

# India Doubles Down on MSME, Startup Support



**Startup  
Policy  
Forum**

# The Big News

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**The Union Budget 2025  
announced enhanced  
credit access for MSMEs  
and startups.**



# The MSME Powerhouse

- India boasts **5.7 crore MSMEs**, with over 1 crore registered businesses employing over 7 crore people and contributing 36% to total manufacturing output.
- India has over **1.59 lakh recognised startups** as of January 15, 2025.
- India is the **third-largest** startup ecosystem in the world.





# Credit Boost

- The finance ministry will **double credit guarantee coverage** for MSMEs from ₹5 crore to ₹10 crore, unlocking an additional credit of ₹1.5 lakh crore over the next five years.
- The collateral-free loans for startups will be increased from **₹10 crore to ₹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.



credit



# Extension of Tax Holiday

- Startups with <₹100 crore turnover can currently **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**.





# Fund of Funds (FoF) Refresh

Building on the existing FoF, which has seen ₹91,000 crore in commitments (including ₹10,000 crore from the government), a fresh infusion of ₹10,000 crore will be launched.



# Why it Matters

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**These moves signal India's  
commitment to boosting  
entrepreneurship, innovation,  
and job creation, which will  
drive future economic growth.**