

Investors decode impact of Budget 2022 on startup ecosystem

By Amisha Agarwal | February 3, 2022



In a conversation with YourStory investors Sanjay Mehta, Rahul Garg, and Siddarth Pai decode Budget 2022 to understand its impact on the startup ecosystem.

Union Budget focused on four pillars of development, guided by the PM Gati Shakti master plan. These pillars are **inclusive development, productivity enhancement, energy transition and climate action.**

Reading from a Made in India tablet, Sitharaman laid emphasis on the **growing startup ecosystem** in the country and announced a few tax concessions with a promise of attracting further capital into this ecosystem.

In a roundtable conversation with *YourStory* investors **Sanjay Mehta, Founder, 100X VC; Rahul Garg, Principal, Iron Pillar; Siddarth Pai, Founding Partner, 3one4 Capital,** helped decode Budget 2022 and to understand the impact of the announcements on the startup ecosystem.

“This Budget has essentially done two things. First, it has articulated a set of problems that the government wants startups to concentrate on — whether it’s delivering high-tech services to farmers, improving the pharma industry, improving the deeptech industry, or working on our commitments in terms of climate actions, and so on,” said Siddarth.

“Secondly, it has **allocated capital resources from the government’s side** to ensure that startups have the power to invest and to explore this in greater detail. The model that they have done is that the government no longer has to fund everything through layers of bureaucracy. They’re actually using a **blended model** either through NABARD when it comes to the agritech financing, either through co-investments with other funds or by using services of SIDBI to start creating a mechanism when it comes to funding,” he added.

The government has announced several plans for the agritech sector including **Kisaan drones and chemical-free natural farming.**

FM Nirmala Sitharaman announced that the central government will facilitate a fund with blended capital under the co-investment model through the **National Bank for Agriculture and Rural Development (NABARD)**. NABARD is an apex regulatory body under the Ministry of Finance to regulate regional rural banks and apex cooperative banks in India.

The fund will be used to **finance startups for agriculture and rural enterprises,** relevant to the farm produce value chain. This will include startups involved in supporting Farmers Producers Organisation, providing them with machinery and technology on a rental basis.

“The government’s push to create thematic investment funds and to invite private fund managers to invest in these sectors provides a lot of impetus to these sectors,” said Rahul. **“Globally, there has been a lot of talk about clean energy, climate and deep tech but in the Indian VC ecosystem, we have not invested a lot behind these technologies. This year the government’s commitment towards sustainability, clean tech and digital inclusion has strengthened quite a bit.”**