationalized by the National Credit Guarantee Trustee Company (NCGTC) Limited and has been operationalized from 1st April 2023. As on 31st December 2025, 334 loans amounting to around Rs 808.18 crore have been guaranteed to startup borrowers under CGSS across 20 States/UTs. Such supported startups have generated over 23,700 jobs.

Impact assessment studies have been undertaken for FFS and SISFS schemes. As per impact assessments of Schemes, supported startups have reported improvement in economic areas such as revenue and employment generation. Further, capacity building of investors has been enabled, and startups from a wide variety of sectors have been supported.

Steps taken by the Government to ease regulatory compliance and provide tax benefits to startups:

For easing regulatory compliance across the country, Central Government has taken several initiatives under the flagship programme of Ease of Doing Business which includes Business Reform Action Plan (BRAP), the Business-Ready assessment, Jan Vishwas and Reducing Compliance Burden on Businesses and Citizens, and Cost of Regulation (CoR) exercise to identify and reform the areas of pain-points in terms of administrative costs for the services. Central Ministries/Departments, and States/UTs are actively engaged in self-identification exercises, successfully reducing various compliances.

Further, the Government has undertaken several initiatives, policy measures, and reforms for startups and small businesses to avail various tax related benefits. These include profit linked deductions under Section 80-IAC of the Income Tax Act 1961, deferring Tax Deducted at Source (TDS) in respect of income pertaining to Employee Stock Option Plan (ESOP), relaxation for carry forward and set-off of loss, and relaxations on Goods and Services Tax (GST) for entrepreneurs located within eligible incubators, amongst others.

As per the Central Board of Indirect Taxes and Customs, general policy measures have been undertaken by the Government under GST. The details are placed as Annexure-III.

Additionally, as per the Ministry of Corporate Affairs, startups are provided with certain compliance relaxations/exemptions under the Companies Act 2013. The details are placed as Annexure-IV.

This information was given by the Minister of State for Ministry of Commerce & Industry, Shri Jitin Prasada, in a written reply in the Rajya Sabha today.

Abhishek Dayal/ Shabbir Azad/ Ishita Biswas

ANNEXURE-I

The year-wise details of recognized startups and jobs generated by such startups as on 31st December 2025 are as follows:

Data	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
No. of entities recognized as startups	502	5473	8980	11885	14852	20282	26596	34842	34294	49500
No. of direct jobs generated (self-reported)	308	52055	100968	163694	181602	211316	274920	392181	351921	467000

ANNEXURE-II

The year-wise details of amount invested in startups by AIFs supported under the Fund of Funds for Startups (FFS) Scheme, as on 31st December 2025 are as follows:

Calendar Year	Amount invested in startups (in Rs. crore)
2016	0.000
2017	343.520
2018	676.842
2019	1623.555
2020	2066.888
2021	3491.006
2022	5973.741
2023	3366.478
2024	3734.869
2025	4271.080
Total	25,547.98

ANNEXURE-III

As per the Central Board of Indirect Taxes and Customs, the following general policy measures have been undertaken by the Government under GST:

- i. Simplified registration scheme w.e.f. 01.11.2025 has been introduced wherein automated registration is granted within three working days for low-risk applicants and those with output tax liability up to Rs. 2.5 lakh per month on supplies to registered persons. This has helped reduce time for getting registration.
- ii. A scheme of quarterly return filing and monthly payment (QRMP) has been introduced wherein taxpayers with turnover up to Rs. 5 crore have an option to file returns on quarterly basis instead of monthly returns.
- iii. The refund process is electronic since 26.09.2019. Based on the recommendations of GST Council in its 56th meeting, risk-based provisional refund has been introduced for zero-rated supplies with 90% provisional refund in low-risk cases w.e.f. 01.10.2025.

- iv. Similarly to address the grievances of the taxpayers for blockage of working capital instructions have been issued vide Instruction no 06/2025-GST dated 01.10.2025 by the Central Board of Indirect Taxes and Customs to its field formations and officers to provide provisional refund on account of inverted duty structure also.
- v. Section 128A has been inserted in the Central Goods and Services Tax Act, 2017, providing for waiver of interest and penalties on demand notices issued under Section 73 for fiscal years 2017-18, 2018-19 and 2019-20, in cases where the taxpayer pays the full amount of tax demanded by 31.03.2025. This has helped to provide relief to taxpayers and encourage voluntary compliance and reduce litigation.
- vi. Amendment has been made in Sections 107 and 112 of the Central Goods and Services Tax Act, 2017, for reducing the amount of pre-deposit required for filing appeals under GST. The pre-deposit has been capped and reduced to Rs 40 crores (Rs 20 crores (CGST) and Rs 20 crores (SGST)) under the CGST Act, 2017. This would help improve access to appellate remedy for taxpayers.

ANNEXURE-IV

As per the Ministry of Corporate Affairs, startups are provided with following compliance relaxations/exemptions under the Companies Act 2013:

S. No.	Section	Subject	Provisions in the Companies Act, 2013 to support Startups
1.	Section 2(40)	Financial Statement	Requirement of cash flow statement to be part of financial statement is optional for startups.
2.	Section 73(2) clause (a) to (e)	Acceptance of deposits	Startups were exempted from procedural compliance at the time of accepting deposits from its members (such as issuance of a circular to its members showing the financial position of company, credit rating, depositing 20% of the maturing deposits, and certification regarding default in repayments).
3.	Section 92(1)	Annual Return	Directors of a startup are allowed to sign annual returns of the private limited company if the Company does not have Company Secretary.
4.	Section 173(5)	Meetings of Board	Under Companies Act, 2013, Board of Directors of a company are required to meet at least once in 120 days, 4 board meetings in a year. However, startups are exempted from holding quarterly board meetings and are allowed to hold two board meetings in a calendar year, i.e., once every six months.

S. No.	Section	Subject	Provisions in the Companies Act, 2013 to support Startups
5.	Rule 6 of Companies (Incorporation) Rules, 2014	Conversion of OPCs into Public and Private Companies	The requirement that an OPC must convert itself after its paid-up capital exceeds Rs 50 lakh and its average annual turnover exceeds Rs 2 crore was omitted. Since many startups are One Person Company, this allows them to retain the status as an OPC.
6.	Rule 8(4) of Companies (Share Capital and Debenture) Rules, 2014)	Sweat Equity	In general, the issuance of sweat equity shares in a company shall not exceed 25% of the paid-up capital of the company at any time. However, in case of startups, this limit is upto 50% of its paid-up share capital.
7.	Rule 12(1)(c) of Companies (Share Capital and Debentures) Rules, 2014	Employee Stock Options (ESOPs)	In general, ESOPs are not given to employee who is a promoter or a person belonging to the promoter group and a director who either himself or through his relative or a body corporate, directly or indirectly holds more than 10% equity of the company. Startups are allowed to issue ESOPs to promoters and directors.
8.	Rule 2(1)(c) (xvii) Companies (Acceptance of Deposits) Rules, 2014	Convertible Note	Startups can receive an amount of Rs 25 lakh or more by way of a convertible note (convertible into equity shares or repayable within a period not exceeding ten years from the date of issue) in a single tranche, from a person, and such transactions are not considered deposit.
9.	Rule 3(3) of Companies (Acceptance of Deposits) Rules, 2014	Acceptance of deposits	Companies may ordinarily accept or renew any deposits from its members not exceeding 35% of the paid-up share capital, free reserves and securities premium account of the company. But startups have been permitted to accept deposits from members without any restriction on the amount.

