BioSpect
the business of Bi
24 years of leveraging the business of Bio
www.biospectrumindia.co

DPIIT releases operational guidelines for Startup India Fund of Funds 2.0 of Rs 10,000 Cr

26 April 2026 | News

For the utilisation, operation, and monitoring of the fund

The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, has released the operational guidelines for the Startup India Fund of Funds 2.0 (FoF 2.0). These guidelines provide a structured framework for operationalising the Rs 10,000 crore fund, including clearly defined mechanisms for the utilisation, operation, and monitoring of the fund. It aims to improve the efficiency of capital flows into India's startup ecosystem.

The scheme will be implemented through commitments to Alternative Investment Funds (AIFs) of Categories I and II registered with SEBI, which will invest in startups accredited by DPIIT. Doing so is expected to bring discipline in capital allocation, attract private investments, and ensure wider access to financing across multiple sectors, stages, and geographies.

Small Industries Development Bank of India (SIDBI) will act as the initial implementing agency and implement through a streamlined AIF selection and monitoring process. DPIIT will also engage additional implementing agency to enhance outreach, improve sectoral expertise and build institutional capacities to manage such schemes.

To address the specific gaps in the ecosystem, the Operational Guidelines structurally categorise AIFs (Alternative Capital Investments) to include intensive technology-focused funds, micro venture capital funds supporting early-growth startups, funds focused on innovative and technology-based manufacturing sectors, and sector and phase-related funds.

There are criteria set for each segment, including fund limits, government contribution limits, tenure, and minimum private capital raising ratio, ensuring that capital is directed to priority sectors while maintaining market discipline.

The guidelines prescribe a two-stage selection process for AIFs. The implementing agency will conduct preliminary investigations, which will be followed by an evaluation by the Venture Capital Investment Committee. The committee will assess the proposals based on the team's track record, fund management capacity, and investment strategy. The committee comprises eminent leaders from industry, academia, and the innovation ecosystem.

Startup India FOF 2.0 has been developed to act as a catalyst rather than a direct investor, enabling multiplier effect through private capital participation. The guidelines mandate minimum private capital mobilisation, thereby strengthening the market-based investment discipline.