



Pimpri Chinchwad Startup incubation Centre

“The government has taken a number of measures for start-ups and they have borne results. India is now the third-largest ecosystem for start-ups globally and ranks second in innovation and quality among middle-income countries,” Ms. Sitharaman said as she presented the Union Budget 2023-24 in the Lok Sabha.

Finance Minister Nirmala Sitharaman during her Budget speech made several announcements related to the tech and startup sector, including relief on customs duty on import of certain parts, expansion of the scope of Digi locker, AI centers, fund for agritech startups, among others.

The government has taken a series of steps to promote startups in the country. Under the Startup India initiative, Fund of Funds for Startups (FFS) scheme, Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) are implemented to provide capital at various stages of the business cycle of a startup.

The FM said the government's vision for the '**Amrit Kaal**' includes a technology-driven and knowledge-based economy, with strong public finances and a robust financial sector. some key points which directly or indirectly relates with Start-up are summarised as follows:

➤ **Reduced Tax by change in slabs:**

✓ **New Tax Slabs:**

- Up to Rs 3 lakh - 0% tax.
 - Between Rs 3 and 6 lakh - 5% tax.
 - Between Rs 6 and 9 lakh - 10% tax.
 - Between Rs 9 lakh and Rs 12 lakh - 15% tax.
 - Between Rs 12 lakh and Rs 15 lakh - 20% tax.
 - Above Rs 15 lakh above - 30% tax.
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- Moving forwards, the new tax regime will be default. However, citizens can continue to use the old one too.
 - No tax payment for those earning up to **₹7 lakh** per annum.

- For business establishments required to have a Permanent Account Number, the PAN will be used as a common identifier for all Digital Systems of specified government agencies.
- One-stop solution for reconciliation and updating identity maintained by various agencies to be established using Digi locker and Aadhaar as foundational identity.
- The government is expanding the scope of Digi locker to allow more documents to be made available for individuals, micro-small and medium enterprises and charitable organisations.
- The government has proposed to extend the date of incorporation of startups by a year from March 31, 2023 to March 31, 2024 for income tax benefits.
- The extension of carry forward of losses for start-ups from 7 years to 10 years (beneficial for Venture Capital firms who have usually 10 years of tenure) and the period on income tax benefit to companies registered as startups by another year are positive moves.
- In a big relief to Covid-hit micro, small and medium enterprises (MSMEs), the Credit Guarantee Scheme for MSMEs will be extended with an infusion of Rs 9,000 crore. While announcing the Union Budget, Sitharaman said this will enable collateral for Rs 2 lakh crore loans to MSMEs. This is expected to boost fund flow to the distressed and fund-starved MSME sector. The proposed scheme will take effect from April 1, 2023.
- The finance minister announced an agriculture accelerator fund to promote agriculture among youth. This fund would be set up to encourage agritech startups by young entrepreneurs.
- Digital public infrastructure to be developed for the agriculture sector.
- 100 labs for developing applications to use 5G services to be set up in engineering institutions. Labs will cover smart classrooms, precision farming, and healthcare applications.
- Three centres of excellence for artificial intelligence in top educational institutions.
- Phase 3 of e-courts projects to be launched with an outlay of Rs **7,000 crore**
- The FM announced a cut in customs duty on the import of certain inputs for mobile phone manufacturing. Duty exemption on battery cell equipment may reduce prices of EVs.

- States would be encouraged to set up a '**Unity Mall**' in their capitals, their most prominent tourism centres, or their financial capitals. "unity mall" would be, its physical or non-physical structure, or how it would work. Unity malls would focus on the promotion and sale of the state's own "ODOPs (**one district, one product**), GI products and other handicraft products, and for providing space for such products of all other States".
- Government will formulate a data governance policy to enable access to anonymised data for innovation and research by start-ups and academia.

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