Startup India Seed Fund: Approval of Rs 945 Crore

Startups / Finance / Federalism | News context: Lok Sabha answer on the Startup India Seed Fund Scheme, 21 July 2026 | Published: 18 October 2026

Background and Context

The Startup India Seed Fund Scheme (SISFS), according to the answer, was started to give financial support to eligible early-stage startups through incubators. Selected incubators release funds to startups in milestone-based instalments; according to the answer, an eligible startup can get a grant of up to Rs 20 lakh for proof of concept, prototype or product trials, and investment of up to Rs 50 lakh (through convertible debentures, debt or debt-linked instruments) for market entry, commercialisation or scaling up.

Why in the News

On 21 July 2026, Minister of State for Commerce and Industry Shri Jitin Prasada answered Shri Brijmohan Agrawal's Lok Sabha Unstarred Question 323. The question asked for the funds allocated and used up to June 2026 and the active incubators, information on delays in the incubator-mediated distribution system, the gap between aspirational districts and urban centres and overlap with Chhattisgarh's own seed fund support (state-wise and Chhattisgarh district-wise), corrective steps, and a list of successful startups from the scheme. The answer has three annexures.

Key Concept: Amounts Reaching Incubators and Startups Are Different

According to the answer, up to 30 June 2026, 219 active incubators had been selected, for which funds of Rs 945 crore in total are approved and Rs 650 crore has been disbursed to incubators. Annexure-II separately gives the amount "approved by the selected incubators" to startups and disbursed to them as of the same date. So there are four separate counts: approved to incubators, disbursed to incubators, approved to startups, disbursed to startups.

Main Facts and Figures

National figures, 30 June 2026 (text of the answer)	**219 active incubators; total approved funds Rs 945 crore; Rs 650 crore disbursed to incubators.**

Startups (text of the answer)	Up to 30 June 2026, 4,245 startups selected for support; of these, as per MCA data (data shared on 10 July 2026), 31 are in the "closed (dissolved/struck-off)" category.
Annexure-I (27 State/UT rows)	Highest amounts approved to incubators: Maharashtra Rs 120.75 crore, Karnataka 104.48, Tamil Nadu 96.34, Gujarat 81.38, Telangana 71.35. Chhattisgarh: approved 3.15, disbursed 2.78.
Annexure-II (32 rows)	Highest amounts approved to startups: Maharashtra Rs 117.32 crore, Karnataka 104.87, Tamil Nadu 69.16, Gujarat 51.69, Delhi 50.58. Chhattisgarh: approved 3.90, disbursed 1.96.
Annexure-III: Chhattisgarh, district-wise (to startups)	Raipur 1.69 approved, 0.95 disbursed; Durg 1.62 and 0.92; Bilaspur 0.25 and 0.09; Koriya 0.12 and 0.00; Raigarh 0.16 and 0.00; Rajnandgaon 0.06 and 0.00; total 3.9 and 1.96.

Checking the Figures: What Matches and What Is Unresolved

What matches (our calculation): the sum of Annexure-I's 27 rows in the disbursed column is exactly Rs 650.00 crore, matching the answer's text; the approved sum is Rs 945.02 crore, while the text says Rs 945 crore (a difference of 0.02). The sum of Annexure-III's six districts matches Chhattisgarh's row in Annexure-II (3.90 and 1.96). Annexure-II has no total row; our sums are approved Rs 706.39 crore and disbursed Rs 508.99 crore.

Our calculation: the difference: from the annexure sums, the difference between Rs 650 crore disbursed to incubators and Rs 508.99 crore disbursed to startups is Rs 141.01 crore (disbursed to startups is about 78.3% of disbursed to incubators). The Rs 706.39 crore approved to startups is about 74.7% of the Rs 945.02 crore approved to incubators. The answer does not explain this difference.

What is unresolved: state-wise inversions: in four states the amount approved to startups exceeds the amount approved to incubators: Haryana 34.72 versus 21.00, Chhattisgarh 3.90 versus 3.15, West Bengal 9.09 versus 7.35, Karnataka 104.87 versus 104.48 (Rs crore). In eight states the amount disbursed to startups exceeds that disbursed to incubators: Karnataka 79.08 versus 69.94, Maharashtra 89.86 versus 78.62, Haryana 25.25 versus 17.76, Delhi 35.58 versus 32.64, West Bengal 7.24 versus 6.02, Assam 5.57 versus 5.04, Nagaland 3.83 versus 3.57, Jharkhand 3.19 versus 2.84. The answer does not say on what basis the state was determined in the two annexures, so we have not called these errors.

What is not comparable: Annexure-II has five entries (Andaman and Nicobar Islands, Arunachal Pradesh, Chandigarh, Manipur, Meghalaya) that are not in Annexure-I. The 4,245

startups (up to 30 June) and 31 closed (MCA data shared on 10 July) have different dates, so we did not derive a percentage; according to the answer, the survival rate of startups is not maintained at the Centre.

Significance: Regional Balance and the Speed of Distribution

The Chhattisgarh detail (our calculation): of the Rs 3.90 crore approved to startups in Chhattisgarh, Rs 1.96 crore (about 50.3%) has been disbursed. Raipur and Durg hold about 84.9% of the approved amount (3.31 crore) and about 95.4% of the disbursed amount (1.87 crore). In Koriya, Raigarh and Rajnandgaon, 0.34 crore is approved and 0.00 disbursed. The answer gives no reason for this.

Concentration among states (our calculation): the five largest entries of amount approved to incubators (Maharashtra, Karnataka, Tamil Nadu, Gujarat, Telangana) make up about 50.2% of Rs 945.02 crore. In the amount approved to startups, the share of Maharashtra, Karnataka and Tamil Nadu is about 41.2% of Rs 706.39 crore.

The speed of reaching startups: the state-wise ratio of disbursed to approved for startups ranges from about 27.3% in Manipur and about 44.7% in Punjab to 100% in the Andaman and Nicobar Islands and Arunachal Pradesh; the answer gives no reasons for these differences.

Challenges and What the Answer Does Not Have

Asked, but not received: question (b) asked for information on distribution delays; the answer gives no acknowledgement of delay or any such figure, only saying that there are milestone-based instalments, committees (EAC, ISMC), review meetings, advice and training, and that the scheme got an extension "recently" (no date given). Question (c): no use-gap between aspirational districts and urban centres was given; there are only state-wise and Chhattisgarh district-wise figures, and no figure on overlap with Chhattisgarh's seed fund support (CGSF), only the eligibility details of the two schemes (in SISFS, no support above Rs 10 lakh from another government scheme; in CGSF, MVP support up to Rs 10 lakh). Question (d): no list of "successful startups"; only the numbers selected and closed.

Unresolved points: the state-wise inversions of Annexures-I and II; the difference of Rs 141.01 crore; the state-wise number of active incubators (no column); the period of the "extension"; the share of aspirational districts.

What we did not read: we read the official PDF of Lok Sabha Unstarred Question 323 (the answer and all three annexures) in full. The SISFS guidelines, the SISFS portal, MCA data and Chhattisgarh's policy were not read independently.

Way Forward

Treat this as the dated government information of the 21 July 2026 answer; for the state-wise inversions, the amount lying with incubators and the position of aspirational districts, the SISFS portal's data or further official answers will have to be seen.

The Conceptual Difference

Keep four things separate: (1) amounts approved/disbursed to incubators and to startups; (2) selected startups and closed or successful startups; (3) the scheme's eligibility limits and the state scheme's limits; (4) the answer's figures and our calculation.

Mains Viewpoint

GS-III: investment, entrepreneurship and startups; GS-II: Centre-State relations and the implementation of government schemes.

UPSC CSE Mains Style: Original Practice Question

What can and cannot be said about the incubator-mediated distribution system from the official data of the Startup India Seed Fund Scheme? What additional data would be needed to check regional balance and the speed of distribution?

(Answer in 150 words) | 10 marks

Answer Outline

Introduction: SISFS, the incubator-mediated model and Question 323.

Main Body: National figures (219 incubators, Rs 945 crore approved, Rs 650 crore disbursed, 4,245 startups, 31 closed, the answer's figures); four separate amounts and our difference of Rs 141.01 crore; state-wise inversions and the discrepancy remaining unresolved; the Chhattisgarh example (district-wise, SISFS versus CGSF eligibility); what the answer does not contain (aspirational districts, delays, a list of successful startups); the data needed.

Conclusion: Test regional reach by keeping approval to incubators and disbursement to startups separate; give a conclusion on the pace and balance of disbursement only when the differences in amounts, the timing and the district-wise reach are clear.

Source

- Lok Sabha Unstarred Question 323 and answer, 21.07.2026 (Parliament's official PDF; with Annexures-I to III)

Source: the official text of Lok Sabha Unstarred Question 323 and Annexures-I to III were read in full. The SISFS guidelines, portal and MCA data were not read.

Remember: According to the Lok Sabha answer, SISFS has Rs 945 crore approved and Rs 650 crore disbursed to incubators up to 30 June 2026, while our sums from the annexures put Rs 508.99 crore disbursed to startups; in four states the amount approved to startups exceeds that approved to incubators, and the answer has no information on delays, aspirational districts or a list of successful startups.