

# Startups to cash in on ₹10k cr fund of funds

TEAM TOI

There's continuing recognition that startups are critical to India's growth. This time, FM has also given special attention to deeptech startups, something that's becoming particularly important, given the impact emerging technologies, especially AI, is having around the world.

In 2016, FM had announced a Rs 10,000 crore allocation to a fund-of-funds (FoF)—money that would be invested in startups through venture funds. A total of Rs 91,000 crore is said to have been deployed in startups with the support of this FoF. In the latest budget, FM has allocated an additional Rs 10,000 crore to the FoF. Part of this will go into a dedicated deeptech FoF.

FM has also extended the scheme under which startups can claim a three-year tax holiday within their first ten years of operations. The scheme was to expire in March, but now, startups incorporated on or before March 2030 can claim the benefit. Padmaja Ruparel, co-founder of the angel network IAN Group, said the extension of startup benefits till 2030 shows the govt is committed to long-term growth and innovation. "The Rs 10,000-crore augmentation to the fund of funds,



GOVT OPENS FUNDING TAP

with a dedicated deeptech fund of funds, sets a clear direction for the next wave of entrepreneurial success," she said.

Prashanth Prakash, founding partner at venture capital firm Accel, said the deeptech FoF will accelerate advancements in critical technologies such as AI, quantum computing, and semiconductor research. "This move aligns with India's vision to lead the global innovation curve, ensuring that homegrown startups can compete on an international scale," he said, adding that

the grant of 10,000 fellowships under the PM Research Fellowship Scheme to support research at IITs and IISc will also contribute to growth of the deeptech ecosystem. Nasscom too said the deeptech FoF could help drive India's leadership in frontier technologies.

FM's announcement of a Rs 500 crore outlay for setting up a centre of excellence in artificial intelligence (AI) focused on the education sector is also a big step in this direction.

Chirag Gupta, founder and managing partner of deeptech venture capital firm 8X Ventures, said Indian deeptech startups currently look overseas for Series B and above funding, given the small size of domestic deeptech funds. The govt FoF could help fill this gap.

Nasscom said the Budget also has a number of measures that will advance technology and speed up much needed skill development. This includes the Rs 20,000 crore allocation for private-sector-led R&D, and measures such as expanding IIT capacities and establishing 50,000 Atal Tinkering Labs in government schools. These are crucial to strengthening India's position as a global hub of deeptech innovation, and its competitive advantage and position as a digital talent nation, Nasscom said.