



Empowering India's Space Economy: Rs. 1,000 Crore Venture Capital Fund Initiative for Innovation and Growth


FUND HIGHLIGHTS



Dedicated VC Fund for India's Space Startups


Supported by IN-SPACE (Indian National Space Promotion and Authorization Center)

OBJECTIVES & VISION

- Start Up Growth
- Economic Growth
- Global Leadership
- Atmanirbhar Bharat


Boost Space Startups


Strengthen India's Space Economy & Leadership

"Aligning with India's vision of Atmanirbhar Bharat: Innovation, Economic Growth, and Technological Self-Reliance."

The Union Cabinet has approved the establishment of a **Rs.1,000 crore Venture Capital (VC) Fund dedicated to supporting India's space sector.** This pioneering initiative, developed under the aegis of IN-SPACE (Indian National Space Promotion and Authorization Center), aims to propel the growth of space startups, strengthen India's space economy, and position the country as a global leader in space technology. The establishment of this fund aligns with the government's broader vision of promoting innovation, ensuring economic growth, and fostering self-reliance in high-tech industries, thus supporting the goals of Atmanirbhar Bharat.

Objectives and Strategic Vision of the Fund

The Rs. 1,000 crore VC Fund is structured to align with India's strategic vision for the space sector and supports the goals outlined in the 2020 space reforms. The fund is designed to address the unique needs of private companies operating in the high-risk, high-reward field of space technology. The fund aims to achieve the following objectives:

- **Capital Infusion:** The capital fund is expected to encourage additional funding for later-stage development, instill market confidence, and provide critical early-stage financial support for growth.
- **Talent Retention and Domestic Development:** Many Indian startups relocate abroad due to better financial opportunities. The fund will work to retain talent within India, prevent brain drain, and foster the growth of homegrown space companies.
- **Five-Fold Expansion of Space Economy:** The government aims to grow India's space economy by five times over the next decade, supporting the establishment of India as a significant global player in space technology.
- **Technological Advancements:** Investment in innovation will help advance space technology, supporting the development of sophisticated solutions for both domestic and international markets.
- **Boosting Global Competitiveness:** Enabling Indian companies to develop unique space-based solutions will reduce dependency on foreign technology and allow for stronger global competition.
- **Supporting Atmanirbhar Bharat:** By investing in indigenous startups, the fund underscores India's commitment to self-reliance,

fostering a robust domestic space economy with fewer dependencies on external technology.

- **Creating a Vibrant Innovation Ecosystem:** The fund seeks to foster a dynamic space innovation ecosystem by nurturing startups and fostering collaborations between sectors. This environment encourages the development of new ideas, products, and technologies, stimulating a continuous cycle of innovation in the Indian space industry.
- **Driving Economic Growth and Job Creation:** The fund is expected to boost economic activity by supporting startups and entrepreneurs in the space sector, leading to the creation of thousands of direct and indirect jobs. It will enable companies across the supply chain to scale operations, thus enhancing India's competitive position in the global space economy.

Financial Implications and Deployment Structure

The Rs. 1,000 crore VC Fund will be deployed strategically over five years, supporting startups in various stages of growth. The annual investment range is projected to be between Rs.150 crore and Rs. 250 crore, depending on the industry's needs and growth opportunities. The proposed break-up financial year-wise is as follows:

Deployment is structured in two tiers, based on the company's growth stage and the projected impact on India's space capabilities:

- **Growth Stage: Investments** will range from **Rs. 10 crore to Rs. 30 crore**, depending on the startup's development trajectory and long-term potential.

- **Later Growth Stage: Investments** will range from **Rs. 30 crore to Rs. 60 crore**, supporting more established companies with significant progress and a strong growth trajectory.

The VC Fund aims to support around 40 startups based on these funding ranges, providing the necessary financial foundation to stimulate growth and innovation across India's space industry.

Expected Impact on Employment and Economic Growth

One of the primary goals of the fund is to create a robust ecosystem that promotes job creation and enhances India's standing in the space technology sector. The fund is expected to:

- **Generate Direct Employment:** Jobs in engineering, data analysis, software development, manufacturing, and other technical fields are expected to increase. Each investment could generate hundreds of direct job opportunities within these high-skill areas.
- **Indirect Employment Opportunities:** Additional employment will also be generated in logistics, professional services, and supply chain management fields. These jobs will arise from the increased demand created by scaling businesses and manufacturing units.
- **Strengthening India's Space Workforce:** The fund aims to build a sustainable talent pool by fostering a skilled workforce in the space sector, enhancing India's global standing, and driving innovation through skilled professionals.

The fund will not only create jobs but also drive economic growth by expanding the space ecosystem and building an innovation-centric economy that supports self-reliance and sustainable development.

Role of IN-SPACe

The Indian National Space Promotion and Authorization Center (IN-SPACe) was established in 2020 as part of the government's comprehensive space sector reforms. Its purpose is to promote and oversee private sector involvement in space activities, serving as a critical facilitator for space startups and businesses. IN-SPACe has been instrumental in initiating reforms that align with the government's goals of enhancing space technology, increasing private participation, and expanding India's share in the global space economy.

The VC Fund was proposed by IN-SPACe to address the critical lack of risk capital in the high-tech space sector. Risk capital is essential to sustain growth and enable Indian companies to compete internationally. Traditional lenders often hesitate to support space-related startups, considering the high risk involved and the long-term horizon of returns. The VC Fund, therefore, represents a government-backed initiative designed to bridge this funding gap, empowering startups to thrive in a high-risk environment with strong growth potential.

Positioning India as a Global Space Economy Leader

At present, the Indian space economy is valued at approximately USD 8.4 billion, constituting a 2% share of the global space market. The government envisions scaling the space economy to USD 44 billion by 2033, including US \$11 billion in exports amounting to 7-8% of the global share. This growth is anticipated to be driven by private sector participation, including

a promising pipeline of around 250 startups operating across various segments of the space economy in India.

Many countries have recognized the strategic importance of the space sector and established space-focused VC funds to drive innovation, foster private-sector participation, and strengthen national capabilities. Examples include the 30 million GBP Seraphim Space Fund of the UK, 86 million Euro Primo Space Fund of Italy, US \$6.7 billion Space Strategic Fund of Japan, and Neo Space Group (NSG) by Public Investment Fund (PIF), Saudi Arabia. India aims to adopt a similar approach through its VC Fund, supporting its startups and fostering a solid space innovation ecosystem while driving the local development of space technology and related services.

Conclusion

The Rs. 1,000 crore VC Fund under IN-SPACE signifies a milestone in India's space sector evolution, demonstrating the government's commitment to achieving self-reliance and establishing India as a global leader in space. By providing risk capital, creating jobs, fostering innovation, and encouraging private sector participation, the fund aligns with national priorities to strengthen India's capabilities in the high-tech domain. It is not only a financial commitment but also a long-term strategic investment in building a vibrant, innovative, and sustainable space economy that aligns with the goals of Atmanirbhar Bharat.

Reference: PIB releases
