Fund of Funds Scheme

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About Fund of Funds for Startups (FFS) Scheme:

- It was approved and **established in 2016** with a **corpus of Rs 10,000 crore**, with contribution spread over the 14th and 15th Finance Commission cycle based on progress of implementation.
- **Objective**: To provide much-needed boost to the **Indian startup ecosystem** and enable **access to domestic capital**.
- The scheme **does not directly invest in startups**; instead, it **provides capital to SEBI-registered Alternative Investment Funds (AIFs)**, known as **daughter funds**, who **in turn invest money in growing Indian startups** through equity and equity-linked instruments.
- **Small Industries Development Bank of India (SIDBI)** has been given the **mandate of operating this fund** through the selection of suitable daughter funds and overseeing the disbursal of committed capital.
- **AIFs** supported under FFS are **required to invest at least 2 times the amount committed under FFS in startups.**

Small Industries Development Bank of India (SIDBI):

- It was **established under an Act of the Parliament** in 1990.

- It is the Principal Financial Institution engaged **in promotion, financing & development of** the Micro, Small and Medium Enterprises (**MSMEs) sector** and coordination of the functions of the various institutions engaged in similar activities.
- It **helps MSMEs in acquiring the funds they require to grow** the market, develop, and commercialize their technologies and innovative products.
- SIDBI was made **responsible for administering the Small Industries Development Fund** and the **National Equity Fund** that were administered by IDBI before.
- Besides focusing on the development of the MSME sector, SIDBI **also promotes cleaner production and energy efficiency.**

Startup India Mission marks nine years of growth and innovation

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Q1) What is Startup India Scheme?

It is an initiative launched by the Indian Government in January 2016 to promote entrepreneurship and startups in India. The scheme is designed to create a favorable environment for startup businesses to grow and thrive in the country.

Source: DDN
