FY25 BUDGET

Commerce Min may seek more funds for startups

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The Ministry for Commerce and Industry may seek more funds for startups in the forthcoming Budget, to be announced by the new government, to promote innovation in the country, an official has said.

The new government may announce the Budget for 2024-25 in July.

The seed fund scheme, announced in April 2021 with a corpus of ₹945 crore, will end in 2025, and the ministry may consider proposing a new scheme on similar lines.

The seed fund scheme was aimed at providing financial assistance to startups for proof of concept, prototype development, product trials, market-entry, and commercialisation.

The fund was divided into four years for providing seed funding to eligible startups through incubators across India.

Easy availability of capital is essential for entrepreneurs at the early stages of growth of an enterprise, and the capital required at this stage often presents a make-or-break situation for startups with good business ideas, another official said. There are over 1.17 lakh government-registered startups in the country. They are eligible for income tax and other benefits. These recognised startups have been reported to have created over 12.42 lakh direct jobs.

The ministry is also expected to propose a dedicated policy for deep tech startups.

Deep technology refers to innovations founded on advanced scientific and technological breakthroughs. Due to their disruptive nature, they have the potential to solve India's most pressing societal issues.

Focus on promoting startups was crucial in the previous government, which unveiled the Startup India initiative on January 16, 2016, along with an action plan for startups consisting of schemes and incentives to create a vibrant startup ecosystem. The action plan comprises 19 action items spanning areas such as simplification and handholding, funding support and incentive, and industry-academia partnership and incubation.