INDIA’S STARTUP LANDSCAPE
Adapting to the New Normal
India's Startup Landscape: Adapting to the New Normal
India's Startup Landscape - Adapting to the New Normal

August, 2017

Life Sciences & IT Knowledge Banking Group, Corporate Banking, YES BANK

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Introduction

India has experienced a phenomenal growth in the startup landscape in the past half-a-decade, in the process emerging as the third largest startup destination globally. The credit for India reaching such unprecedented heights, largely goes to the initial success stories created by firms such as MakeMyTrip.com, Info Edge, among others, which encouraged the creation of an immensely promising entrepreneurial culture in the country.

By the end of 2016, there were more than 4,750 technology startups in India, registering a growth of 10-12% from the previous year. Between 2010 and 2016, India witnessed a CAGR of 46.5% in the number of start-ups, which is expected to cross the 10,000 mark by 2020. 2016 itself accounted for addition of more than 1400 start-ups in India’s kitty.

India’s Startup Ecosystem 2016 - Highlights

- **Total no. of tech startups in India**: 4750+
  - 10-12% Y-o-Y growth
- **3rd Largest Startup Ecosystem Globally**
- **New Tech Startups**: 1400+
  - 8-10% Y-o-Y growth
- **Major Startup Hubs in India**: Bengaluru, Delhi-NCR, and Mumbai
  - ~70% of all startups are located in these cities
- **Customer segments**:
  - B2B: 36-40%
  - B2C: 60-64%
- **Funding**:
  - USD 4 Bn
  - 650 startups funded
- **Vertical focus**:
  - Ecommerce, Health-tech, Fin-tech and Edu-tech
- **Technology Focus areas**:
  - Cloud Computing, Big Data & Analytics, IoT, AI/ML
- **Incubators/accelerators**:
  - 140+
- **Market consolidation**:
  - No. of M&As = 165 (20% increase from 2015)

Source: NASSCOM, CII, ASSOCHAM, Tracxn

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1 Source: CII, NASSCOM
2 Source: CII, NASSCOM
3 Source: CII, NASSCOM
Technology-enabled transition from SMEs to Startups:

The rapid growth of India’s IT-BPM industry in the past decade, has ensured availability of efficient value chains, resulting in creation of a robust IT talent pool in the country. A potent cocktail of tech-savvy consumer base, reduction in prices of mobile devices (e.g. smartphones are available at a much lower price today), emergence of disruptive technologies such as cloud computing, Big Data Analysis among others, and growth in internet penetration, have ensured that the market today is ready for innovative business models that use technology to disrupt traditional industries. Further, the early successes in e-commerce and consumer internet space attracted the much needed attraction of global investors. All these factors jointly resulted in a new wave of technology-focused SMEs– the ‘startups’.

India as a Startup Hub:

In today’s business environment, innovation forms the bedrock for creating new generation
companies, translating consumer problems into ground-breaking business ideas while leveraging technology to create targeted solutions. In just over a decade, India has emerged as the world’s third-largest startup ecosystem, with more than 4750 startups. Bengaluru continues to top the list with 26 per cent of domestic tech startups, followed by Delhi-NCR (23 per cent), Mumbai (17 per cent), Hyderabad (8 per cent), Chennai (6 per cent) and Pune (6 per cent). 4 2016 wasn’t a great year for Indian startups. PE and VC investments which touched their peak in 2015, fell to unexpectedly low troughs. However, M&A deals remained healthy, primarily due to a few high-value transactions that occurred during the year.

Fig. 2: India’s Startup Growth Journey (2010 – 2016)

Source: CII, NASSCOM and YES BANK Analysis

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Three vital aspects that are driving India’s startup ecosystem: a focus on science and technology in academic study, a largely young workforce and a surge in economic growth.

Backed by strong GDP growth, Science & Technology-focused education, strong domestic demand and favorable demographics, India is expected to clock an average annual growth of 7.73% during 2017-19, contributing immensely to the attractiveness of the country for both global investors and entrepreneurs alike.

The following chapters will present the readers with key insights on India’s startup ecosystem, covering various key elements such as funding trends, startup investment scenario and deal dynamics in 2016, incubation/acceleration, comparing India’s startup ecosystem with the global, among others. An important feature of this report is our analysis of the future trends and recommendations on what next to be done to create a better playground for India’s startups to prosper.

From replicating the tried and tested business models of overseas markets, to concentrating on creating business models focused on India-specific challenges, startups in India have come a long way. While the larger lot of Indian entrepreneurs have chosen to create consumer-facing companies, a new breed of startups have popped up of late, which have based their business model at leveraging India’s age old problems -- administrative, social, infrastructural problems, etc. – treating them as newfound opportunities. The following table elaborates further on technology startup-enabled solutions vis-à-vis sector-wise opportunity areas:

**Table 1: Startup-enable solutions – a sectoral mapping**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Pain point</th>
<th>Technology-based opportunity areas</th>
<th>Startup enabled solutions with company examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial inclusion</td>
<td>India being primarily a cash-driven economy. Financial Inclusion is still a big challenge</td>
<td>Solutions focused on facilitating social schemes such as ‘Pradhan Mantri Jan-Dhan Yojna’ for financial inclusion and digital payments</td>
<td>FINO PayTech: Micro customer enrollment solutions, biometric solutions for enrolment, storage and verification, etc. FT Cash: Mobile platform for cashless transactions for micro merchants</td>
</tr>
<tr>
<td>Power</td>
<td>Inefficient energy distribution and control system</td>
<td>Smart energy monitoring and control, energy analytics platforms, smart transformation, etc.</td>
<td>Zenatix: IoT based energy monitoring and control REConnect Energy: Solar/wind power forecasting and scheduling; online renewable energy marketplace</td>
</tr>
</tbody>
</table>
Startups today are increasingly foraying into areas such as affordable healthcare, agricultural technology, rural education, etc., creating technology-enabled systems that target India’s age-old problems, in the process are also generating investor interests. However, in such a nascent industry, challenges remain - starting with transforming ideas into a scalable product or service, unit level economics, to gaining wider acceptance.

With immense opportunities arising out of India’s domestic market, a well thought through business plan that is not based on FOMO (Fear of Missing Out) and is more focused towards solving India’s innumerable problems by offering innovative technology based solutions, will be a key driving force for growth of India’s startup ecosystem in the coming years.

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5Source: Study conducted jointly by logistics firm Transport Corporation of India (TCI) and IIM-Kolkata., 6Source: Parliamentary committee report on health and family welfare, March 2016, 7Source: IndiaSpend, 8Source: Ministry of Human Resource Development (MHRD), ndtv.com

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<table>
<thead>
<tr>
<th>Sector</th>
<th>Pain point</th>
<th>Technology-based opportunity areas</th>
<th>Startup-enabled solutions with company examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic Management</td>
<td>$6.6 billion per year cost of delays due to traffic congestion. Additional $14.7 billion per year fuel consumption cost due to delay</td>
<td>Traffic management systems, Big Data Analytics based infrastructure and utilities management systems</td>
<td>Traffine: Website and app-based intelligent traffic monitoring system providing real-time traffic information. Ridlr: Public transport app that finds the best route for daily commutes, enabling smarter and cashless travel on public transport.</td>
</tr>
<tr>
<td>Healthcare</td>
<td>1 doctor per 1700 persons7. India is short of nearly 500,000 doctors, based on the WHO norm of 1:1,000 population.8</td>
<td>Access to healthcare, affordable diagnostics solutions, telemedicine, etc.</td>
<td>Lybrate: Web and mobile based platform for patients to connect with doctors, Portea: In-home healthcare solutions, Mapmygenome: Molecular diagnostics, personalized health solutions based on genetic tests.</td>
</tr>
<tr>
<td>Education</td>
<td>Gross Enrollment Ratio in higher education: 24.5%9</td>
<td>Online education platforms, mentoring, rural accessibility, etc.</td>
<td>Byju’s: Online coaching for K12 and competitive exams like CAT, GMAT, etc. Buddy4study.com: Online platform connecting scholarship seekers with scholarship promoters.</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Inefficient agri supply chain system, productivity challenges</td>
<td>Technology based agri supply chain management solutions, smart irrigation, etc.</td>
<td>AgroStar: “Direct to farmer” m-commerce platform where farmers can acquire agri-inputs at their doorstep and increase their produce. FrontRain Technologies: Provides social, mobile, analytics, and cloud computing software for food and agribusiness industries.</td>
</tr>
<tr>
<td>Skilling and employment</td>
<td>Making India’s vast youth population employable</td>
<td>Training, skill development, up-skilling and staffing solutions</td>
<td>Aasaanjobs: Recruitment platform for grey collared industry to connect candidates to job opportunities. EduBridge: A skill development and vocational training company that focuses on meeting the skill requirements of companies, government organizations and semi urban/economically backward youth.</td>
</tr>
</tbody>
</table>
Asia's second largest economy (by GDP at PPP) India, offers immense opportunities across various cities to both entrepreneurs and investors. In addition to the traditional start-up hubs such as Bangalore, Delhi-NCR, Mumbai, Hyderabad, Chennai and Pune, cities viz. Kochi, Kolkata and Jaipur stand out as the emerging startup hubs in India, jointly accounting for $350 million worth of funding in 2016\(^{10}\). Favorable factors such as low operational costs and cost effective workforce are driving these cities to emerge as important start-up hubs for the near future.

\(^{10}\)Source: NASSCOM
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**Fig. 4: Startup Geographical Clusters in India - 2016**

**Mumbai (Emerging Fintech hub)**
- 30% Fintech Funding
- No. of Startups: 800+
- B2B: 30-40%, B2C: 60-70%
- Funding: ~$750 million
- Technology focus areas: Big data and analytics, machine learning/ artificial intelligence

**Delhi-NCR (Ecommerce Hub)**
- 30% total e-commerce Start-ups
- No. of Startups: 1175+
- B2B: 25-30%, B2C: 65-75%
- Funding: ~$1,050 million
- Technology focus areas: Big data and analytics, Enterprise Saas solutions, Supply chain (logistics)

**Bengaluru (Silicon Valley of India)**
- 40% Overall Funding
- No. of Startups: 1300+
- B2B: 35-40%, B2C: 60-70%
- Funding: ~$1,350 million
- Technology focus areas: IoT, Health-tech cloud solutions

**Hyderabad (Infotech destination)**
- Technology MNCs
- No. of Startups: 400+
- B2B: 35-45%, B2C: 55-65%
- Funding: ~$300 million
- Technology focus areas: Health-tech cloud solutions, Inventory management solutions

**Pune (Emerging Healthtech destination)**
- 4 out of 10 are Healthtech Startups
- No. of Startups: 300+
- B2B: 40-50%, B2C: 50-60%
- Funding: ~$200 million
- Technology focus areas: IoT, Health-tech cloud solutions

**Chennai (Emerging B2B destination)**
- 55-60% B2B Startups
- No. of Startups: 275+
- B2B: 55-60%, B2C: 40-45%
- Funding: ~$200 million
- Technology focus areas: SaaS solutions, Big Data Analytics

**Kochi**
- No. of Startups: 110+
- Funding received in 2016: <350 mn
- Technology focus area/s: IoT, Robotics
- Known startup/s based in the city (e.g.): Sieve

**Kolkata**
- No. of Startups: 50+
- Funding received in 2016: <350 mn
- Technology focus area/s: Cloud-based Edutech solutions
- Known startup/s based in the city (e.g.): Cardekho.com, Grampower

**Jaipur**
- No. of Startups: 1300+
- Funding received in 2016: <350 mn
- Technology focus area/s: IoT, Health-tech cloud solutions
- Known startup/s based in the city (e.g.): FusionCharts, Taxmantra, Capacloud

Source: NASSCOM, CII

**Fig. 5: Other emerging tech startup cities**

Source: NASSCOM, CII
Unlike 2015, the year 2016 was characterized by funding drought. The year also saw the good run by unicorns especially in successive rounds of funding and increasing valuation and growth, coming to a halt.

### Highlights – 2016

- **39% drop in total startup funding since 2015**
- **Average ticket size decreased from USD 8 mn in 2015 to USD 6 mn in 2016**
- **18% growth in total startup deals since 2015, but ticket size reduced by 20-25%, indicating risk diversification by investors**
- **Ecommerce continues to rule the startup space**
- **Delhi-NCR growing faster than Bengaluru (16% more deals and 38% more funding in 2016)**
- **40% drop in late stage funding as compared to 2015**
- **‘Bridge Funding’ shines- 290% growth in total funding and 112% growth in total deals since 2015**
- **Seed investments gaining prominence indicating that investors are doing smaller investments in multiple companies, to mitigate risks**
- **PE/VC Investors such as Accel Partners, Kalaari Capital, Blume Ventures, Reliance Jio, etc. raised a corpus of ~USD 2 Bn for deployment in seed funding of early stage startups in 2016-17**
- **PE investments stood at US$ 1309 mn, down from US$ 4,967 mn in 2015,**
- **Average B2B ticket size in 2016 remained the same (~USD 4 mn) as that in 2015; whereas B2C ticket size got reduced by ~30% (~USD 7 mn)**
- **165 M&As in 2016 - 20% increase in M&A activity from 2015**
- **Hyperlocal was the most active segment in M&A space (12%), followed by Ecommerce (8%), Fintech and Fashion-tech (7% each) and Ed-tech (6%), in 2016.**

Source: Inc42, NASSCOM, ISPIRT, Tracxn and Grant Thornton
Startup Funding in India - 2016

From the figures in table 2, it can be deduced that investors are spending judiciously with focus on profitability. Investors have however shown interest in funding startups that they believe have sustainable unit economics and a scalable business model, as seen by the increase in the number of startups funded as well as the number of funding deals. Following is a funding break-up of B2B v/s B2C startups:

Table 2: Funding Comparison – 2016 v/s 2015

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Year</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total funding in startups</td>
<td>USD 9 Bn</td>
<td>USD 4 Bn</td>
<td></td>
</tr>
<tr>
<td>No. of startups funded</td>
<td>600</td>
<td>650</td>
<td></td>
</tr>
<tr>
<td>No. of funding deals</td>
<td>650</td>
<td>680</td>
<td></td>
</tr>
</tbody>
</table>

Source: NASSCOM, Fung Global Retail & Technology, YourStory

Table 3: Funding Break-up of B2B v/s B2C Startups

<table>
<thead>
<tr>
<th>Top funded (USD mn)</th>
<th>B2C</th>
<th>Top funded (USD mn)</th>
<th>B2B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Ibibo Group (250),</td>
<td>EPS: 35, Qubole: 30, Capital Float: 25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Snapdeal (200),</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>MakeMyTrip (180)</td>
<td></td>
</tr>
<tr>
<td>Top 3 funded</td>
<td></td>
<td>Ecommerce (1500-1600), Edutech (150-160), Healthtech (110-120)</td>
<td>Ecommerce enablers and SCM (300-400), Core Technologies (150-180), Fintech (130-150)</td>
</tr>
<tr>
<td>verticals (USD mn)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: NASSCOM, Inc42 *Till December 2016

Fig. 7: PE Investments

Source: VC Circle and YES Bank Analysis

Fig. 8: VC Investments

Source: VC Circle and YES Bank Analysis
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Fig. 9: M&As

![Graph showing M&As from 2012 to 2016](Source: VC Circle and YES Bank Analysis)

Fig. 10: Equity Capital Markets

![Graph comparing deal value for 2012 and 2016](Source: VC Circle and YES Bank Analysis)

Fig. 11: Comparison of deal value – 2012 v/s 2016

![Comparison of deal value between 2012 and 2016](Source: VC Circle and YES Bank Analysis)

2016 Funding Breakup across various stages:

Fig. 12: Funding received

![Funding received distribution](Source: Inc42)

Fig. 13: Deals struck

![Deals struck distribution](Source: Inc42)
While early stage startups got the biggest share of the pie in both funding received and deals struck (>60% in both the cases), ‘Bridge Funding’ is fast gaining popularity with 12% of all deals in 2016 falling under this category, signifying high burn rates of startups.

**Sector-wise break-up of total funding received: 2015 v/s 2016**

**Fig. 14: Deal value – 2015 v/s 2016**

![Deal value – 2015 v/s 2016](image1)

**Fig. 15: Deal volume – 2015 v/s 2016**

![Deal volume – 2015 v/s 2016](image2)

Fin-tech and Ad-tech were the sectors that performed better in 2016, with respect to deal value. Health-tech, on the other hand, was the only sector that experienced more number of deals in 2016 than the previous year, signifying a number of small size deals in the sector.

**Table 4: Top 10 Startup Deals (2011-15)**

<table>
<thead>
<tr>
<th>Year</th>
<th>City</th>
<th>Investor</th>
<th>Investee</th>
<th>Startup sector</th>
<th>Deal value (in US$ Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Gurugram</td>
<td>Warburg Pincus</td>
<td>Ecom Express Pvt Ltd</td>
<td>Ecommerce Logistics</td>
<td>132.70</td>
</tr>
<tr>
<td>2015</td>
<td>Gurugram</td>
<td>Unnamed investors and Rocket Internet AG</td>
<td>Pisces EServices Private Limited - Foodpanda.com</td>
<td>Food Tech</td>
<td>110</td>
</tr>
<tr>
<td>2015</td>
<td>Gurugram</td>
<td>Rocket Internet and Goldman Sachs</td>
<td>Pisces EServices Private Limited - Foodpanda.com</td>
<td>Food Tech</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>Mumbai</td>
<td>SoftBank Corp</td>
<td>Housing.com - Locom Solutions Private Limited</td>
<td>Real Estate</td>
<td>90</td>
</tr>
<tr>
<td>2014</td>
<td>Kanpur</td>
<td>Tiger Global and Bharti Softbank Holdings Pte. Ltd</td>
<td>Hike Technologies Private Limited</td>
<td>Apps and Tech</td>
<td>65</td>
</tr>
</tbody>
</table>
### Table 5: Top 10 Startup Deals in 2016 (as of Dec 2016)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Month</th>
<th>Location</th>
<th>Investor</th>
<th>Investee</th>
<th>Startup sector</th>
<th>Deal value (in US$ Mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>February</td>
<td>Delhi-NCR</td>
<td>Naspers, Tencent</td>
<td>Ibibo Group (acquired by MakeMyTrip in October 2016)</td>
<td>OTA, Accommodation</td>
<td>250</td>
</tr>
<tr>
<td>2</td>
<td>February</td>
<td>Delhi-NCR</td>
<td>Ontario Teachers’ Pension Plan, Iron Pillar, Brother Fortune Apparel, Bennett Coleman &amp; Co.</td>
<td>Snapdeal</td>
<td>Ecommerce, Marketplace</td>
<td>200</td>
</tr>
<tr>
<td>3</td>
<td>January</td>
<td>Delhi-NCR</td>
<td>Ctrip.com International Ltd</td>
<td>MakeMyTrip</td>
<td>OTA, Travel Tech</td>
<td>180</td>
</tr>
<tr>
<td>4</td>
<td>August</td>
<td>Delhi-NCR</td>
<td>Tencent Holdings, Foxconn Technology Group, Tiger Global, Bharti Enterprises, and Softbank Group</td>
<td>Hike</td>
<td>Mobile Messaging App</td>
<td>175</td>
</tr>
</tbody>
</table>
2016: A challenging year for India’s Unicorn Startups

Over the past few years, revolutionary startups such as Flipkart, Snapdeal, Ola, Paytm, Quikr, Zomato, InMobi, Shopclues, Mu Sigma and Hike Messenger, managed to capture the imagination of millions of Indians, inspiring an entrepreneurial spirit in India. Over the years, these startups successfully attracted billions of dollars of investments and grew into billion dollar unicorns, triggering the rise of innumerable startups in the country. However, the good run for these startups came to a halt in 2016. The year was characterized by funding drought, intense competition from international players and downward revision of valuations for a majority of them, including Flipkart, Snapdeal, Ola, Zomato, InMobi, etc.

Mergers & Acquisitions

With various segments in the startup ecosystem going through course-corrections as well as consolidation, M&As have now become a common practice for startups that have experienced big cashburns. India’s startup ecosystem saw a 20% increase in M&A activity from 2015 with 165 M&As in 2016, thanks to few high profile deals struck by companies led by acquisition of Jabong by Flipkart’s Myntra\(^{11}\), to reduce debt or to consolidate their market share. The percentage is however small in comparison to the massive 56% between 2014 and 2015\(^{12}\).


\(^{12}\)Source: iSPIRT
With a considerable decrease in funding activity from 2015, Hyperlocal proved to be the most active segment in M&A space (12%), followed by Ecommerce (8%), Fintech and Fashion-tech (7% each) and Edtech (6%), in 2016.\textsuperscript{13}
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India experienced its highest-ever startup funding (USD 9 Bn) in 2015, up from ~USD 5 Bn in 2014. However, the startup landscape in 2016 proved to be distinctly different from that of 2014 and 2015 when ‘me-too business models’ scoring over original ideas or rock-solid business models. 2016 proved to be a dry year for startups as the total funding fell to about USD 4 Bn.

Investors have been very selective in making investments, focusing more on realizing the investments already made. Hence, in 2016 only those startups got funded which were believed to be creating actual value.

Investors also believe that valuations were driven artificially in previous years as evident from mark downs of unicorns.

However, not all sectors experienced a downward trajectory in 2016. Fintech, Healthtech, Enterprise-tech and Media & Entertainment sector experienced a healthy growth trajectory. Further, with demonetization most fintech companies experienced a never before growth opportunity, capitalizing on the boost in digital transaction space.

With funding slowing down in the B2C space, B2B startups experienced a new found attention from investors, overcoming their biggest challenge, i.e. investors not considering B2B startups to be as attractive as consumer internet and ecommerce players.

Considering all indications from the year 2016 in the startup landscape, focus will continue to shift from ‘me-too’ business models to original business ideas, careful spending and a greater emphasis on profitability.

Funding drought of 2016 led to a big boost in startup M&A activity, signaling a surge in consolidation. With implementation of GST from July 2017 onwards, a further increase in the number of M&As can be expected.
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Incubators and Accelerators in India

Incubators/ Accelerators (I/A) Landscape- 2016

As India continues to mature as a startup hub, Incubators/Accelerators (I/As) have a big role to play in this growth by supporting and nurturing budding entrepreneurs and startups with strong mentorship, providing necessary technical support, generating funds, among others and thus, helping them in their sustainable growth.

Fig. 17: Incubators and accelerators in India - 2016

140+ Incubators+ Accelerators

40%+ incubators/ accelerators are located in Bengaluru, NCR and Mumbai

66%+ new incubators launched in Tier 2/3 cities in 2016

~35% YoY growth in the no. of Corporate Accelerator. E.g. Google, Microsoft Ventures etc.

Technology Focus Areas of Incubators/ Accelerators: Cloud, Big Data and Analytics, AI/ Machine Learning

Startup India, Stand-up India:
30 academic incubators were established under GoI’s Startup India initiative

Source: NASSCOM

India ranked third with 140+ incubators and accelerators in 2016, with only China (2400) and the US (1500) having more number of startups globally. Owing to a 40% growth, India managed to inch past Israel (130 startups). Having said that, the gap with China and the US with respect to the total number of incubators and accelerators, still remains huge.

Source: NASSCOM
India’s Startup Landscape: Adapting to the New Normal

Most incubators in India are run by academic institutions (70+), while the rest are either corporate (15+), independent (42+) or government-supported (12+). Several big corporations such as Microsoft, Paypal, Pfizer, Cisco, Times Group and Pitney Bowes run their own incubators and accelerators, benefitting budding entrepreneurs of the country.

**Table 6: Incubators/Accelerators in India across all categories**

<table>
<thead>
<tr>
<th>Incubators (~100)</th>
<th>Corporate</th>
<th>Independent</th>
<th>Academic</th>
<th>Startup sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3+ E.g. Pfizer, PayPal</td>
<td>17+ E.g. Indian Angel Networks</td>
<td>68+ Ctie, Sine</td>
<td>10+ E.g. NASSCOM 10,000 Startups, t-hub</td>
</tr>
<tr>
<td>Accelerators (40+)</td>
<td>12+ Cisco, Microsoft, Pitney Bowes</td>
<td>25+ E.g. GSF</td>
<td>2+ E.g. Infuse Ventures</td>
<td>2+ Dalmia Smart City Accelerator</td>
</tr>
</tbody>
</table>

**Source: NASSCOM, YourStory, Crunchbase**

Bangalore, followed by Mumbai and Delhi-NCR continued to be the top hubs India, accounting for over 40% of all incubators and accelerators in the country.  

**Fig.18: Top Incubator-Accelerator Hubs in India**

**Mumbai**
- Total no. of I/A: 10-15
- Key I/As Present: Intel MakerLab, SINE Business Incubator, Zone startups, Gennext Hub

**Pune**
- Total no. of I/A: 5-10
- Key I/As Present: Venture Center and NASSCOM 10,000 startups

**Bengaluru**
- Total no. of I/A: 20-30
- Key I/As Present: Cisco LaunchPad, Oracle Start-up Cloud Accelerator, Intel MakerLab, Target Accelerator, GSF, NASSCOM 10000 Startups, Microsoft ventures, NSRCEL- IIMB

**Delhi-NCR**
- Total no. of I/A: 15-20
- Key I/As Present: Oracle Start-up Cloud Accelerator, Pitney Bowes, Spring Board

**Hyderabad**
- Total no. of I/A: 10-20
- Key I/As Present: T-Hub, ISB

**Chennai**
- Total no. of I/A: 5-15
- Key I/As Present: NASSCOM 10,000 startups, Incubator Startups @ Paypal, IITM Incubation Cell

**Source: NASSCOM**

Bangalore, followed by Mumbai and Delhi-NCR continued to be the top hubs India, accounting for over 40% of all incubators and accelerators in the country.  

**Source: NASSCOM**
India’s Startup Landscape: Adapting to the New Normal

In barely a decade, India has become the world’s third-largest startup ecosystem worldwide, with only the UK and the US standing ahead of the country with respect to the total number of startups. 2016 itself saw an addition of 1400+ startups in India. The number of new start-ups in India is rising at a healthy pace (1400+ new startups added in 2016) every year and is projected to cross 10,000 by 2020.

Fig. 19: Top 5 startup countries - a comparison:

**US**
- Global Rank: 1st
- Total no. of startups: 52,000
- Large global talent pool
- High spending capacity
- Presence of tech giants
- Type of I/As: Incubators, Profit Accelerators, Non-profit accelerators, Govt. supported

**UK**
- Global Rank: 2nd
- Total no. of startups: 4,900
- Good connectivity
- Access to global talent pool
- Easy funding and liberal regulations
- Type of I/As: Independent, Govt. supported, Corporate, Academic

**India**
- Global Rank: 3rd
- Total no. of startups: 4,750
- Strong GDP growth
- Robust domestic demand
- Favorable demographics
- Type of I/As: Corporate, Independent, Academic, Govt. supported

**Israel**
- Global Rank: 4th
- Total no. of startups: 4600
- Young population which understands leadership
- Focus on innovative technologies and ideas
- Type of I/As: Corporate, Govt. supported, Academic, VC based

**China**
- Global Rank: 5th
- Total no. of startups: 4300
- Large workforce
- Cheap labor and infrastructure
- Wide presence in international market
- Type of I/As: Govt. supported, corporate, academic

Source: CII, NASSCOM and YES BANK Analysis
A number of internet and technology driven startups have popped-up in recent years, inspiring the rise of entrepreneurial spirit in the country by attracting billions of dollars of foreign capital, triggering the rise of a huge number of startups in India. So far nine startups have crossed the valuation of USD 1 Bn.

**Table 7: Unicorn Startups in India**

<table>
<thead>
<tr>
<th>Company</th>
<th>Founded</th>
<th>Headquarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ola (Traveltech)</td>
<td>2011</td>
<td>Bengaluru, Karnataka</td>
</tr>
<tr>
<td>Paytm (Fintech)</td>
<td>2015</td>
<td>Noida, Uttar Pradesh</td>
</tr>
<tr>
<td>Quikr (Ecommerce)</td>
<td>2008</td>
<td>Mumbai, Maharashtra</td>
</tr>
<tr>
<td>Zomato (Foodtech)</td>
<td>2008</td>
<td>Gurugram, Haryana</td>
</tr>
<tr>
<td>Shopclues (Ecommerce)</td>
<td>2011</td>
<td>Gurugram, Haryana</td>
</tr>
<tr>
<td>Hike Messenger (Mobtech)</td>
<td>2012</td>
<td>New Delhi</td>
</tr>
<tr>
<td>Zoho (Big Data)</td>
<td>1996</td>
<td>Pleasanton, California</td>
</tr>
<tr>
<td>Flipkart (Ecommerce)</td>
<td>2007</td>
<td>Bangalore, Karnataka</td>
</tr>
<tr>
<td>Snapdeal (Ecommerce)</td>
<td>2010</td>
<td>New Delhi</td>
</tr>
</tbody>
</table>

*Source: Business World, YES BANK*
Further, following are the top 20 startups that are expected to touch the $1 Bn mark soon:

### Table 8: Top 20 ‘Soonicorns’ in India

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Overview</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>BigBasket</td>
<td>Online retail store for grocery shopping</td>
<td>Bangalore</td>
</tr>
<tr>
<td>CarTrade</td>
<td>Automobile horizontal listing platform</td>
<td>Mumbai</td>
</tr>
<tr>
<td>Grofers</td>
<td>On-demand product delivery service from local merchants for customers</td>
<td>Delhi</td>
</tr>
<tr>
<td>Ecom Express</td>
<td>Logistics services and solutions for eCommerce</td>
<td>Delhi</td>
</tr>
<tr>
<td>OYO Rooms</td>
<td>Branded marketplace for budget hotel accommodation</td>
<td>Gurugram</td>
</tr>
<tr>
<td>Pepperfry</td>
<td>Managed marketplace for furniture and home products</td>
<td>Mumbai</td>
</tr>
<tr>
<td>Delhivery</td>
<td>Logistics services for Indian eCommerce companies</td>
<td>Gurugram</td>
</tr>
<tr>
<td>Book My Show</td>
<td>Online entertainment ticketing portal</td>
<td>Mumbai</td>
</tr>
<tr>
<td>BYJU’s – The Learning App</td>
<td>Hybrid test preparation &amp; learning platform</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Manthan Retail</td>
<td>Retail and CPG analytics solution</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Lenskart</td>
<td>Online and Offline eyewear brand</td>
<td>Delhi</td>
</tr>
<tr>
<td>Freshdesk</td>
<td>Customer service support helpdesk</td>
<td>Chennai</td>
</tr>
<tr>
<td>MobiKwik</td>
<td>Mobile wallet, recharge, bill payments</td>
<td>Gurugram</td>
</tr>
<tr>
<td>BankBazaar</td>
<td>Loan comparison platform</td>
<td>Chennai</td>
</tr>
<tr>
<td>CarDekho</td>
<td>Online auto portal for car research and buying/selling deals</td>
<td>Jaipur</td>
</tr>
<tr>
<td>Capillary Tech</td>
<td>Customer engagement solutions for retailers</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Urban Ladder</td>
<td>Online private label retailer of furniture &amp; home decor</td>
<td>Bangalore</td>
</tr>
<tr>
<td>Cleartrip</td>
<td>Online travel website that offers flights, hotels and train bookings</td>
<td>Mumbai</td>
</tr>
<tr>
<td>Financial Software Systems</td>
<td>Provider of electronic payment &amp; financial transaction processing solutions</td>
<td>Chennai</td>
</tr>
</tbody>
</table>

Source: Tracxn, YES BANK
Government of India aims to build an ecosystem that promotes entrepreneurship at the startup level. In this direction, the government has started a number of initiatives to ensure that startups get ample support and guidance. Following are some of the major initiatives undertaken by the government:

“The convergence of technology, integration across diverse fields, distributed architecture and people willing to back an idea, have opened a new world for enterprise. I see Start-ups, technology and innovation as exciting and effective instruments for India’s transformation, and for creating jobs for our youth.” - Prime Minister of India, Shri. Narendra Modi, September 2015
India’s Startup Landscape: Adapting to the New Normal

Startup India: Standing up for Startups
Startup India is a flagship initiative of the Government of India, intended to build a strong ecosystem for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design.

Make in India
Aims at promoting local manufacturing in India and transforming the country into a manufacturing hub. The programme focuses on attracting foreign investments as well as encouraging domestic companies to participate in manufacturing in the country.

Digital India – Data as a facilitator for startups
Government of India’s ‘Digital India’ programme aims to connect rural areas by developing their digital infrastructure, ensuring that government services are made available to every citizen through online platform. Diminishing the digital divide between urban and rural India translates into a huge business opportunity for startups especially e-commerce players to break into India’s rural market.

Financial assistance through Pradhan Mantri Mudra Yojana
Pradhan Mantri Mudra Yojana (PMMY) under the Micro Units Development and Refinance Agency (MUDRA) Bank is a new institution being set up by Government of India for development and refinancing activities relating to micro units.

Startup Exchange
The SEBI announced a new set of listing norms for startups which includes e-commerce ventures, planning to raise funding from listing on stock exchanges. These new set of norms intends to provide relaxations in disclosure related requirements, takeover, etc.

Self-Employment and Talent Utilisation (SETU)
SETU, established under the NITI Aayog, is a Techno-Financial, Incubation and Facilitation Programme aimed at supporting all aspects of startup businesses, and other self-employment activities, particularly in technology-driven areas.

Atal Innovation Mission (AIM)
Atal Innovation Mission (AIM) including Self-Employment and Talent Utilization (SETU), has been established under the NITI Aayog to promote a culture of innovation and entrepreneurship and serve as a platform for promotion of world-class startups and other self-employed activities particularly in technology driven areas and innovation hubs in India.

Single online clearance system
Government of India plans to bring an online approval window which will provide over 200 permits required by different industries from various government divisions. This new system meant for new entrepreneurs would allow them to apply for and track the status of their applications/license permits online.
India's Startup Landscape: Adapting to the New Normal

2016 was undoubtedly a tough year for Indian startups, characterized by funding drought and downward revision of valuations for several unicorns including Flipkart, Snapdeal, Zomato, Ola and InMobi. While the year 2016 has been a year of setbacks for Indian startups, Q1 2017 has shown signs of recovery on several fronts with a 120% increase in funding and an increase in VC participation by 29%.16

‘Consumer Internet’ continues to be the top sector, owing to major developments in the segment such as two big ticket investments in Ola and Paytm. Fintech and Healthtech are witnessing a rising curve in Q1 2017 with Healthtech establishing a Q-o-Q growth of nearly 100% receiving as much as 7x funding, whereas Fintech grew at a pace of 11%, raising over 99% more funding.17 Q1 also saw a 12.5% increase in the number of M&As with 2 mergers, 21 acquisitions and 13 acqui-hires.18

Accommodative government policy; Institutional support; Access to capital; Access to markets; Entrepreneurial culture; and Availability of relevant talent are some of the key ingredients for a successful startup ecosystem in a country.

The Way Forward & Recommendations

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16Inc42.com
17Inc42.com
18Inc42.com
Though the first quarter of 2017 ended on a promising note, it would be too early to term these changes as final trends going forward. While the 2017 startup story starts to unfold, let’s look at the anticipated future trends that are expected to shape India’s startup ecosystem in 2017 and beyond:

**Future Trends to Track**

**1. Back to the basics**

In 2015, the frequency and amount of money pouring in, led to a great deal of ‘fear of missing out’ amongst investors. However, 2016 turned out to be a year characterized by smaller funding rounds and growth for Indian startups. Today, investors realize that copy-paste models from the West may not work in India. ‘Copy-paste’ models would not be able to raise capital and will be forced to shut down. Entrepreneurs will need to come up with business ideas that have a better chance of success.

**2. The battle for India’s e-commerce market will get fiercer**

Homegrown companies like Flipkart, Shopclues, etc. are facing a stiff competition from global giants such as Amazon and Alibaba. The forthcoming takeover of the India operations of eBay by Flipkart, has turned the battle more interesting. Great merchandising, smooth and secure payments systems, and a robust logistics network that can provide the best-of-breed customer experience will separate great e-commerce companies from average ones.
Reinventing the wheel

Contrary to the usual trend, Indian e-commerce players, are increasingly going omni-channel, expanding their platforms to brick-and-mortar outlet as well, e.g. Lenskart and Pepperfry. The logic behind this is to target all kinds of customers – ones who buy only online, ones prefer going ‘omni-channel’, as well as the ones who buy only offline. This trend is expected to catch up for big e-tailers in the Indian market, who will not leave any stone unturned to tap all three kinds of customers and capture the largest customer pie.

Investments to keep flowing

2016 was a tough year for Indian startups, which experienced a decline in funding, including a late-stage funding crunch. However, this year’s first quarter has already shown signs of recovery. Some of the big ticket deals in the quarter include that of Paytm, Delhivery, and Ola. Further, Flipkart recently announced Indian startup ecosystem’s largest funding round- a gigantic USD 1.4 Bn - led by Tencent, eBay and Microsoft. With this investment, eBay has also entered into an agreement with Flipkart, where it is also selling its India business to Flipkart.

While one can’t expect to see too many new investments in up and coming players, existing players will continue to put in more money to protect their previous investments. However, common investors of investee startups will continue to further combine and consolidate their holdings rather than be pitted against one another.

The calibrated approach taken by the VCs indicates a newfound maturity of the VC and startup ecosystem, and are positive signs for India’s startup landscape in the long run. Going forward, Indian start-ups will continue to get the attention of both local as well as global investors, but in a more measured way.

Large-scale Consolidation in Ecommerce Space

The combined losses of India’s top three e-commerce players Flipkart, Amazon and Snapdeal surged from USD 60 Bn in FY15 to USD117 Bn in FY16. With the focus of start-up investors shifting from Scalability and Saleability to Sustainability and Selectivity, investors backing entrepreneurs in similar segments are likely to push for mergers and thereby consolidate their holdings rather than be pitted against one another.

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Rise of the Fin-tech

Financial Technology or ‘Fintech’ is one sector which is slated to flourish in 2017 and beyond. While ‘Demonetization’ gave an unprecedented push to digital payments, the launch of the United Payment Interface (UPI) furthered the cause in 2016.

Innovative financial technologies such as ‘Blockchain’ will play a key role in keeping up with the new born demand in Fintech. Bitcoin startups are expected to ride the momentum as they start getting wider acceptance. We will see Blockchain, which results in a common ledger, decentralized transparent transaction, low cost of operations and increased transaction speed, increasingly being used for payments.

2017 will also witness a number of traditional firms in the financial sector partnering with tech enabled firms to provide a wide gamut of solutions for their backend and consumer systems alike. This would create a big opportunity for fin-tech players for selling technologies and services to banks.

With the objective of boosting financial inclusion, RBI allowed SFBs (small finance banks) and Payments banks to start services. A total of 21 entities were given in-principle approval last year, including 11 for payments banks. Paytm has already started operating as a payments bank this year beginning. As the year progresses more payment banks will become operational.

Data is already considered as the currency of the future. Online lending will get bigger as more and more customers and merchants transact online creating digital footprints.

Technology in Healthcare

Amalgamation of healthcare and technology has proved to be a key opportunity area for Indian start-ups. Considering the dismal state of healthcare facilities in India (e.g. doctor to patient ratio in India is 1:2000[26]), healthcare has a long way to go in India, offering a huge growth opportunity to Healthtech startups. With more government initiatives and rapidly growing base of digital users, the market is poised to get back on track in 2017.

With increasing penetration of digital currency as well as internet connectivity, telemedicine will gain more prominence and will get commercially viable. This will take healthcare to the remotest corners in India. With more and more consumers going online for buying all their day-to-day needs, and with more and more innovative business models popping up, online sale of medicines will grow rapidly.

The education industry has gradually moved away from traditional methods of learning to online learning and teaching, enhancing the quality of education and learning. There will be deeper penetration of Edutech startups into smaller cities and towns, thanks to improving connectivity and growing number of smartphone users. A major part of Skilling, Reskilling and Certification space has already moved online. This trend will get stronger over time.

Explosion of software platforms has enabled different ways of bundling and disseminating content (gaming, video streaming, etc.) through smartphones. Media companies, Video-on-demand players and gaming startups are expected to dominate the digital media and entertainment industry in the coming years.

With media and entertainment startups acquiring millions of users, digital ad spends will shoot up, and vice-versa. Increasing monetization through advertisements will be the big focus area. As it will be hard to get Indian consumers to pay, innovative ways of monetization will need to emerge.

Right customer targeting will be the key focus area for consumer-centric companies in the years to come. Big data and analytics will play a key role here as huge customer data can be analyzed to convert into outcome-driven inputs. Large binary footprint will lead to a huge rise in targeted behavior by all brands on the whole.

With Digital India as the dominant theme in the country, given the many vulnerabilities of the digital world, cybersecurity has emerged as a key focus area. Analytics and IoT will find greater use in online fraud detection and to detect cyber-attacks in real time. Internet-of-things will further provide tighter security at hardware installations such as ATMs, payment devices, etc. by providing real-time protection. Startups in this space can expect to gain a lot from the spike in demand of such services.

Software-as-a-service (SaaS) is one of the major areas of interest for investors, as can be seen from over 60 startups operating in the vertical SaaS domain receiving funding in 2016, comprising 50% of the overall SaaS funding during the year. VC investments are projected to increase with domestic SaaS firms establishing global presence. Experts are optimistic about emergence of a billion-dollar SaaS company from India, in the coming years.
Recommendations

From ‘Startup’ to ‘Scale-up’

A startup growth strategy should not only focus on the country-of-origin, but also should have a time-bound global scale-up vision. This necessitates support from other ecosystem players such as the government, industry chambers etc., which have a key role to play in facilitating Indian startups creating their growth story overseas.

Operating overseas that includes having an international working space, is a costly affair. Government of India, jointly with Indian Industry chambers and associations need to create outreach centers to guide and facilitate startups in setting up their businesses in foreign shores. The outreach centers can advise/mentor the startups on potential customers/business opportunities, help build networks and compete globally. Once the companies get accustomed to the culture and macroeconomic structure of the country, it will be easier for them scale up faster.

Government of India’s flagship initiatives such as Startup India, must also focus on helping startups get strong publicity overseas, which in turn would enable these firms to attract the best local talent.

Greater efforts towards ecosystem building

Government and the industry should join hands to extend their support in identifying, supporting and nurturing startups. While the Government can promote direct procurement from startups approved on the Startup India initiative, Corporates can act as centers for co-creation with startups and provide market opportunities through procurement. Startups and corporates need to engage more proactively for mutual success. While startups can gain from the talent market access, large enterprises can benefit from niche technical and subject matter expertise of technology startups. E.g. India’s fourth largest private sector bank, YES BANK has partnered with Unicorn Startup Hike Messenger to power UPI-based payment solutions. This partnership will provide instant UPI access to over 100 million Hike users and provides a necessary fillip to India’s digital payments ecosystem. This partnership will make Hike Messenger the largest UPI based platform in India. YES BANK powers the UPI platform for a number of sectoral leaders in e-commerce, financial services, taxi aggregation and P2P services including Phonepe, Flipkart, Myntra, Jabong, Angel Broking, Reliance Securities, IIFL, Meru Driver App, Trupay, Mypoolin, Finmo and Benow for Offline granular Merchant Acquisition.

The Indian startup ecosystem needs to move from ‘me-too’ business ideas and strategies to a greater originality in ideas, to be able to compete on a global scale. Instead of creating firms centered only on the Indian market, entrepreneurs need to generate innovative business ideas that could give them a first-mover advantage around the globe.

Entrepreneurship and innovation-focused education at universities and colleges will give the necessary push to the startup ecosystem by creating a pool of next-generation entrepreneurs. Several studies have pointed out the grave reality of our education and skilling system. Studies say that today most graduates and post graduates in India (including engineers and MBAs) are unemployable. Reviewing the education curriculum and imparting innovation and entrepreneurship-focused education need to be on the cards of the academia and government. Establishing incubators within colleges and universities to support young entrepreneurs, will help in creating an entrepreneurial culture in India. Such initiatives should not be restricted to the IITs, IIMs and NITs.

Educational institutions should also incorporate mentorship programs, encouraging and assisting future entrepreneurs to foster innovation and entrepreneurship, while addressing the huge failure rate amongst Start-Ups.

Although Government of India has removed many barriers to entrepreneurship and foreign investment since the 1980s, India still doesn’t rank within the top 100 countries in ‘ease of doing business’. E.g. India rank’s 130 in the World Bank’s ‘Ease of Doing Business Index 2017’, ranks 155 in the ease of starting a business, out of 189 countries.

While the policy steps envisaged under Startup India initiative such as self-certification, public procurement guidelines, and tax exemptions provide the necessary framework to ease the regulatory and compliance burden of start-ups in their initial years, support from the respective state and municipal administrations is equally important. This will further encourage the emergence of start-ups from tier 2 and tier 3 cities.

Furthermore, a number of VCs haven’t so far profited from their investments in India’s unicorn startups. Limited Partners (LPs) like to fund VCs only if they are free to exit from firms when the deal isn’t going good. For a startup culture to thrive in India, policies that make it easy to start a company, and to enter as well as exit deals, will be critical.
Introduction:

- In India, we are witnessing the rise of the entrepreneurial economy, characterized by what we call DICE – Design, Innovation and Creativity led Entrepreneurship. A new wave of entrepreneurship is creating ripples in the architectural backbone of traditional business, driving innovation and creativity at its core. Entrepreneurs in this DICE economy look at everyday problems and find design driven solutions, disruptions in technology and innovation across operations and customer service to resolve these inconveniences.

- Startups go through several stages in its lifecycle before it matures to become a bigger brand. The Business risks vary in each stage. Studies have found that an estimated 70-80% of the start-ups fail within the first 5 years of its operations, failing to overcome the risks associated with products and the market.

Startup Lifecycle Stages

As start-ups climb each step up the growth ladder, the requirement for capital and the associated risk-return expectations also vary.

The YES BANK Edge

YES BANK has been working very closely with the startup ecosystem to nurture and promote entrepreneurship in India. The Bank offers its support to startups at key stages of their funding life cycle – Angel investor funding/ seed funding, VC Funding, and Public Markets.
YES BANK has launched a unique initiative ‘YES:Head-STARTUP (YHS)’, a full service banking proposition for startups with a host of privileges and benefits. YHS is designed to offer superior benefits which include a customized current account, seamless Digital Banking, dedicated ‘startup’ focused branches and a first-of-its-kind comprehensive privilege program, benchmarked with global standards.

**Privileges**

The YES:Head-Startup Program has been customized to provide a full range of banking and advisory services, complemented by a bespoke startup privilege program offering beyond banking services through high-quality like-minded partners.

- **Angel Investor funding/Seed funding**
  - Early stage startups rely on angel investors and seed funding
  - Investment into the entrepreneur with an idea
  - Does not burden the entrepreneur with any corporate governance formalities

- **Venture Capital (VC)**
  - Larger institutional funds meant for scaling up the company’s business model
  - Focus is on building the sales force and market expansion

- **Public markets**
  - For the late stage startups who need to expand more aggressively or innovate the product
  - Private equity (PE) funds together with public markets provide the necessary liquidity to late stage startups

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**GETTING STARTED**

- RegistrationWala

**PRO-WORKING SPACE**

- awfis

**HUB BRANCH NETWORK**

- YES BANK

**MARKETING & PR ASSISTANCE**

- Entrepreneur

**ACCELERATOR AND MENTORING**

- VCCircle
  - ISDI
  - Parsons Mumbai
  - tHub

**INVESTOR INTERFACE**

- Indian Angel Network®
With the rapid pace of innovation, in line with our A.R.T. (Alliance, Relationships & Technology) approach, we recognize there will often be nimbler, smaller start-ups creating path-breaking solutions from Fintech, addressing a particular market problem. Contrary to popular belief, where traditional banks have viewed Fintechs as competition, YES BANK’s idea is to complement them with Bank’s strength in Compliance, Regulation, Risk Management & Systems to create best-in-class solutions.

The bank has already partnered with over 35 startups in various genres including Payments, Supply Chain Finance, Retail Lending, Artificial Intelligence, Cryptosecurity amongst others.

In order to foster innovation in Fintech, the bank has established YES FINTECH - our Business Accelerator for Fintech Startups, powered by Lets Talk Payments and PwC, along with over 15 Global Ecosystem Partners. The second cohort of YES FINTECH will be launching towards the end of August.

YES Fintech Accelerator Advantage:

- This platform will offer the selected Fintech startups to have access to our state-of-the-art Banking Infrastructure, APIs, Regulatory & Risk Management guidance as well as a Network of over 2 million retail, over 10,000 SME & over 5,000 corporate customers.

- YES FINTECH’s intensive 15 week dual-mode program (12 weeks – onsite and 3 weeks - offsite) will provide startups mentorship, business model guidance, customized scale up plan and access to a global network of investors and VCs besides a plethora of benefits from our partner.

YES BANK’S Other Key Initiatives

A. Government Initiatives

- The Government of India in its Startup India Action Plan has approved setting up of 19 Technology Business Incubators (TBIs) & 7 research parks with central funding assistance in various IITs, IISERs, IIMs and NITs.

- YES BANK has provided advisory services to IIT Ropar and Indian Institute of Science Education and Research (IISER) Mohali in setting up of these TBIs and is also working with states in framing and reviewing their startup policies. YES BANK was knowledge partner to the IIT Ropar for preparing a business proposal for establishing Research Park/Technology Business Incubator at the Institute.

- YES BANK has been approached by NIT Jalandhar and Punjab Engineering College (PEC) for advisory support for setting up of TBI. YES BANK advisory to these government bodies/institutes involves:

  1. Advisory for setting up of TBI/Incubation Centre under various state or central government schemes/programmes
  2. Assistance in preparing /vetting of business plan for startups registered with government/ government supported incubators
  3. Guiding startups for availing fiscal incentives under various state/centre policies
• YES BANK was also mandated to prepare the startup policy for the state of Bihar - Consultant to the Department of Industries, Government of Bihar

B. Other Initiatives

✓ **MOU Signing to promote Women-Owned Businesses**: YES BANK partnered IFC & Goldman Sachs 10,000 women to provide loans worth $50 million to women owned businesses. Through this USD 50 million loan, YES BANK aims to support women in all 29 states and 7 union territories in India, thereby playing a pivotal role in strengthening the entrepreneurial ecosystem for women.

✓ **Startups - Crowd Funding**: YES Global Institute hosted John Hoffmire, Professor, Said Business School, University of Oxford for a talk on crowd funding. The event saw an interesting mix of people from startups, social entrepreneurs interested in crowdfunding, regulators, embassies, asset managers, international organizations. Co-hosted the event along with CRISP Social Ventures India (CSVI) – CSVI runs programs targeted towards social innovation, mentorship program and incubators

✓ **India for Innovation Series**: India for Innovation series comprises of 6 small format thematic convenings to promote social entrepreneurship. YES Global Institute organized its inaugural convening on ‘ED-TECH: Innovation for Impact’ on February 23, 2017. The platform brought together relevant stakeholders, i.e. Private Sector leaders spearheading change in the education eco system and Social Entrepreneurs creating alternative and new solutions through innovative productive offerings and sustainable business model.

✓ **Global Impact Investor Network (GIIN)**: YES BANK is the 1st bank in India to be a part of this global innovation network.

✓ **Impact Investor Council**: YES BANK is the only Indian bank to be a part of the council. IIC is an industry body representing impact investors in India and dedicated to accelerating the social entrepreneurs in India.
We would like to thank the following organizations with the help of whose publications, we have been able to prepare this knowledge report:

- NASSCOM
- Confederation of Indian Industries (CII)
- ASSOCHAM
- DPIIP
- IBF
- FICCI
- Fung Global Retail & Technology
- World Bank
- Transport Corporation of India (TCI)
- IIM-Kolkata
- Inc42
- Grant Thornton
- VC Circle
- Traxcn
- iSpirt
- Crunchbase
- Forrester Research
- Indian Brand Equity Foundation (IBEF)
- OECD
- Zinnov
- Ernst & Young (EY)
- Startup Genome
- Deloitte
- OKAPI
- KPMG
- FINO PayTech
- FT Cash
- Zenatix
- RE Connect Energy
- Traffline
- Ridlr
- Lybrate
- Portea
- Mapmygenome
- Byju’s
- Buddy4Study
- AgroStar
- FrontalRain Technologies
- Aasaanjobs
- EduBridge

We would also like to thank the Media Houses/news journals:

- The Guardian
- The Hindu BusinessLine
- IndiaSpend
- YourStory
- The Economic Times
- Times of India
- Livemint
- Signal Hill
- Techinasia.com
- Forbes
- DNA India
- Business Standard
- The Financial Express
- Dataquest Magazine
- The Hindu
- Outlook Magazine
- Business Insider
- Moneycontrol
- Wikipedia
- CXO Today
- Firstpost
- PC Quest
- Bloomberg
## ABREVIATIONS

<table>
<thead>
<tr>
<th>Letter</th>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>A</td>
<td>Ad-tech: Advertisement Technology</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>AI: Artificial Intelligence</td>
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<tr>
<td>A</td>
<td>AIM: Atal Innovation Mission</td>
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<tr>
<td>A</td>
<td>ASSOCHAM: Associated Chambers of Commerce and Industry</td>
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<tr>
<td>B</td>
<td>B2B: Business-to-Business</td>
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<tr>
<td>B</td>
<td>B2C: Business-to-Consumer</td>
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</tr>
<tr>
<td>B</td>
<td>BFSI: Banking, Financial services and Insurance</td>
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</tr>
<tr>
<td>B</td>
<td>Bn: Billion</td>
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<tr>
<td>B</td>
<td>BPM: Business Process Management</td>
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<tr>
<td>C</td>
<td>CAGR: Compound Annual Growth Rate</td>
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</tr>
<tr>
<td>C</td>
<td>CAT: Common Admission Test</td>
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</tr>
<tr>
<td>C</td>
<td>CII: Confederation of Indian Industry</td>
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<tr>
<td>C</td>
<td>CPG: Consumer Packaged Goods</td>
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<tr>
<td>D</td>
<td>DIPP: Department of Industrial Policy &amp; Promotion</td>
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<tr>
<td>E</td>
<td>Edu-tech: Education Technology</td>
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<tr>
<td>E</td>
<td>Enterprise-tech: Enterprise Technology</td>
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<tr>
<td>F</td>
<td>Fashion-tech: Fashion Technology</td>
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<tr>
<td>F</td>
<td>FICCI: Federation of Indian Chambers of Commerce and Industry</td>
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<tr>
<td>F</td>
<td>Fintech: Financial Technology</td>
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<tr>
<td>F</td>
<td>Food-tech: Food Technology</td>
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</tr>
<tr>
<td>F</td>
<td>FOMO: Fear of Missing Out</td>
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<tr>
<td>F</td>
<td>FY: Financial Year</td>
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<tr>
<td>G</td>
<td>GDP: Gross domestic product</td>
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<tr>
<td>G</td>
<td>GIIN: Global Impact Investor Network</td>
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</tr>
<tr>
<td>G</td>
<td>GMAT: Graduate Management Admission Test</td>
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<tr>
<td>G</td>
<td>GoI: Government of India</td>
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<tr>
<td>G</td>
<td>GST: Goods and Services Tax</td>
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<tr>
<td>H</td>
<td>Health-tech: Healthcare Technology</td>
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</tr>
<tr>
<td>I</td>
<td>I/A: Incubators and Accelerators</td>
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<tr>
<td>I</td>
<td>IIC: Impact Investor Council</td>
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</tr>
<tr>
<td>I</td>
<td>IIM: Indian Institute of Management</td>
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<tr>
<td>I</td>
<td>IIT: Indian Institute of Technology</td>
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<tr>
<td>I</td>
<td>IISER: Indian Institutes of Science Education and Research</td>
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<tr>
<td>I</td>
<td>INR: Indian Rupee</td>
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<tr>
<td>I</td>
<td>IoT: Internet of Things</td>
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</tr>
<tr>
<td>I</td>
<td>IT: Information Technology</td>
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<tr>
<td>K</td>
<td>K12: Kindergarten through 12th Grade</td>
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<tr>
<td>L</td>
<td>LP: Limited Partnership</td>
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</tr>
<tr>
<td>M</td>
<td>M&amp;A: Mergers and Acquisitions</td>
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<tr>
<td>M</td>
<td>MBA: Master of Business Administration</td>
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</tr>
<tr>
<td>M</td>
<td>ML: Machine Learning</td>
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<tr>
<td>M</td>
<td>Mn: Million</td>
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<tr>
<td>N</td>
<td>NASSCOM: National Association of Software and Services Companies</td>
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<tr>
<td>N</td>
<td>NCR: National Capital Region</td>
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<tr>
<td>N</td>
<td>NIT: National Institute of Technology</td>
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</tr>
<tr>
<td>O</td>
<td>OECD: Organisation for Economic Co-operation and Development</td>
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</tr>
<tr>
<td>O</td>
<td>OTA: Online Travel Agency</td>
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<tr>
<td>P</td>
<td>PE: Private Equity</td>
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</tr>
<tr>
<td>P</td>
<td>PRC: Private Residential Complex</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>PPP: Public Private Partnership</td>
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</tr>
<tr>
<td>P</td>
<td>PSUs: Public Sector Undertakings</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>PRD: Private Residential Development</td>
<td></td>
</tr>
<tr>
<td>P</td>
<td>PSRI: Private Sector Railway Infrastructure</td>
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</tr>
<tr>
<td>P</td>
<td>RE: Real Estate</td>
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</tbody>
</table>
Q
Q-o-Q: Quarter on Quarter

R
RBI: Reserve Bank of India
Real Estate-tech: Real Estate Technology

S
SaaS: Software-as-a-Service
SETU: Self-utilisation and Talent Utilisation (established under NITI Aayog, Government of India)
SFB: Small Finance Banks
SMAC: Social, Mobile, Analytics and Cloud
SME: Small and Medium Enterprises

T
TBI: Technology Business Incubators
Travel-tech: Travel Technology

U
UK: United Kingdom
UPI: United Payment Interface
US: United States
USD: United States Dollars
USP: Unique Selling Proposition
VC: Venture Capitalist
WHO: World Health Organization
Y
Y-o-Y: Year-over-Year