



Startup
Policy
Forum

Fueling Innovation

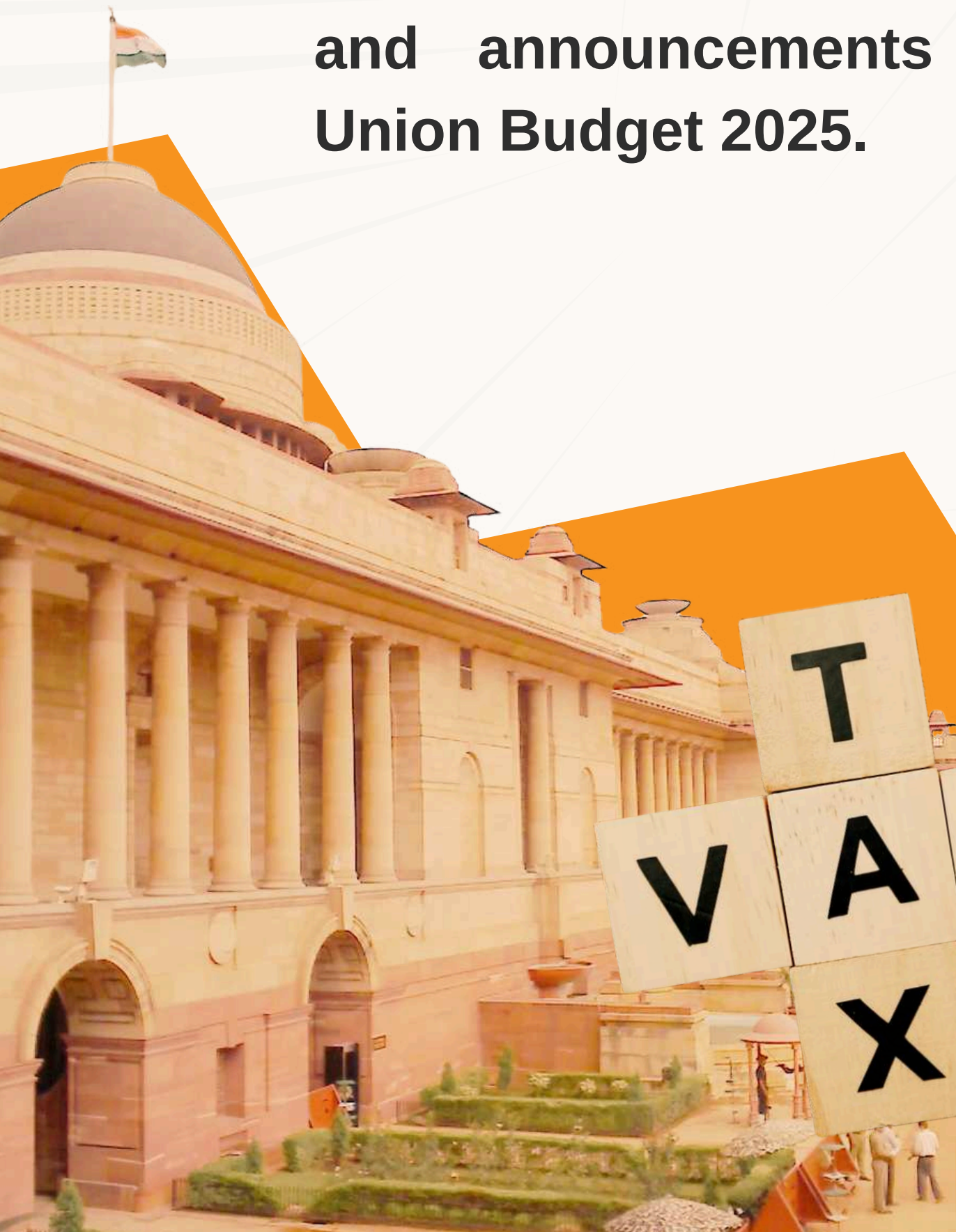
Budget 2025's

Game-Changing Boost
for Startups



The Top-Line

India furthered its commitment to the startup ecosystem through several allocations and announcements in the Union Budget 2025.



The big ones:
At a glance:

1

AI Centre of Excellence for Education

- **Rs 500 crore** outlay for a new centre of excellence in artificial intelligence for education.
- This follows the announcement of three CoEs announced in 2023 for agriculture, health, and sustainable cities.



2 Fund of Funds

- **Rs 20,000 crore** is allocated to drive private sector-driven R&D and innovation, including a Fund of Funds for deep tech startups.
- **A fresh infusion of Rs 10,000 crore** for a Fund of Funds for startups that have secured funding.
- **Rs 91,000 crore** has already been committed under the scheme, including Rs 10,000 crore from the government.



3

■ Tax Holiday Extension

- Startups with $<$ Rs 100 crore turnover can deduct 100% of profits for three out of ten years if incorporated between April 1, 2016, and March 31, 2025.
- This benefit will be extended to startups incorporated before April 1, 2030.



4 ■ 100% FDI in insurance

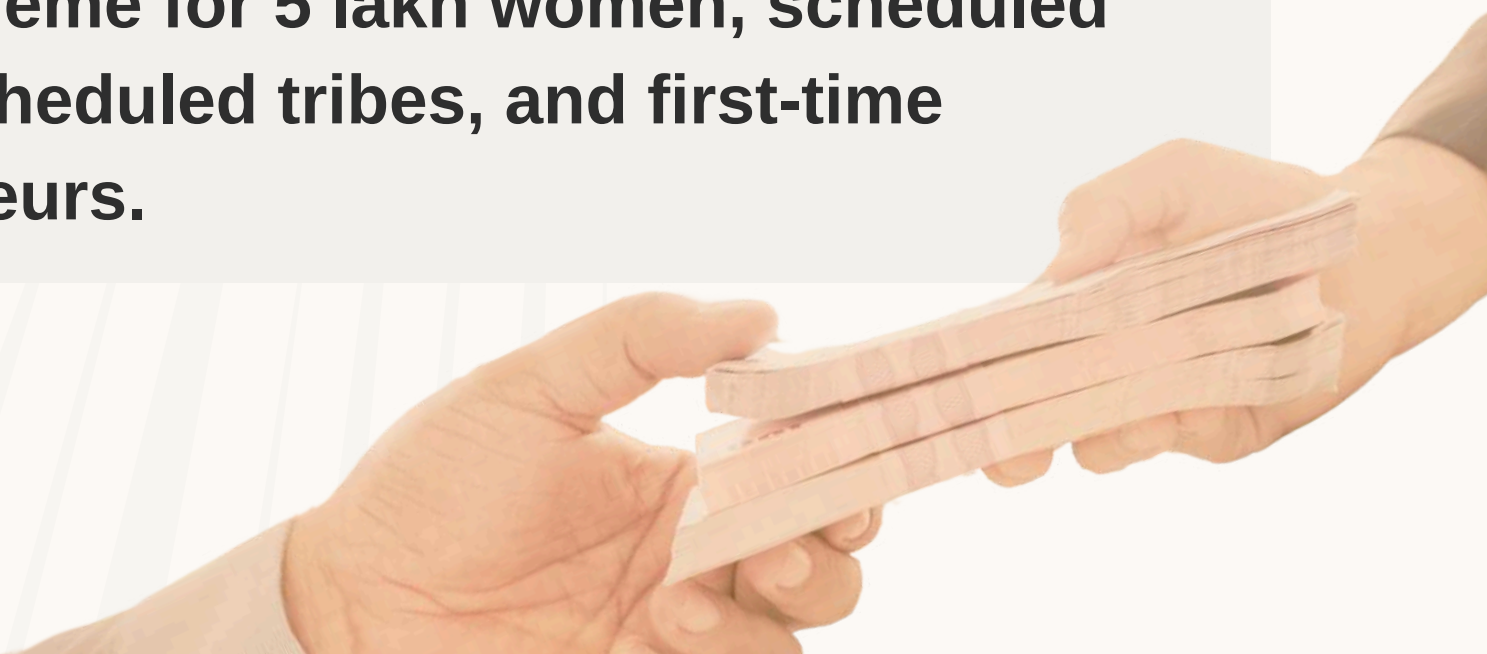
- The insurance sector's Foreign Direct Investment (FDI) limit will **rise from 74% to 100%**.
- Current foreign investment regulations will be reviewed and simplified to attract more capital.



5

MSMEs in the spotlight

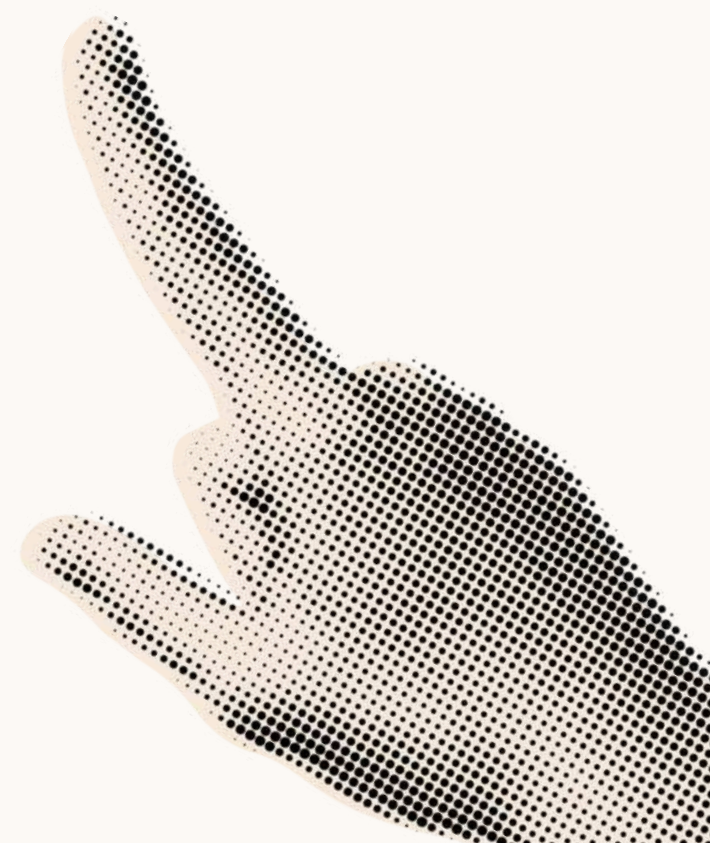
- Credit guarantee coverage for MSMEs doubles from Rs 5 crore to Rs 10 crore, **unlocking an additional credit of Rs 1.5 lakh crore over the next five years.**
- Collateral-free loans for startups increased from Rs 10 crore to Rs 20 crore.
- The guarantee fee charged from startups will be set at 1% for loans in 27 focus sectors.
- A new scheme for 5 lakh women, scheduled castes, scheduled tribes, and first-time entrepreneurs.





Why It Matters

These initiatives are vital for cultivating a dynamic startup ecosystem in India, offering essential funding, tax incentives, and support for innovation. This strategic approach aims to strengthen our foundation in technology, catalyse innovative startups, create jobs, and position India as a global leader in entrepreneurship.



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