



VENTURE CAPITAL IN SPACE SECTOR: SCIENCE & TECHNOLOGY

NEWS: Union Cabinet Approves Rs 1,000-Crore Venture Fund to Propel India's Space Start-up Ecosystem

WHAT'S IN THE NEWS?

The Union Cabinet has sanctioned a Rs 1,000-crore venture capital fund aimed at supporting 30-35 space start-ups over the next five years, intending to stimulate private investment and innovation within India's space sector.

Venture Capital Fund:

Definition of Venture Capital (VC):

- Type of private equity financing provided by venture capital firms to startups and emerging businesses with high growth potential.
- In exchange for funding, VC firms receive equity or ownership in the company.

Typical Investors:

- Large organizations such as pension funds, university endowments, and high-net-worth individuals invest in venture capital funds.

Purpose and Focus:

- Targets early-stage startups with proof of concept needing support for commercialization.
- Provides funding between Rs 10 to Rs 60 crore, based on the growth stage and potential impact on national space capabilities.

Impact on India's Space Market:

- Aims to boost India's space industry, growing its valuation from USD 8.4 billion to USD 44 billion.
- Since 2020's space sector liberalization, 250 space startups have emerged, expected to grow with venture capital support.
- Generates jobs, strengthens supply chains, and develops manufacturing and technical capabilities.

Encourages Innovation and Economic Growth:

- Supports satellite, launch vehicle technology, and space applications, furthering space sector reforms.
- Positions India to compete with other major space-faring nations.



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Funding Structure:

- Structured as an alternative investment fund (AIF) regulated by SEBI.
- Professionally managed, starting with Rs 150 crore in the first year, with a gradual increase over time.
- Backed by the Indian Space Association to boost startup growth and attract further investment in India's space ecosystem.

Ministry of Information and Broadcasting
Government of India

CABINET DECISIONS
24th October, 2024

Venture Capital Fund for Space Sector under aegis of IN-SPACE*

Proposed fund:
₹1,000 crore

Deployment period:
Up to 5 years

Source: <https://indianexpress.com/article/india/cabinet-clears-rs-rs-1000-crore-fund-to-support-space-start-ups-over-5-years-9637512/>