

Empowering India's Space Economy

Why in News?

The Union Cabinet has recently approved the establishment of a Rs.1,000 crore Venture Capital (VC) Fund dedicated to supporting India's space sector.

India's Space Economy

- Indian space economy is valued at approximately **USD 8.4 billion**.
- It constitutes **a 2% share** of the global space market.
- **India's Target** - To scale the space economy to USD 44 billion by 2033, including US \$11 billion in exports amounting to 7-8% of the global share.
- **India's Startups in Space Sector** - Around 250 startups are currently operating across various segments of the space economy in India.

What is this venture capital fund?

Venture capital (VC) is a form of private equity and a type of financing for startup companies and small businesses with long-term growth potential.

- **Aims**
 - To propel the growth of space startups.
 - To strengthen India's space economy.
 - To position the country as a global leader in space technology.
- **Launched by** - IN-SPACe (Indian National Space Promotion and Authorization Center)

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.
- **Purpose**
 - To promote and oversee private sector involvement in space activities.
 - To serve as a key facilitator for space startups and businesses.
- To know more about , IN-SPACe , Click [Here](#)

- **Alignment with Atmanirbhar Bharat Goals**
 - Promoting innovation
 - Ensuring economic growth
 - Fostering self-reliance in high-tech industries
- **Need of the fund**
 - The high-tech space sector lacks critical risk capital , which 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.

- **Deployment of the Fund** - It will be deployed strategically over five years, supporting startups in various stages of growth.
 - **Growth Stage** - Investments will range from Rs. 10 crore to Rs. 30 crore.
 - **Later Growth Stage** - Investments will range from Rs. 30 crore to Rs. 60 crore.

Space Sector VC funds of other Countries

- **UK** - 30 million GBP Seraphim Space Fund
- **Italy** - 86 million Euro Primo Space Fund
- **Japan** - US \$6.7 billion Space Strategic Fund
- **Saudi Arabia** - Neo Space Group (NSG) by Public Investment Fund (PIF).

What are the objectives of the fund?

- **Capital Infusion** - To encourage additional funding for later-stage development, instilling market confidence and providing early-stage financial support critical for growth.
- **Talent Retention** - To prevent startups relocate abroad due to better financial opportunities and to retain talent within India, preventing brain drain.
- **Domestic Development** - Fostering the growth of homegrown space companies.
- **Expansion of Space Economy** - To grow India's space economy by **five times** over the next decade, supporting the establishment of India as a major global player in space technology.
- **Technological Advancements** - To advance space technology, supporting the development of sophisticated solutions for both domestic and international markets.
- **Boosting Global Competitiveness** - To develop unique space-based solutions to reduce dependency on foreign technology and allow for stronger competition on a global scale.
- **Supporting Atmanirbhar Bharat** - To become self-reliant by fostering a robust domestic space economy with fewer dependencies on external technology.
- **Creating Innovation Ecosystem** - To encourage the development of new ideas, products, and technologies by nurturing startups and fostering collaborations between various sector.
- **Driving Economic Growth and Job Creation** - To boost economic activity and create thousands of direct and indirect jobs.

What are the benefits for this fund?

- **Achieve India's Space Vision** - The Rs. 1,000 crore VC Fund is structured to align with India's strategic vision for the space sector and supports the goals set forth in the 2020 space reforms.
- **Risk Support to Private Space Companies** - Private space companies operate in the high-risk, high-reward field of space technology.
- **Generate Direct Employment** - Jobs in high-skill areas like engineering, data analysis, software development, manufacturing, and other technical fields will increase.
- **Indirect Employment Opportunities** - Additional employment will also be generated in fields associated with logistics, professional services, and supply chain management.

- **Strengthening India's Space Workforce** - Fostering skilled workforce in the space sector to build a sustainable talent pool.
- **Economic Growth** - Expansion in the space ecosystem with innovation-centric economy that supports self-reliance and sustainable development.

To Know more about India's private space sector boom, Click [Here](#).

Reference

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