

**GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE  
LOK SABHA**

**UNSTARRED QUESTION NO. 2720.  
TO BE ANSWERED ON TUESDAY, THE 16<sup>TH</sup> DECEMBER, 2025.**

**CASH CRUNCH FACED BY START-UPS AND MSMES**

**2720. SHRI TARIQ ANWAR:**

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

**वाणिज्य एवं उद्योग मंत्री**

- (a) whether the Government has made any assessment of the cash crunch situation being faced by start-ups and small and medium enterprises in the country, if so, the details thereof;
- (b) whether there has been a significant decline in investment in the MSME sector during the Financial year 2023-24, if so, the response of the Government and action taken in this regard;
- (c) the concrete steps taken by the Government to address the funding crunch and "funding winter" in the start-up ecosystem; and
- (d) whether the Government proposes to introduce any new schemes to facilitate credit facility and encourage investment for these enterprises, if so, the details thereof?

**ANSWER**

**वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)**

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY  
(SHRI JITIN PRASADA)**

**(a) to (d):** In India, Alternative Investment Funds (AIFs), which are privately pooled investment vehicles, are utilized by various investors to channel venture capital and private equity into startups. As per the Securities and Exchange Board of India (SEBI) Annual Report 2023-24, the AIF market segment in India has matured significantly. Several factors, including India's thriving startup ecosystem, supportive regulatory framework, a steadily growing pool of domestic investors, and unique investment opportunities with potentially higher returns, have fuelled the growth of AIFs. Specifically, the commitments raised by AIFs have seen three- fold increase, reaching Rs. 11.3 lakh crore at the end of 2023-24 from Rs. 3.7 lakh crore at the end of 2019-20.

The Government has established the Fund of Funds for Startups (FFS) to further catalyze venture capital investments. It is operationalized by Small Industries Development Bank of India (SIDBI), which provides capital to SEBI-registered Alternative Investment Funds (AIFs) which in turn invest in startups.

AIFs supported under FFS are required to invest at least two times of the amount committed under FFS in startups. The entire corpus of Rs. 10,000 crore has been committed to AIFs which have catalysed investments of Rs. 24,919.5 crore into 1,334 startups under the Scheme as on 31<sup>st</sup> October 2025.

The Government has also set up the Self-Reliant India (SRI) Fund to infuse equity of Rs. 50,000 crore in Micro, Small and Medium Enterprises (MSMEs) having potential and viability to grow larger with Rs. 10,000 crore from the Government of India and Rs. 40,000 crore through Private Equity/Venture Capital Funds. Since inception in 2021 till 31<sup>st</sup> October 2025, 671 MSMEs have been assisted with an equity infusion of Rs. 14,927 crore.

The Government has taken several other initiatives and measures to support startups and Micro, Small and Medium Enterprises (MSMEs) and improve access to finance, facilitate credit facility and encourage investment for these enterprises. Details of the measures are placed as **Annexure-I**.

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## ANNEXURE-I

### ANNEXURE REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE LOK SABHA UNSTARRED QUESTION NO. 2720 FOR ANSWER ON 16.12.2025.

#### Key measures undertaken by the Government to promote the startup ecosystem are as follows:

1. Under the Startup India initiative, the flagship Schemes namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) support startups at various stages of their business cycle.
2. SISFS provides financial assistance to seed stage startups through incubators. SISFS is implemented from 1st April 2021. Under the SISFS as well the entire corpus of Rs. 945 crore has been approved to 219 incubators as on 31st October 2025.
3. CGSS is implemented for enabling collateral free loans to startups through eligible financial institutions. CGSS is operationalized by the National Credit Guarantee Trustee Company (NCGTC) Limited and has been operationalized from 1st April 2023. Under CGSS, 311 loans amounting to Rs. 755.25 crore have been guaranteed for startup borrowers as on 31<sup>st</sup> October 2025.
4. Ministry of MSME implements Credit Guarantee Scheme (CGS) for MSEs through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans (revised to loans upto Rs 10 crore w.e.f 01.04.2025) to new as well as existing MSEs without collateral security and third-party guarantee.
5. Prime Minister's Employment Generation Programme provides Margin Money subsidy up to 35%, for setting up of new micro enterprises, in the non-farm sector with project cost of Rs. 50 lakh for Manufacturing and Rs. 20 lakh for Services enterprises.
6. PM Vishwakarma Scheme was launched on 17.09.2023 to provide end-to-end holistic support to artisans and craftspeople of 18 traditional trades who work with their hands and tools. The Scheme includes provision of loans up to Rs.3 lakh with interest subvention of max up to 8%.
7. The Government also implements periodic exercises and programs including States' Startup Ranking, National Startup Awards, and Innovation Week which play an important role in the holistic development of the startup ecosystem. The Government also encourages and supports ecosystem-led initiatives such as Startup Mahakumbh which serve as a vibrant platform for stakeholders to network and collaborate. Initiatives to improve market access and enable public procurement support startups in growing and scaling up their businesses. These measures are complemented by regulatory reforms and other ecosystem development events and programs.
8. The Atal Innovation Mission (AIM) of NITI Aayog fosters innovation and entrepreneurship among India's youth through flagship programs like Atal Tinkering Labs (ATLs), Atal Incubation Centres (AICs) incubation facilities and Atal Community Innovation Centres (ACIC), and the Community Innovator Fellowship (CIF). Other Program like International Bilateral Program, Language

Inclusive Program of Innovation (LIPI - Vernacular Innovation Centres), Deeptech Reactor, AIM-WIPO Joint Program, and Human Capital Development under AIM 2.0 mandate are being piloted involving all relevant stakeholders.

9. Under the Ministry of Defence the Scheme for Innovations for Defence Excellence (iDEX) and Acing Development of Innovative Technologies with iDEX (ADITI) are fostering innovation and technology development in defence and aerospace by engaging startups.
10. Under the Department of Science & Technology, the Research, Development, and Innovation (RDI) Scheme has been approved to incentivize private sector participation in research and development (R&D). Further, DST is implementing the National Initiative for Developing and Harnessing Innovations (NIDHI) to promote innovation and entrepreneurship among the youth. The initiative comprises NIDHI-PRAYAS (prototype grant support), NIDHI-EIR (Entrepreneur-in-Residence fellowships), NIDHI-iTBI (Inclusive TBIs in Tier-II and Tier-III regions).
11. The Anusandhan National Research Foundation (ANRF) has initiated the program, Mission for Advancement in High-impact Areas (MAHA) to address priority-driven, solution-focused research in mission-mode.
12. The Department of Biotechnology (DBT) has established biotechnology incubation and pre-incubation centres across States & Union Territories (UTs) under the BioNEST (Bioincubators Nurturing Entrepreneurship for Scaling Technologies) and E-YUVA (Encouraging Youth for Undertaking Innovative Research Activities) schemes amongst other programmes under Biotechnology Industry Research Assistance Council (BIRAC).
13. Ministry of Electronics and Information Technology (MeitY) is undertaking initiatives such as GENESIS (Gen-Next Support for Innovative Startups) Scheme, TIDE 2.0 (Technology Incubation and Development of Entrepreneurs) Scheme, and IndiaAI Mission to promote the startup ecosystem.
14. The Ministry of Skill Development and Entrepreneurship (MSDE) through its autonomous organizations, namely National Institute for Entrepreneurship and Small Business Development (NIESBUD) and Indian Institute of Entrepreneurship (IIE) has taken various initiatives to promote entrepreneurship development amongst all sections of the society. These initiatives include, Swavalambini programme, Entrepreneurship Awareness Programmes (EAP), Entrepreneurship Development Programmes (EDP), Pradhan Mantri Janjati Adivasi Nyaya Maha Abhiyaan (PMJANMAN), Entrepreneurship Development Centres (EDC) in North East Region's Educational Institutions, Dharti Aaba Janjatiya Gram Utkarshh Abhiyan (DAJGUA), Pradhan Mantri Surya Ghar Muft Bijli Yojana Scheme (PM SGBY Scheme), and Capacity Building Programme for Fair Price Shop Owners.

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