



## 19BAT618-FINANCIAL SOURCING MANAGEMENT

### Funding & Incentives: Fund of Funds, Credit Guarantee, Tax Exemptions

#### 1. Fund of Funds:

- Government-sponsored funds that invest in venture capital.
- Increases the availability of investment capital for startups.
- Indirect support for startups through VC investments.

#### 2. Credit Guarantee:

- Guarantees provided to financial institutions for startup loans.
- Encourages lenders to provide funding by reducing risk.
- Facilitates access to capital for startups.

#### 3. Tax Exemptions:

- Incentives such as tax breaks for investors in startups.
- Reduces financial burden on entrepreneurs and investors.
- Encourages investment in innovative ventures.

### Fund of Funds:

- **Government-sponsored Investment Vehicles:** These funds are established by the government to invest in various venture capital funds.
- **Enhanced Capital Availability:** By channeling funds into venture capital, the government indirectly boosts the availability of investment capital for startups.
- **Diversified Investments:** Fund of Funds allows for diversified investment across a range of startups, reducing risk for individual investors.
- **Stimulating Innovation:** By supporting venture capital, governments aim to stimulate innovation and economic growth.

### **Credit Guarantee:**

- **Financial Safeguard:** Guarantees provided to financial institutions act as a financial safeguard, assuring lenders against potential losses on startup loans.
- **Risk Reduction:** Encourages lenders to extend funding to startups by mitigating the risk associated with uncertain business outcomes.
- **Capital Accessibility:** Facilitates easier access to capital for startups, especially those with limited collateral or track record.
- **Promoting Entrepreneurship:** Fosters a more favorable environment for entrepreneurship by making funding more accessible.

### **Tax Exemptions:**

- **Incentivizing Investment:** Tax breaks and exemptions serve as incentives for individuals or entities to invest in startups.
- **Reduced Financial Burden:** Entrepreneurs and investors benefit from reduced tax liabilities, easing the financial burden associated with startup investments.
- **Encouraging Risk-Taking:** By providing tax incentives, governments encourage risk-taking and investment in ventures with high innovation potential.
- **Economic Growth:** Promotes economic growth by fostering a vibrant startup ecosystem through increased investment and innovation.