

Union Budget 2025: Deep tech and AI take center stage with crores of 'Fund of Funds'

[Budget 2025](#) / By [Poonam Mondal](#) / February 1, 2025



Finance Minister Nirmala Sitharaman

In a major push for AI and deep tech, Finance Minister Nirmala Sitharaman at the Union Budget 2025-26 has announced the establishment of a Centre of Excellence (CoE) in Artificial Intelligence for education, with a budget of ₹500 crore. This initiative aims to advance AI research and its applications in the education sector, fostering innovation and technological growth.

The Union Budget 2025-26 has been met with widespread appreciation from industry leaders, particularly in the startup, AI, and digital transformation sectors. The budget's emphasis on fostering innovation, funding deep-tech ventures, and strengthening India's digital infrastructure has positioned it as a game-changer for the nation's entrepreneurial ecosystem.

As part of Budget 2025, the government is also launching a deeptech-focused Fund of Funds to support private sector R&D and nurture next-generation startups. With a ₹20,000 crore allocation, this initiative will drive research, innovation, and entrepreneurship. Additionally, the PM Research Fellowship scheme will provide 10,000 fellowships over the next five years to support advanced technological research at IITs and IISc.

The new AI CoE builds on the success of three AI centres established in 2023 for agriculture, healthcare, and sustainable cities. Under the "Viksit Bharat" vision, these centres will be led by top educational institutions, collaborating with industry leaders and startups to develop cutting-edge AI solutions. By

strengthening AI-driven education, this initiative reinforces India's position as a global technology and innovation hub.

Anand Sri Ganesh, CEO, NSRCEL shares, " This ₹10,000 crore catalytic fund, with its focus on deep tech, is an interesting development and should encourage greater VC participation, incentivizing them to raise and invest additional capital from their own sources."

Aalok Kumar, Corporate Officer & Sr. VP-Head of Global Smart City Business, NEC Corporation, and President & CEO, NEC Corporation India, shares" The Union Budget 2025 places a forward-looking emphasis on technology and skilling. Initiatives like the Deeptech Fund of Funds, Centres of Excellence for AI in Education, and expansion infrastructure across the Nation's most prestigious technical institutes demonstrate a strong commitment to nurturing India's unmatched talent, innovation and research. These measures will significantly impact sectors like healthcare, agriculture, and manufacturing, driving long-term competitiveness. This supportive framework will enable NEC India's to also continue to meaningfully contribute towards India's growth.

The establishment of Atal Tinkering Labs in schools and National Centres of Excellence for Skilling reflect this Budget's focus on retaining the Indian edge in the technology domain and STEM Education. No doubt this will accelerate our innovation capabilities, particularly in emerging technologies like AI & Quantum Computing. By building on previous initiatives, the budget empowers Indian citizens and strengthens the country's position in the global technology landscape and further the economic growth. As we move forward, these strategic investments will be instrumental in shaping a digitally advanced and inclusive India."

Abhradeep Maiti, Associate Professor & Admissions Chairperson, IIM Kashipur

"The decision to set up 50000 Atal Tinkering Labs and provide broadband connectivity to rural public schools will encourage innovation and entrepreneurship at the grassroot level. The recent developments in AI research provide opportunity and risk for the workforce in India. By announcing National Centres of Excellence for Skilling, government has acted proactively as this will help in reskilling the displaced workforce due to AI. The centre of excellence for AI in education will also help to make education more accessible to students from all strata of society."

Bruce Keith, Co founder CEO, InvestorAi, shares, "I was especially delighted to hear about the enhancing the "spirit of curiosity and innovation " with IIT expansions of capacity and centres of excellence for AI education – talent availability is a necessary part of continuing our growth".

Sridhar Parthasarathy, Co-Founder & General Partner at Bluehill.VC, shares, "The plan for a new Deep Tech Fund of Funds is a crucial step towards advancing deep tech innovation in India. This signals a clear intent from the govt to position India strongly in the global AI race, which is much needed boost for deep tech startups specially in AI and space tech".

Apurv Agrawal, CEO and Co-Founder, Squadstack , shares, The Union Budget 2025-26 marks a pivotal step in accelerating India's leadership in technology and AI. The establishment of three AI Centres of Excellence with ₹500 crore, coupled with plans to explore a Deeptech Fund of Funds, addresses critical gaps in infrastructure and applied research, building on the momentum of initiatives like the IndiaAI Mission. The allocation of 10,000 PM Research Fellowships over five years is a visionary move to nurture world-class talent, fostering industry-academia collaboration and anchoring India as a global R&D hub.

These measures, alongside the ₹9 lakh crore commitments to startup-focused FoFs, will catalyze a robust ecosystem for deeptech innovation.

While the focus on foundational research and accessibility is commendable, sustaining this momentum will require targeted implementation, especially in tier-2/3 cities, to democratize AI's benefits. This budget lays the groundwork; it depends on startups to translate ambition into outcomes."

Sumit Kumar, Chief Strategy Officer at TeamLease Degree Apprenticeship, shares, "The budget places a strong emphasis on education and digital empowerment, ensuring that India's talent pipeline is built from the ground up. The establishment of three Centres of Excellence on AI for Education, with an outlay of ₹500 crore, will drive AI-integrated learning, research, and innovation, preparing students for next-generation careers in artificial intelligence and automation. To further strengthen technical education, IITs set up after 2015 will see an expansion, adding 6,500 more student seats, enhancing access to world-class learning and research opportunities. At the school level, 50,000 Atal Tinkering Labs (ATLs) will be established in government schools, fostering scientific curiosity, innovation, and problem-solving skills among students.

Additionally, the government's commitment to broadband connectivity for all secondary schools will play a pivotal role in bridging the digital divide, particularly in rural and underserved areas, where millions of students still lack access to quality digital education. In today's technology-driven economy, digital literacy is no longer optional—it is a fundamental skill for employability and economic mobility. Ensuring that youth across India, regardless of socio-economic background, have access to digital resources will level the playing field, empower them with future-ready skills, and enable them to participate in India's growing digital economy. By integrating early exposure to STEM education, AI-driven learning, and higher technical training, these initiatives create a seamless learning-to-employment pathway, equipping youth with the tools needed to thrive in the global digital landscape and accelerating India's journey toward a Viksit Bharat."

Charu Malhotra, Co-founder & Managing Director at Primus Partners, shares, "Focus on employment-led development gets a push with five global standard Centres of Excellence in Skilling. With 50,000 Atal tinkering labs, and CoEs for AI in education with a total outlay of INR 500 Crore is a transformative step."

Himanshu Pandey, CEO and Founder, Segumento an AI-based Data Intelligence Platform, shares, "The government's new initiative to expand the Fund of Funds (FoF) and establish a Deeptech Fund of Funds marks a transformative shift for India's startup ecosystem. By significantly increasing the capital pool available to startups, this move directly addresses one of the key challenges emerging businesses face—access to funding. It will not only enhance liquidity for startups across various sectors but also ignite a new wave of innovation, empowering entrepreneurs to scale their technologies and bring cutting-edge solutions to market. The focus on Deeptech is particularly exciting for AI and data intelligence companies like ours, as it will accelerate the development of advanced technologies with the potential to reshape industries and drive global change. The government's national guidance framework to support Global Capability Centres (GCCs) will also provide crucial infrastructure and foster international collaborations, strengthening India's global competitiveness in the tech space.

Equally impactful is the expansion of the PM Research Fellowship Scheme, which will offer 10,000 scholarships to support research at IITs and IISc. This initiative will be instrumental in nurturing the next generation of tech leaders and researchers, ensuring India remains at the forefront of technological innovation. With a more robust and supportive environment for both research and startup growth,

these strategic efforts position India to become a global hub for technological excellence. For those of us working in the tech ecosystem, these measures represent a pivotal moment of growth and opportunity, paving the way for groundbreaking innovations and international success.”

Prasad Shejale, Founder and Chief Executive Officer, LS Digital, shares, “The Union Budget’s forward-looking approach to Artificial Intelligence, with the establishment of a Center of Excellence (CoE) for AI, aligns with India’s vision of becoming a global digital powerhouse. At LS Digital, we believe AI is not just a tool but a transformative force driving Digital Business Transformation (DBT). With AI at the helm, we are leveraging its capabilities across research, prediction, and generation to unlock new possibilities for businesses, enhance decision-making, and drive intelligent automation.

The push for AI-led innovation, coupled with initiatives to streamline global operations and taxation frameworks, will accelerate enterprise adoption of digital technologies, making India a key hub for advanced AI-driven solutions. As businesses embrace AI to optimize efficiency and fuel innovation, LS Digital remains committed to pioneering cutting-edge solutions that shape the future of digital transformation.”

Manoj Paul, Managing Director, India, Equinix, shares, “With the government’s ambitious initiatives under the Digital India program like Empanelment of Agencies for Cloud-Based AI Services to democratize access to essential AI infrastructure and ensure global competitiveness through innovation and the recently unveiled priorities in the budget, such as, National Centers of Excellence for skilling in AI for education in the Union Budget 2025. This initiative will contribute to the development of innovative, automated and scalable digital technologies to improve the digital infrastructure resilience.”

Priyanka Anand, VP & Head HR, Southeast Asia Oceania and India, Ericsson, shares,

“ The establishment of National Centres of Excellence for Skilling, alongside global partnerships, will be instrumental in shaping a future-ready workforce, particularly in AI, 5G, and 6G. Strategic investments in IIT infrastructure and Deep Tech funding will accelerate R&D, fostering India’s leadership in cutting-edge technologies.

The launch of a Centre of Excellence for AI in Education and the expansion of Atal Tinkering Labs in 50,000 schools highlight the government’s focus on nurturing innovation from an early stage. Additionally, expanding broadband access to educational and healthcare institutions will bridge the digital divide, ensuring inclusive and technology-driven progress.

These reforms will not only strengthen India’s position as a global technology hub but also propel the country towards achieving its \$7 trillion economy vision by driving innovation-led growth, digital infrastructure expansion, and global competitiveness.”

Shouvik Mazumdar, Senior Director, Front-end Engineering, Ascendion, shares,

“The Union Budget 2025 showcases India’s focus on becoming a global leader in advanced technology, specifically with Artificial Intelligence. With ₹500 crore allocated for a new Centre of Excellence in AI for Education and the expansion of AI research in IITs, the government is fostering innovation at the highest levels. The Centre of Excellence will attract top talent, global collaborations, and industry partnerships, and shows India’s steadfast focus towards meeting the global demand for AI talent.

This budget also prioritizes deep-tech entrepreneurship through a dedicated Fund of Funds, driving breakthroughs in AI, machine learning, and automation and encouraging home-grown AI innovations and investments.

Additionally, a national framework for global capability centers in emerging tech hubs will enhance India's position in AI-driven industries by enhancing India's R&D ecosystem and local talent development. The government's vision of using AI for agriculture, healthcare and other sectors shows that India is poised to solve real-world problems rather than just releasing a tech innovation. By modernizing regulations to keep pace with technological advancements, the budget lays the foundation for a robust AI ecosystem that will power India's future in cutting-edge research, industry applications, and global competitiveness."

Dhruv Galgotia, CEO, Galgotias University, shares, "This budget is as if the Finance Minister and Prime Minister had heard the problems thoroughly. And on the day of the budget, the speech involved solutions which could uplift several socio-economic indicators.

It is heartening to note that the Finance Minister placed education among the pillars for Viksit Bharat. Specific policies such as 50,000 Atal tinkering labs in the next five years; a CoE for AI in education at an outlay of Rs 500 crores; capacity expansion of IITs, prove that the budget is aligned to deal with an uncertain future. "

Tarun Nazare, Co-founder & Managing Director, Neokred, shares, "The ₹20,000 crore allocation for 'Investing in Innovation' and the proposed DeepTech Fund of Funds reinforce the government's commitment to fostering startups and technological advancement. These initiatives, along with support for employment-led growth and rural prosperity, create a robust financial ecosystem. At Neokred, we welcome these reforms and remains committed to driving innovation in digital finance."

Anuraag Saxena, CEO, E-Gaming Federation (EGF), shares, "Budget 2025-26 is a strategic blueprint for propelling India toward a 'Viksit Bharat.' The focus on skilling, AI-driven innovation, and global partnerships is aligned with the vision of a future-ready workforce. The establishment of National Centres of Excellence for Skilling and the emphasis on global skilling partnerships will equip India's talent pool to meet the demands of high-growth sectors. The ₹500 crore Centre of Excellence for AI in Education will accelerate advancements in emerging technologies, vital for sunrise industries like online gaming. Furthermore, the ₹10,000 crore Fund for Startups will provide the capital to fuel innovation, helping startups scale across sectors, including those driving the digital economy. This budget positions Bharat as a key player on the global stage, creating opportunities for growth and leadership in the digital and innovation-driven industries."

Karthik Rajaram, Area Vice President and GM, India, Elastic shares, "The Union Budget 2025 reinforces India's vision for a strong, secure, and AI-driven digital economy. The AI Centre of Excellence for education with a ₹500 crore outlay and the Deep Tech Fund of Funds, highlights the government's focus on AI and emerging tech as growth drivers. The emphasis on building a robust Digital Public Infrastructure for international trade and streamlining regulatory frameworks will further help businesses in India to innovate and scale.

Additionally, with India's AI mission taking shape, investing in AI-driven security solutions will be critical for safeguarding digital infrastructure and ensuring long-term resilience. In alignment with the government's Viksit Bharat vision, we at Elastic remain committed to helping businesses use the power of Search AI to extract real-time insights, enhance security, and drive efficiency. We look forward to

working in close alignment with the government's vision to drive the next phase of India's digital transformation."

Siddharth Maheshwari, Co-Founder Newton School, shares "The Union Budget 2025-26 takes a decisive step in bridging India's AI talent gap. The allocation of ₹500 crore for the Centre of Excellence in Artificial Intelligence for Education, along with the establishment of five National Centres of Excellence for upskilling, reflects the urgency to build a future-ready workforce. With AI transforming industries, these initiatives will help equip students with the right skills to compete globally and contribute to India's 'Make in India, Make for the World' vision."

Satish Shukla, Co-founder, Addverb shares, "This year's budget is a significant step toward making India a global hub for innovation and advanced manufacturing. The Deep Tech Fund and ₹1.5 lakh crore credit guarantees will empower MSMEs and startups to embrace automation, while expanded PLI schemes and the National Manufacturing Mission will strengthen India's industrial backbone.

The push for AI-led skilling through Centres of Excellence and Atal Tinkering Labs aligns with the need for a future-ready workforce. At Addverb, we see this as a moment of transformation—one that reinforces our commitment to automation and robotics, driving India's journey toward Viksit Bharat."

Niraj Kumar, CTO, Onix shares, "We welcome the government's continued focus on tech and AI, and it perfectly aligns with our vision and plan of tech development in the country. The emphasis on skill development and education, particularly through global skilling partnerships will contribute in strengthening India's position in tech and global manufacturing space. The expansion of IIT infrastructure to support 6,500 additional students is also a crucial step in cultivating future talent. The establishment of a ₹500 crore Centre of Excellence for AI in Education, marks a transformative investment in our learning ecosystem, reinforcing India's commitment to technological advancement. Additionally, enhanced infrastructure development and initiatives to improve the ease of doing business will accelerate innovation and investments across industries.

The proposal to explore a deep tech fund of funds opens up promising avenues for startups and emerging technologies, fostering a dynamic entrepreneurial landscape. Overall, this budget sets a solid foundation for sustained growth, innovation, and global competitiveness."

Dhruvil Sanghvi, CEO of LogiNext shares, "The logistics sector with the announcement to convert India Post into a large public logistics organization. This initiative will significantly enhance our logistics capabilities, streamline operations, and improve service delivery across the nation.

Furthermore, the enhanced support for MSMEs, which are vital to our manufacturing and export sectors, underscores the government's commitment to fostering entrepreneurship and innovation. The establishment of a 'Fund of Funds for Startups' will empower diverse groups, including women and marginalized communities, to drive economic growth.

As we move forward, we are excited about the opportunities these initiatives present for collaboration and growth within the logistics sector, positioning India as a global leader in logistics and manufacturing."

Vishal Salvi, CEO, Quick Heal Technologies Ltd shares, "We commend the Government of India for presenting a visionary Union Budget 2025 that places innovation, digital transformation, and inclusive growth at its core. Delighted to see that the focus remains on investments in the economy, people, and innovation across sectors. The establishment of AI Center of Excellence, the focus on skill development,

and the push for a robust digital economy reflect the nation's ambition to lead globally in the age of technology. The ₹500 crore allocation for AI innovation for education is a significant step toward harnessing the transformative potential of artificial intelligence, and we applaud this forward-thinking approach.

However, as India accelerates its digital journey and embraces AI-driven advancements, the importance of cybersecurity and data privacy become paramount. Whether it's the expansion of broadband connectivity in schools, the transformative PM Gati Shakti initiative, or the financial support for rural sectors, these advancements demand secure digital ecosystems. We are bound to witness an increase in cybersecurity spending and strengthening of the IT Infrastructure protecting data & assets for individuals and consumers alike. At Quick Heal and our enterprise arm, Seqrite, we are committed to empowering individuals, businesses and government organizations to fully leverage the opportunities presented by the Budget while staying secure with our cutting-edge tech stack at all times.

The Budget's emphasis on MSMEs as a key driver of the economy further highlights the need to protect small and medium enterprises from evolving cyber threats. By securing their digital infrastructure, we can ensure they harness the full potential of the presented provisions and contribute to India's growth story. We stand ready to support the government's vision and partner in building a digitally resilient and secure India."

Prateek Jain, Associate Director-Startup And Alliances, Alliance Of Digital India

Foundation shares,"The Union Budget 2025, which is a reflection of Hon'ble PM Narendra Modi's vision of creating a strong startup ecosystem in India, aligns seamlessly with ADIF's mission to establish India as a global startup leader by 2030. The ₹10,000 crore Fund of Funds and expanded scope for startups directly address the patient capital gap we have long advocated for, particularly in deep tech and high-impact sectors – an area ADIF prioritized in its National Deep Tech Startup Policy recommendations. By recognizing MSMEs as economic engines and enhancing investment limits, the budget advances ADIF's work in creating a level playing field – a principle central to our advocacy for India's Digital Competition Law. The extended startup incorporation window furthers our ongoing ease-of-doing-business dialogues with policymakers, reducing entry barriers for new innovators. These measures amplify ADIF's core objectives: fostering policy-driven ecosystems, democratizing access, and scaling homegrown innovation. We commend this budget's strategic synergy with India's startup stakeholders and stand ready to co-drive its execution."

These insights present a promising future for India's tech and startup ecosystems, with ample opportunities for growth, collaboration, and global leadership in AI and deep-tech innovation.