

DPIIT revises definition of start-up, introduces deep-tech category

Rohan Das

Chennai

The Centre now explicitly recognises 'deep-tech' start-ups and will allow such companies to be considered as start-ups for 20 years after incorporation.

The Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry Of Commerce has issued a notification modifying its erstwhile 2019 Rules for recognition of start-ups.

The new rules define a deep-tech start-up as an entity operating on new scientific or engineering knowledge with high R&D spend and creating intellectual property (IP). It also adds that such entities must have long gestation periods, high capex infrastructure needs, and some level of technical/scientific uncertainty.

As per the notification dated February 4, the maximum annual turnover for such ventures to be classified as deep-tech will now be ₹300 crore and the maximum time period is to be 20 years from its incorporation.

As for non deep-tech start-ups, the maximum annual turnover has been revised from ₹100 crore to ₹200 crore. The time period is unchanged at 10 years.

Moreover, it adds that co-

operative societies can be recognised as start-ups, in addition to entities such as private limited companies, partnership firms, and limited liability partnerships.

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Experts told *businessline* that by revising both the time period and revenue limits for recognition, the government now acknowledges that deep science ventures such as those in semiconductors, space, biotech, energy, materials, quantum, etc., take longer to mature.

Experts suggest that the notification is expected to

give fillip to the start-up ecosystem, for start-ups in deep science sectors like space, climate, semiconductors, biotech, robotics, quantum, advanced manufacturing.

"For venture capital firms, family offices, and institutional investors, it signals that the government recognises deep-tech investments require patience, helping reduce regulatory risks for 10-15 year investment horizons while encouraging more Series A and growth-stage capital to flow into deep-tech startups," Vishesh Rajaram, Managing Partner, Speciale Invest, said.