Cabinet approves Startup India Fund of Funds 2.0 to Mobilize Venture Capital for India's Startup Ecosystem

Rs. 10,000 crore corpus to support deep tech, tech-driven innovative manufacturing startups, and early-growth stage startups

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In a major boost to India's growing startup ecosystem, the Union Cabinet chaired by the Prime Minister, Shri Narendra Modi, has approved the establishment of the Startup India Fund of Funds 2.0 (Startup India FoF 2.0) with a total corpus of Rs. 10,000 crore for the purpose of mobilizing venture capital for the startup ecosystem of the country.

The Scheme is designed to accelerate the next phase of India's startup journey by mobilising long-term domestic capital, strengthening the venture capital ecosystem, and supporting innovation-led entrepreneurship across the country.

Launched under the Startup India initiative, Startup India FoF 2.0 builds on nearly a decade of sustained efforts to make India one of the world's leading startup nations. Since the launch of Startup India in 2016, India's startup ecosystem has witnessed an extraordinary transformation growing from fewer than 500 startups to over 2 lakh Department for Promotion of Industry and Internal Trade (DPIIT)-recognised startups today, with 2025 marking the highest ever annual startup registrations.

Building on Fund of Funds for Startups 1.0

The Startup India FoF 2.0 follows the strong performance of the Fund of Funds for Startups (FFS 1.0), which was launched in 2016 to address funding gaps and catalyse the domestic venture capital market for startups.

Under FFS 1.0, the entire corpus of Rs. 10,000 crore has been committed to 145 Alternative Investment Funds (AIFs). Such supported AIFs have invested over Rs. 25,500 crore in more than 1,370 startups across the country in sectors such as agriculture, artificial intelligence, robotics, automotive, clean tech, consumer goods & services, e-commerce, education, fintech, food & beverages, healthcare, manufacturing, space tech, and biotechnology amongst others.

FFS 1.0 played a pivotal role in nurturing first-time founders, crowding in private capital, and helping build a strong foundation for India's venture capital ecosystem.

Key Features of the Scheme:

While the first phase built the ecosystem, Startup India FoF 2.0 is designed to take Indian innovation to the next level. The new fund will have a targeted, segmented funding approach to support:

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1. Deep tech and tech-driven innovative manufacturing: Prioritizing breakthroughs in high-tech areas that require patient, long-term capital.
2. Empowering early-growth stage founders: Providing a safety net for new and innovative ideas, reducing early-stage failures caused by lack of funding.
3. National reach: Encouraging investment beyond major metros so that, the innovation thrives in every corner of the country.
4. Designed to address high-risk capital gaps: Directing greater capital to priority areas which are important for self-reliance and boosting economic growth.
5. Strengthen India's domestic venture capital base, particularly smaller funds to further boost the domestic investment landscape.

Startup India FoF 2.0 is expected to play a pivotal role in shaping India's economic trajectory, leading to transformational impact.

Startup India Fund of Funds 2.0 is expected to play a critical role in advancing India's innovation-led growth agenda. By supporting startups that build globally competitive technologies, products, and solutions, the Fund will contribute to strengthening India's economic resilience, boosting manufacturing capabilities, generating high-quality jobs, and positioning India as a global innovation hub.

Aligned with the national vision of Viksit Bharat @ 2047, the Fund represents the Government's continued commitment to empowering entrepreneurs, fostering innovation, and unlocking the full potential of India's startup ecosystem.

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