Startup India Fund of Funds 2.0

Prelims: *Current events of national and international importance | Government policies and interventions*

Why in News?

Recently, the Union Cabinet approved Startup India Fund of Funds 2.0 with a ₹10,000 crore corpus to boost venture capital and support India's startup ecosystem.

- Startup India is a ***flagship initiative of the Ministry of Commerce and Industry.***
- **Aim –** To promote bank financing for startup ventures to boost entrepreneurship and encourage job creation.
- **Launched in –** 2016
- **Implementation – *Department for Promotion of Industry and Internal Trade (DPIIT).***
- **Objective –** To promote innovation, empower startups with tools for growth and design, generate employment, and foster economic development.
- To make India a nation of job creators rather than job seekers.

> *The National Startup Day is observed on 16th January in commemoration of the 10th anniversary of the launch of StartUp India.*

Fund of Funds for Startups (FFS) 1.0

- **FFS 1.0 –** It is a flagship initiative of the **DPIIT** under the Startup India Action Plan.
- **Managed by** – ***The Small Industries Development Bank of India (SIDBI).***
- **Aim –** To address funding gaps and expand domestic risk capital via SEBI-registered Alternative Investment Funds (AIFs) and strengthen India's startup ecosystem.
- **Fund –** A corpus of Rs. 10,000 crores.
    - **Status –** It is committed to 145 AIFs, which have collectively invested over Rs. 25,500 crores in more than 1,370 startups
- **Pivotal role –** Nurturing first-time founders, crowding in private capital, and helping build a strong foundation for India's venture capital ecosystem.

Startup India Fund of Funds 2.0

- **FFS 2.0 –** Follows the strong performance of the Fund of Funds for Startups (FFS 1.0) and is *designed to take Indian innovation to the next level.*
- **Key Features – Priority & Deep Tech –** Targeted funding approach for priority

sectors and focus on deep tech/tech-driven manufacturing.

- **Safety net –** Support early-growth stage startups to reduce failure due to funding gaps.
- **Pan-India & Risk Capital –** National coverage beyond metros and addressing high-risk capital gaps
- **Domestic Capital –** Strengthens India's domestic venture capital base, especially smaller funds
- **Significance –** FFS 2.0 is expected to play a critical role in advancing India's innovation-led growth agenda.
- Firmly *aligned with India's Viksit Bharat 2047*, combining economic modernisation with inclusive regional uplift.

References

1. PIB | Startup India Fund of Funds 2.0
2. PIB | Fund of Funds for Startups (FFS)

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