

Startup Watch

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STARTUP POLICIES

Indian Railway Innovation Policy: A boost to start-ups

India Brand Equity Foundation

India has witnessed exponential growth and is expected to become the third-largest economy in the world by 2030. The Indian Railways play a significant role in boosting and developing various industries along with facilitating the mobility of millions. India has the fourth-largest railway system in the world and the second-largest rail network under one management, with 123,542 km of total tracks, and about 7,300 stations.

The Indian government plans to set up an effective innovation ecosystem involving a free flow of technology and information among various stakeholders to build a resilient system. Minister of Railways, Mr. Ashwini Vaishnaw, launched the Indian Railway Innovation Policy- "Start-ups for Railways" in June 2022. This policy would grant funding to Indian start-ups, MSMEs, entrepreneurs, and innovators for the development of cutting-edge products and cost-effective solutions. The ministry launched an official web portal and has released 11 problem statements to engage start-ups in discovering innovative solutions. The policy seeks to leverage innovative technologies created by new-age Indian entrepreneurs to increase operational effectiveness and safety measures. The ministry aims

to address the problems with Indian Railways' quality, dependability, and maintenance. Further, National High-Speed Rail Corporation Limited (NHSRCL) aims to serve 17,900 passengers per day in each direction initially and expects to increase to 92,900 passengers per day in each route by 2053.

Indian start-ups take five years to scale from zero to US\$ 100 million revenue: Report

India Brand Equity Foundation

As per a report by Redseer Strategy Consultants, Indian start-ups now take around five years' time to scale from zero to US\$ 100 million in revenue. It was also reported that earlier it took 18 years in 2000 to reach US\$ 100 million in revenue, which has now decreased to five years.

As of 2022, there are around 100 unicorns and 170 soonicorns in India, out of which 40+ start-ups are in FinTech, eCommerce, and logistics, which have crossed over US\$ 100 million in revenue. Venture Capitalists (VCs) have invested about US\$ 143 billion over the last 15 years (CY08 to CY22) in the start-up ecosystem, which is currently valued at US\$ 804 billion.

India has about 12,000 start-ups ranging in revenue classification from Emerging (less than US\$ 10 million), Growth Stage (US\$ 10 –

US\$ 100 million) to large (US\$ 100 million to more than US\$ 1 billion). Of these, 95% belong to the emerging category, 3-4% are in the growth stage, and less than 0.5% of companies are large.

What is Seed Funding and how Startup India can help you raise it

Startupindia



As the name suggests, 'Seed funding' is the funding for a startup when it is at the seedling stage i.e., inception, ideation, or the beginning stage. It is essential for every entrepreneur to understand what constitutes seed funding and why it is essential for building their businesses. Let's find out the intricacies of seed funding. What are the different avenues to raise Seed Funding?

1. Incubators and Accelerators: Business incubators and accelerators are institutions, government-supported or privately held, that support entrepreneurs in developing their businesses, especially in the initial stages. These are institutions geared towards speeding up the growth and success of startups and early-stage companies. Incubation is usually done by institutions which have experience in the business and technology world. These institutions provide infrastructure/research facilities, administrative support, and mentorship.

2. Angel Investors and Family Officers: Angel investors are wealthy private investors focused on financing small ventures in exchange for a stake in the business. Unlike a venture capital firm that uses an investment fund, angels use their own net worth. These are usually the first investors in a startup. These investors are driven by personal beliefs, demand higher control over portfolio companies, and have low ticket size investments.

3. Venture Capital Funds: Venture capital (VC) funds are managed investment pools that invest in high-growth startups and other early-stage firms and are typically only open to accredited investors. VC funds look out for startups that are highly scalable and have a huge target market. They also demand much control over their portfolio companies. It should be noted that all VCs may not focus on seed funding as they typically focus on companies already in market.

4. Government Funds: Funding from angel investors and venture capital firms becomes available to startups only after the proof of concept has been provided. Similarly, banks provide loans only to asset-backed applicants. It is essential to provide seed funding to startups with an innovative idea to conduct proof of concept trials.

DPIIT has created Startup India Seed Fund Scheme (SISFS) with an outlay of INR 945 Crore to provide financial assistance to startups for a host of requirements. SISFS aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. This enables the startups to graduate to a level where they will be able to raise investments from angel investors or venture capitalists or seek loans from commercial banks or financial institutions. Many other Central Government and State schemes offer early-stage funding, including NIDHI PRAYAS, NIDHI SSS, BIRAC's schemes, TIDE 2.0, etc.

STARTUP STORIES

ISRO and Microsoft join hands to empower spacetech start-ups in India

IBEF

A collaboration between Indian Space research Organisation (ISRO) and Microsoft was announced to fuel the growth of space technology start-ups in the country. The start-ups identified by ISRO, through this tie-up, will be onboarded onto the 'Microsoft for Start-ups Founders Hub' platform, through which the start-up founders in India will have free access to the tech tools and resources required to build and run the business. This would include technical support from tools like Azure, GitHub Enterprise, Visual Studio Enterprise, etc.

ISRO stated that the collaboration of ISRO and Microsoft will benefit space tech start-ups in their analysis and processing of vast amounts of satellite data for various applications, using cutting-edge methods like Artificial Intelligence (AI), Machine Learning and Deep Learning.

Tamil Nadu Govt Backs Five Startups With INR 7.5 Cr Equity Investment

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- The state government has sanctioned the equity investments in five startups run by entrepreneurs coming from scheduled castes and scheduled tribe communities
- "StartupTN will also provide mentoring and post-investment support that will help them achieve their goals and milestones more efficiently and effectively," a senior official said
- The infusion of INR 7.5 Cr was made under the Tamil Nadu SC/ST Startup Fund via Tamil Nadu Startup and Innovation Mission (StartupTN)

Razorpay Unveils Forex Service For Startups To Transfer Funds Raised Globally To India

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RazorpayX, the business banking platform of fintech unicorn Razorpay, has rolled out a new product – Forex Service for Startups. The new service will enable Indian startups to seamlessly transfer the funds they have raised globally to India. Within three months of its beta launch, the service has enabled over 15 startups, including Virohan, Tortoise, Coupl across edtech, fintech, and financial services, among others, to transfer funds to India.

STARTUP FUNDING & ACQUISITION

India's startup funding in 2022 doubled the pre-pandemic level: PwC

IBEF

According to the consultancy firm, Price Waterhouse Coopers (PwC), Indian start-ups funding in 2022 doubled the pre-pandemic level as the start-ups raised US\$ 24 billion in the calendar year 2022 (CY22) as compared to that of US\$ 12.8 billion in 2019.

As per the "India start-up deals tracker CY22", the e-commerce start-ups operating in the business-to-commerce (B2C) space were the fastest to achieve the status of "unicorns". The highest number of new unicorn start-ups in CY22 were in the sectors of Software as a Service (SaaS), FinTech, Logistics, and AutoTech. The media and entertainment sector also saw a rise in funding activity.

It has also been reported that Bengaluru, National Capital Region (NCR), and Mumbai constituted 88% of the total funding activity in CY22 and comprised 82% of all the start-ups in India.

SaaS Startup Actyv.ai Bags \$12 Mn

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Enterprisetech startup Actyv.ai has announced the close of a \$12 Mn (INR 96 Cr) Pre-Series A fundraising from Singapore-based 1Digi Ventures. This round includes the \$5 Mn raised by the startup in February last year. 1Digi Ventures, Singapore is the family office of Raghunath Subramanian, who is the founder and global CEO of the startup.

STARTUP EVENTS >> PAST**Startup 20 Inception Meeting****28-29 January 2023, Hyderabad, India**

The highly anticipated inception meeting of Startup20, a new engagement group initiated under the India's G20 presidency, concluded with resounding success in Hyderabad.

Startup20 India Chair Dr. Chintan Vaishnav, opened the session by welcoming dignitaries and delegates. Keynote addresses were given by esteemed guests during the session, with a focus on the theme "Innovation Leading the Path for Solving Global Challenges." In a virtual address, Union Minister for Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal emphasized the significance of a platform like Startup20, saying "I envision the Startup20 group as a powerful body that can bring recognition and respect to startups around the world. With discussions over the next few days, I am confident that we will create a strong agenda for global leaders and ignite a startup revolution."

Quoting the Father of nation, Mahatma Gandhi, he said "A small group of determined and like-minded people can change the course of history."

"I am confident discussions in next couple of days, would give a strong agenda for global leaders and create a startup revolution, he further added.

Minister of Culture Shri. G. Kishan Reddy in his address stated that India ranks 3rd globally for startups, with innovative ideas driving transformation for the future. He believes startups will boost India's GDP in the next 20 years.

"Today, India has the third highest number of Startups globally. Indian startups are invading, with groundbreaking new ideas, investing their time and energies in transforming the future. We believe startups will drive India's GDP growth in the next 20 years," he said.

Minister of State for Commerce and Industry Shri Som Prakash spoke on startups being the drivers of the global economy, with a focus on creating a collaborative network among stakeholders, including accelerators, incubators, startups, and government agencies, to support startup growth and formulate actionable insights. Source: PIB

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