



GENAI

Startup

Landscape in India 2024



The report provides comprehensive insights into the Gen AI startup landscape in India.

Aug 2024

CIM | RESEARCH



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EXECUTIVE SUMMARY

GEN AI STARTUP LANDSCAPE - INDIA

Gen AI or generative artificial intelligence refers to the use of AI to create content, including text, images, music, audio, and videos. Gen AI functions by using a machine learning model to analyse and understand the patterns within a dataset of human-created content. It analyzes the data to identify patterns and then uses these patterns to create content.

Customer interactions with improved chat and search functions and explores unstructured data through conversational interfaces and summarizes the data. Additionally, it can automate repetitive tasks such as RFP responses, multilingual marketing content creation, and contract compliance checks.

From 2021 to 2024, the number of Gen AI startups in India have increased significantly. The rapid expansion is driven by substantial venture capital investments, presence of skilled workforce, and the concentration of startups in major tech hubs across India.

Cities such as Bengaluru, Mumbai, and Delhi-NCR remain the leading hubs for Gen AI startups, this can be attributed to their abundant talent pool and resources. Hyderabad, accounting for 7.2% of Gen AI startups, is emerging as a key hub with its advanced infrastructure and robust IT and pharmaceutical sectors. Chennai, with 3.6%, is thriving as a SaaS hub, hosting a significant concentration of product organizations and R&D labs. Ahmedabad, making up 2.7%, is developing as a tech hub, bolstered by premier institutions like IIM Ahmedabad.

Moreover, the funding for Gen AI startups has surged, with a significant focus on early-stage investments. Seed funding accounts for 54% of the funding rounds, followed by Series A at 27%, indicating strong support for new ventures. This financial backing has been crucial in driving innovation, scaling operations, and attracting top talent to the sector.

Among the most valued Gen AI startups in India, companies like Krutrim and Sarvam AI stand out for their innovative AI solutions and significant market presence. These startups are leveraging their funding to advance AI models, expand infrastructure, and scale operations, setting the stage for further growth and development in the sector.

India hosts ~150 Gen AI startups in 2024, a surge fueled by growing funding rounds that offer capital for scaling, research and development, and market expansion. Government initiatives, such as the National AI Strategy and the Startup India program, bolster this growth.

KEY HIGHLIGHTS

01

The global Gen AI market is projected to grow from **USD 39.2 billion in 2023 to USD 1082.4 billion by 2033**. The market is anticipated to expand at a **CAGR of 40.22% from 2024 to 2033**.

02

There are over **150 Gen AI startups** currently operating in India.

03

51.4% of India's Gen AI startups are based in **Bengaluru**, positioning the city as a leading hub for Gen AI startups in the country.

04

Gen AI startups such as **Krutrim AI, Sarvam AI, EMA, NeysaNetworks, Raga AI** have all received substantial funding in 2024.

05

In 2024, Krutrim AI raised **USD 50 million** in funding.

06

54.0% of AI startups obtained funding in their seed round.

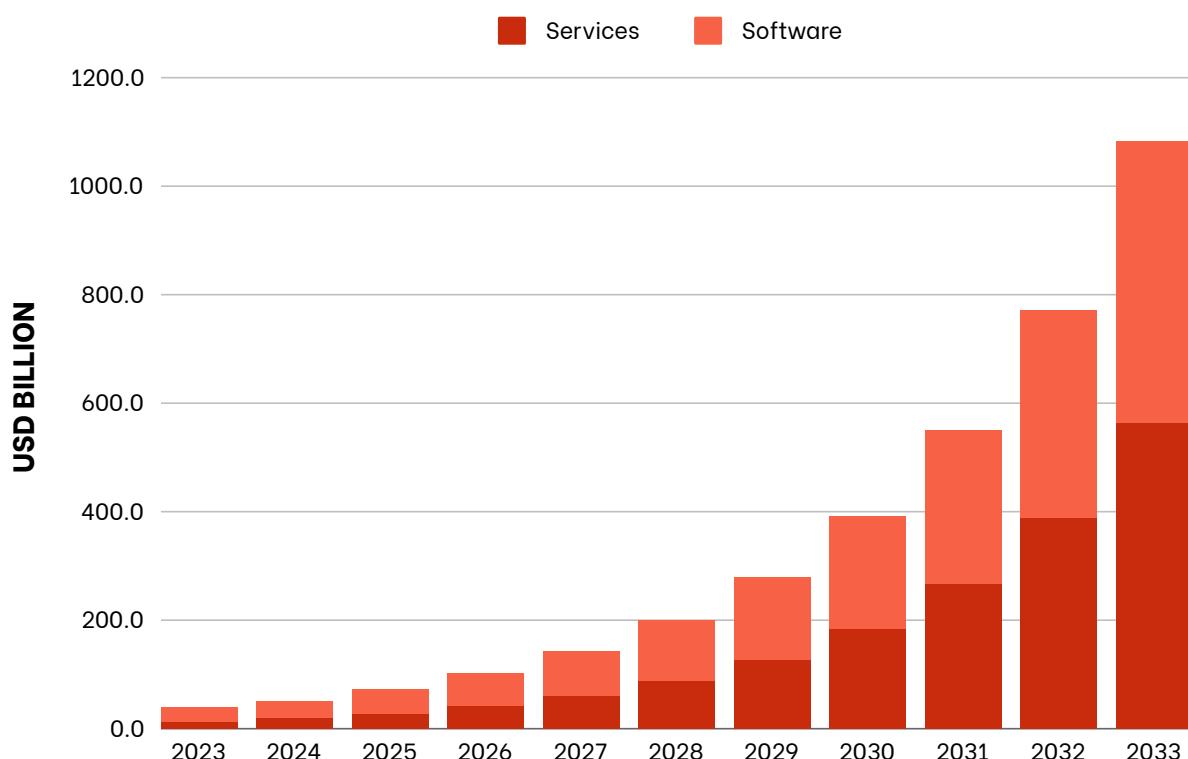
Global Gen AI Market Overview

This section provides an overview of the global market size for Gen AI, and offers insights into the application landscape and value chain of Gen AI startups.



Gen AI Global Market Size Overview

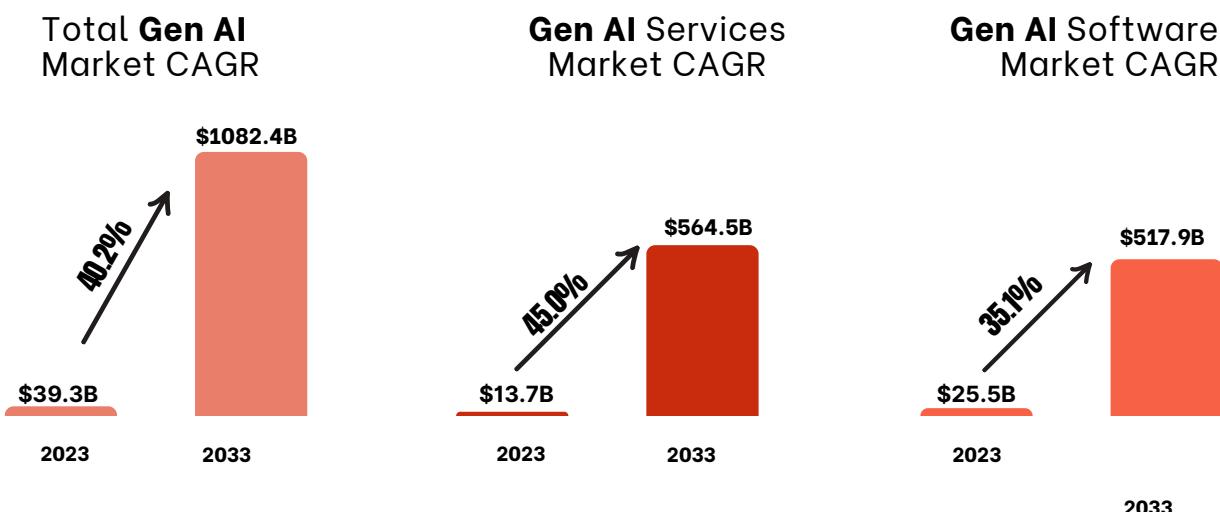
Total Market Size by Key Components
(2023-2033)



- The global Gen AI market is projected to grow from USD 39.2 billion in 2023 to USD 1082.4 billion by 2033. The market is anticipated to expand at a CAGR of 40.22% from 2024 to 2033.
- By 2033, Gen AI services will grow to USD 564.5 billion, while software grows to USD 517.9 billion. This indicates that services will eventually surpass software in terms of market size, despite starting from a smaller base.

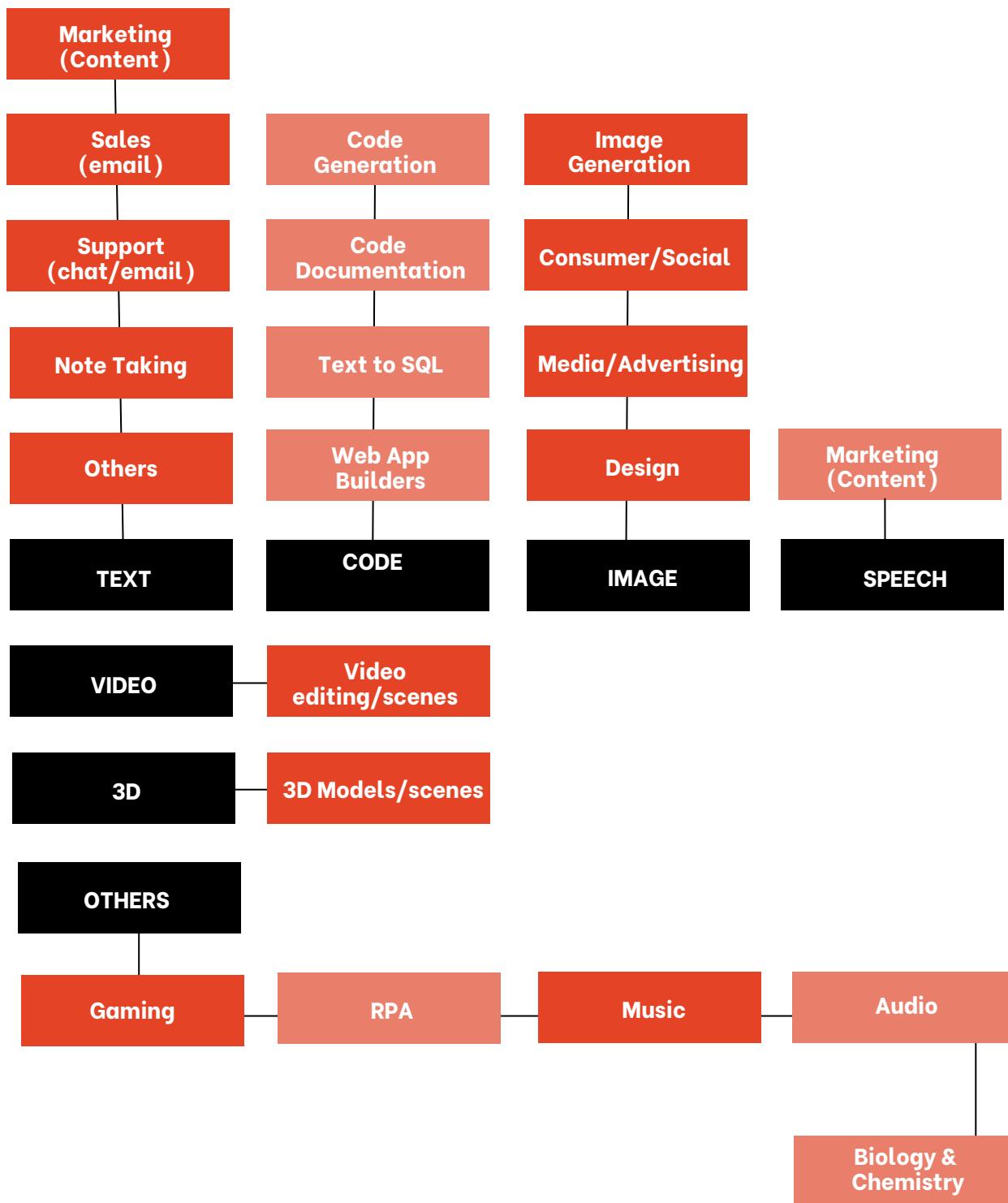
Gen AI Global Market Size Overview

Growth Rate by Key Components (2023-2033)



- In 2023, Gen AI services account for 35% of the market, amounting to USD 13.7 billion, while software accounts for 65%, amounting to USD 25.5 billion.
- The services component grows at a slightly higher CAGR of 45.0%, indicating an even faster expansion compared to the overall market.

The *Gen AI* Application Landscape



GEN AI Value Chain

01 Services

Services around specialized knowledge on how to leverage Gen AI (eg, training, feedback, and reinforcement learning)

02 Application

B2B or B2C products that use foundation models either largely as is or fine-tuned to a particular use case

03 Model hubs and MLOps

Tools to curate, host, fine-tune, or manage the foundation models (eg, storefronts between applications and foundation models)

04 Foundation models

Core models on which Gen AI applications can be built

05 Cloud platforms

Platform to provide access to computer hardware

06 Computer hardware

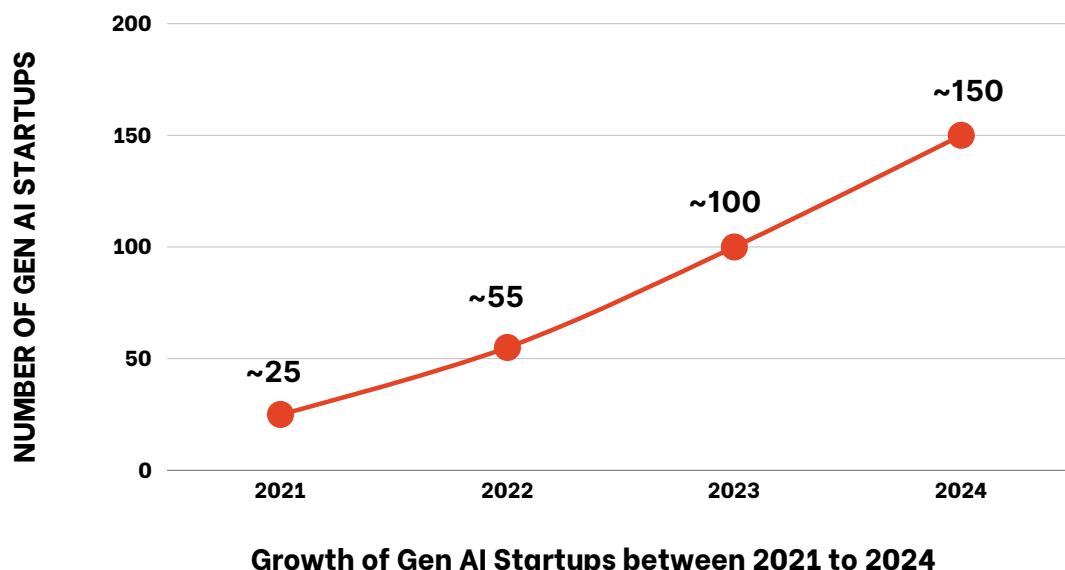
Accelerator chips optimized for training and running the models

Gen AI Startups in India



This section of the report covers the rise in the number of Gen AI startups, examines the employee distribution within these startups and provides insights into the categorization of Gen AI startups.

Growth of India's Gen AI Startups Between 2021 and 2024



2021

In 2021, the Gen AI startup ecosystem in India was in its nascent stage, with 25 startups marking the early adoption of Gen AI technologies. These startups concentrated on innovations in content generation, healthcare diagnostics, and customer service. Despite facing challenges such as high uncertainty and talent acquisition, these early ventures gained support from initial seed funding and collaborative support from academic institutions and technology incubators.

2022

In 2022, the number of Gen AI startups in India doubled to over 55, highlighting a significant increase in early-stage investments and growing recognition of AI's potential. This increase drew more entrepreneurs and investors to the sector, driven by promising applications and technological advancements. The rise in startups reflects an ecosystem with increased innovation, as new ventures explored several use cases and fine-tuned the business models. This year laid the foundation for continued growth and advancement in the Gen AI sector.

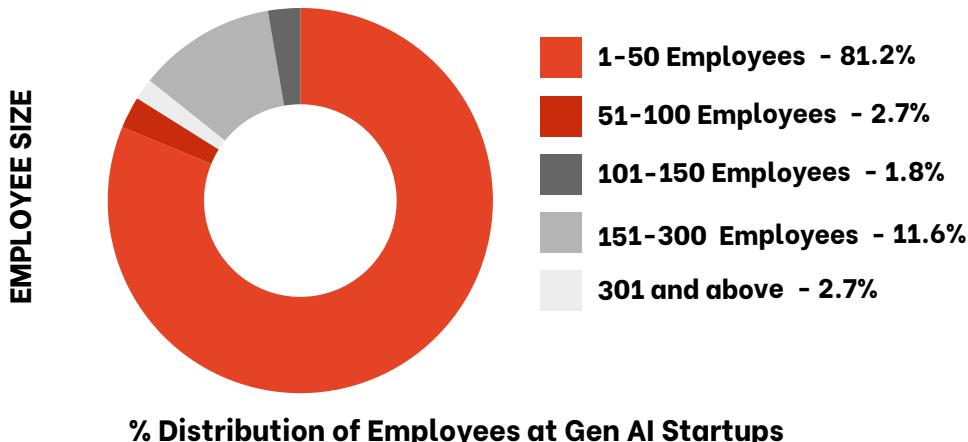
2023

In 2023, the number of Gen AI startups in India surpassed 100, highlighting a substantial increase in the number of Gen AI startups from previous years. This rise underscores the growing adoption of Gen AI and its various applications. The expansion of startups suggests a boost in confidence among investors and entrepreneurs, driven by the business models and favorable outcome.

2024

As of 2024, around 150 Gen AI startups are operating in India, highlighting a 50% increase from 2023. This growth can be attributed to factors such as significant investments from venture capitalists and the presence of a skilled workforce. Several Gen AI startups are concentrated in tech hubs including Bengaluru, Mumbai, and Delhi-NCR, leveraging the abundant talent pool and resources.

Distribution of Gen AI Startups By Number of Employees



81.2%
of Gen AI startups have small teams, highlighting the operational structure of early-stage ventures.

Predominance of Small Teams (1-50 employees):

Majority of Gen AI startups in India operate with small teams, mainly consisting of 1 to 50 employees. This indicates that many of these startups are in the early stages of development, concentrating on product creation and market entry. Early-stage startups are focused on core development and strategic growth.

Medium-Sized Teams (51-150 and 101-150 employees):

Startups with 51-150 employees are in a critical growth phase. Those with 101-150 employees, comprising 1.8%, are relatively few and indicate expansion beyond the early stage.

Growth Phase (151-300 employees):

11.6% of Gen AI startups have employees between 151 and 300 people. These startups are transitioning from early-stage startups to more established businesses, expanding their teams to support larger operations, enhance product development, and capture a broader market. The presence of such companies indicates a maturing ecosystem with robust investment and market validation.

Large Teams (300+ employees):

2.7% of Gen AI startups in India employ more than 300 people. This small but significant portion highlights the presence of large-scale companies within the field. These startups have typically reached a stage of substantial growth, allowing them to expand their teams significantly. Their size reflects strong market validation, considerable investment, and an ability to scale operations and innovate extensively in the Gen AI space.

Key Gen AI Startups By Categories... (1/2)

Audio & Video

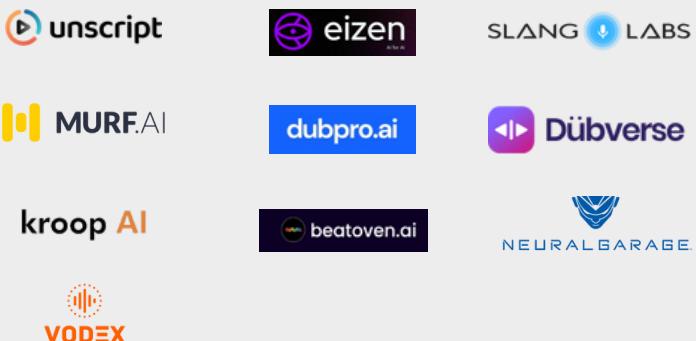
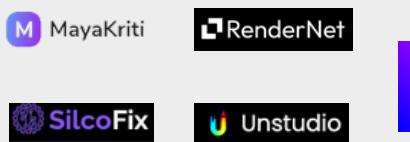


Image Generation



Chatbots and Mockup Generator



Code and Data



Text and LLM



Key Gen AI Startups By Categories... (2/2)

Recruitment and Legal Tech

Fasthr.AI



HyperGPT

ContractKen

hirex.ai



Conversational AI



TechVedika
Agile in Transformation | Ahead in Technology

exotel

Vitra.ai

gnani.ai

Scalenut

Segmind

haptik

verloop.io

nuacem
A Fresh Labs Company

kommunicate

Content Writer

peppercontent

LONGSHOT

Geographical Distribution of *Gen AI* Startups

This section offers insights into the distribution of Gen AI startups across major cities in India.



Geographical Distribution of Gen AI Startups



51.4% Bengaluru



18.0% Delhi - NCR



9.9% Mumbai



7.2% Hyderabad



3.6% Chennai



2.7% Ahmedabad

% Distribution of Gen AI Startups Across Major Cities

Bengaluru

Bengaluru is among the top cities in India for Gen AI startups owing to number of factors, some of which include the following:

1. **Deeptech Startup Ecosystem:** Bengaluru is known as the “Silicon Valley of India” with a significant presence of established tech companies, research institutions, and a growing pool of engineering talent. This ecosystem allows founders to connect with mentors, and recruit talent to drive the development of innovative generative AI solutions.
2. **High-end Innovation:** Major Indian institutions, such as IISc and IIIT-B, are at the forefront of AI research, developing new tools and developing workforce skills for the expanding AI sector.

51.4% of Gen AI startups in India are currently headquartered in Bengaluru.

Delhi-NCR (18.0%)

18.0% of Gen AI startups are in Delhi-NCR. It is India's second-largest Gen AI startup center. Some of the factors include:

Investor Interest: The presence of established financial institutions and a growing venture capital firms in Delhi NCR makes it attractive for Gen AI startups seeking funding. Investors are likely drawn to the potential of this rapidly growing field.

Focus on Specific Applications: Delhi NCR might have a specific concentration of Gen AI startups catering to certain industries or applications. This specialization contributes to its robust position in the Gen AI ecosystem.

Mumbai (9.9%)

Mumbai, with 9.9% of India's Gen AI startups, stands as the third-largest hub in the country. Some of the factors leading to the rise in the presence of Gen AI startups include:

Startup Ecosystem: Mumbai's startup landscape is backed by substantial funding and mentorship, provides an environment for Gen AI startups to flourish, develop new solutions, and gain early adoption in the local business sector.

Focus on FinTech: Mumbai's status as India's financial center extends beyond traditional finance, emerging as a hub for Gen AI startups that cater to this unique ecosystem. There is a notable concentration of startups developing AI solutions specifically for the finance industry (FinTech) and marketing automation. These startups utilize generative models to perform tasks such as creating personalized marketing content and more effectively assessing financial risks.

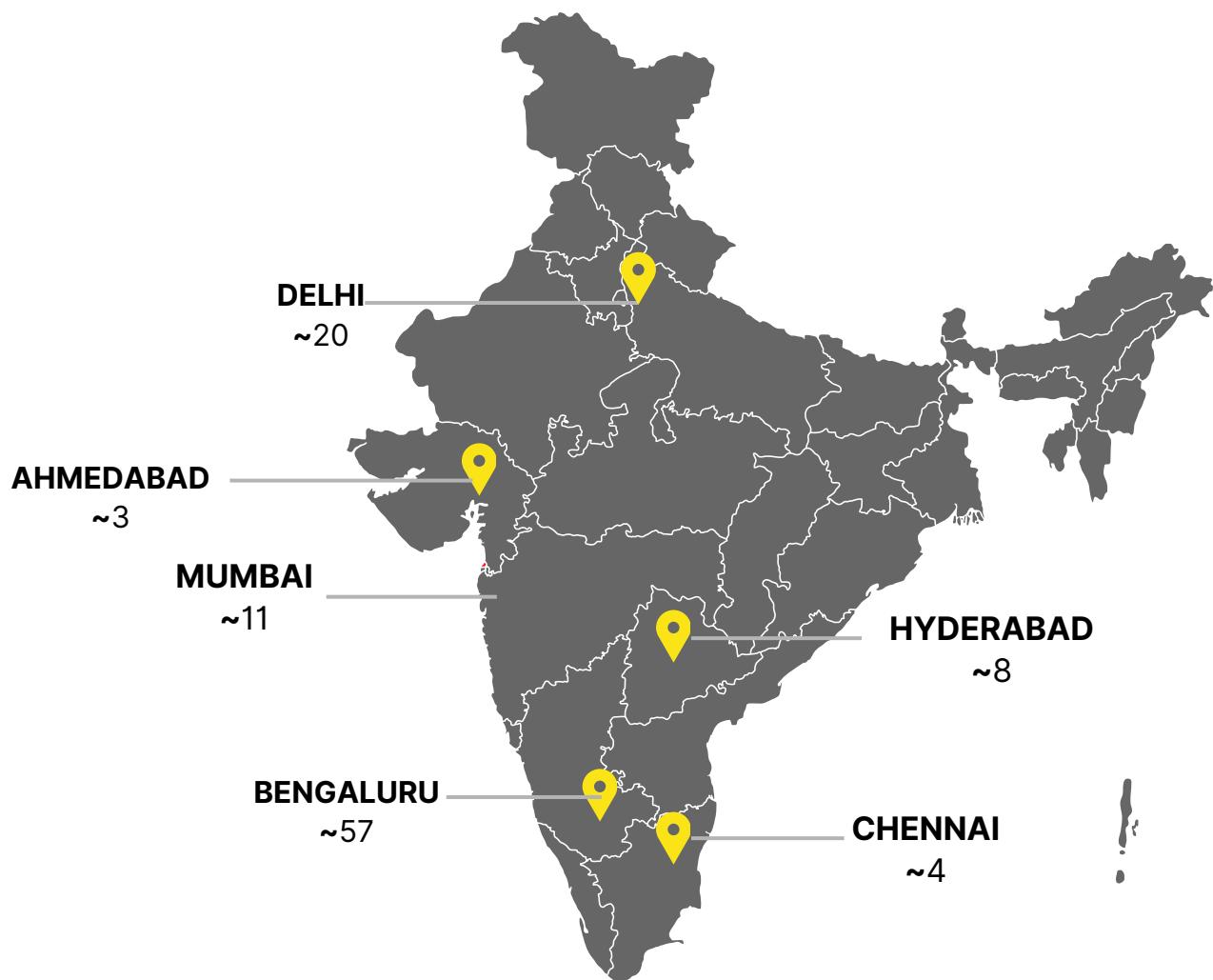
Hyderabad, Chennai and Ahmedabad

Hyderabad continues to be an emerging hub for the deep tech ecosystem owing to its infrastructure, hosting 7.2% of Gen AI startups. Furthermore, the city's thriving economy contributes to an environment for technological innovation.

Chennai, with 3.6% of India's Gen AI startups, is becoming one of the key hubs in the AI sector. Its emphasis on SaaS leadership, dynamic innovation ecosystem, and strong R&D support, combined with a focus on healthcare and fintech, is driving its rise as a key center for AI and Gen AI advancements.

2.7% of Gen AI startups are based in Ahmedabad and it is emerging as a hub for innovation. Leading universities including IIM Ahmedabad support the city's growing number of tech ventures, and encourage a flourishing entrepreneurial culture.

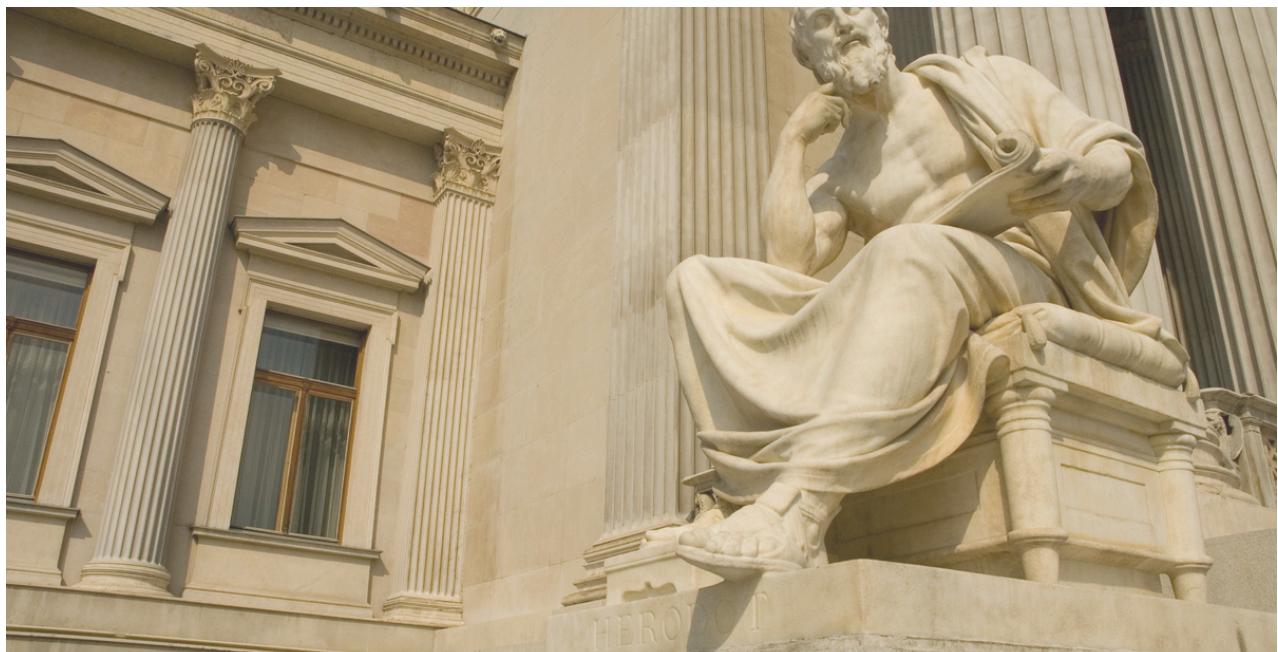




Geographical Distribution of **Gen AI** Startups Across Major Cities in India

Funding of *Gen AI* Startups in India

This section offers an overview of funding for AI startups across India, including insights into the number of generative AI startups securing significant investments, details on funding rounds, and the most highly valued Gen AI startups in the country.



Gen AI Startups Receiving High-value Investment



Gen AI Startups Receiving High-Value Investment (USD Million)

Krutrim: Krutrim is chat box which is developed to understand the languages in India. Additionally, it also helps users to provide specific instructions on something, the user is searching for a specific topic. The company has raised a total funding of USD 50 million as of July 2024.

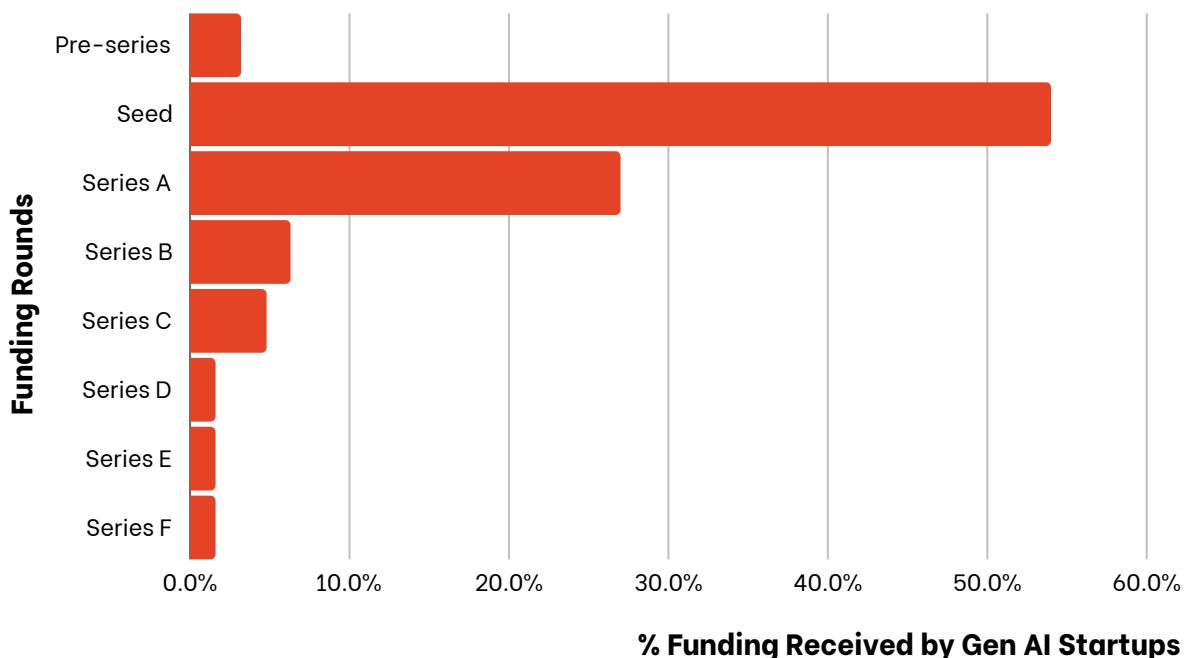
Sarvam AI: Sarvam AI is focused on development of full-stack for Gen AI. It is focused on the development of large language models (LLMS) that can understand Indian languages. The company raised around USD 41 million as of December 2023.

EMA: EMA raised USD 36 million from Accel Partners. The company offers AI-powered solutions like advanced chatbots, predictive analytics tools, and personalized marketing automation systems to enhance customer engagement and experience.

NEYSA Networks: Neysa Networks is focused on providing a cloud-based platform-as-a service (PaaS) solutions for enterprises to develop and deploy Gen AI applications. Additionally, the company also offers tools for monitoring and optimising AI model performance. In 2024, the company received a funding of USD 20 million from Matrix Partners India, Nexus Venture Partners, and NTTVC.

RagaAI: RagaAI specializes in Gen AI solutions, focusing on developing advanced AI-driven products for various applications. The company has raised around USD 4 million in funding from Pi Ventures, Anorak Ventures, TenOneTen Ventures, Arka Ventures, Mana Ventures, and Exfinity Venture Partners.

Funding received by Gen AI Startups



The funding for Gen AI startups across India has significantly increased in the past few years. This surge is driven by a growing number of startups in the sector, attracting substantial investment from venture capitalists and investors. Government initiatives such as the National Programme on Artificial Intelligence (NPAI) and Startup India are further supporting this trend by fostering innovation and entrepreneurship. As a result, there is a substantial rise in financial support for Gen AI startups, reflecting strong investor confidence and the sector's expanding potential.

In terms of funding amount, the Seed rounds saw substantial investment, with USD 142.7 million raised in 2024.

RagaAI and Vodex are among the companies that received funding for the Seed round in 2024. The funding is anticipated to be used for global expansion and to expand its business. Similarly, Raga AI's funding is used to advance research and development, with a focus on improving AI testing tools.

Overall, the Seed funding rounds for Vodex and RagaAI reflect the growing investor confidence in the potential of Indian Gen AI startups across sectors. While both companies received funding and are experiencing growth, the specific details and investor involvement highlight the unique journey and strategic approaches.

Thus, with the growing adoption of Gen AI and the rise in the number of Gen AI and AI startups across India, funding for Gen AI startups is expected to continue to rise in the coming years.

Top Investors in Gen AI Startups

 Lightspeed

 NEXUS
VENTURE PARTNERS

 peak xv
PARTNERS

 pi Ventures®

SEQUOIA 

khosla ventures

 NVIDIA

 Y

 INFLECTION
POINT VENTURES

Google for Startups



Top 20 Gen AI Startups in India as of August 2024

Gen AI Start Ups - India	
KRUTRIM	
sarvam.ai	
	TWO
	uniphore 
{SYXPA EUBHW MKNTL}.AI	exotel
upliance.ai	
	SML
	
CoRover.ai	
	

List of Gen AI Startups



This section provides the list of major Gen AI startups across India.

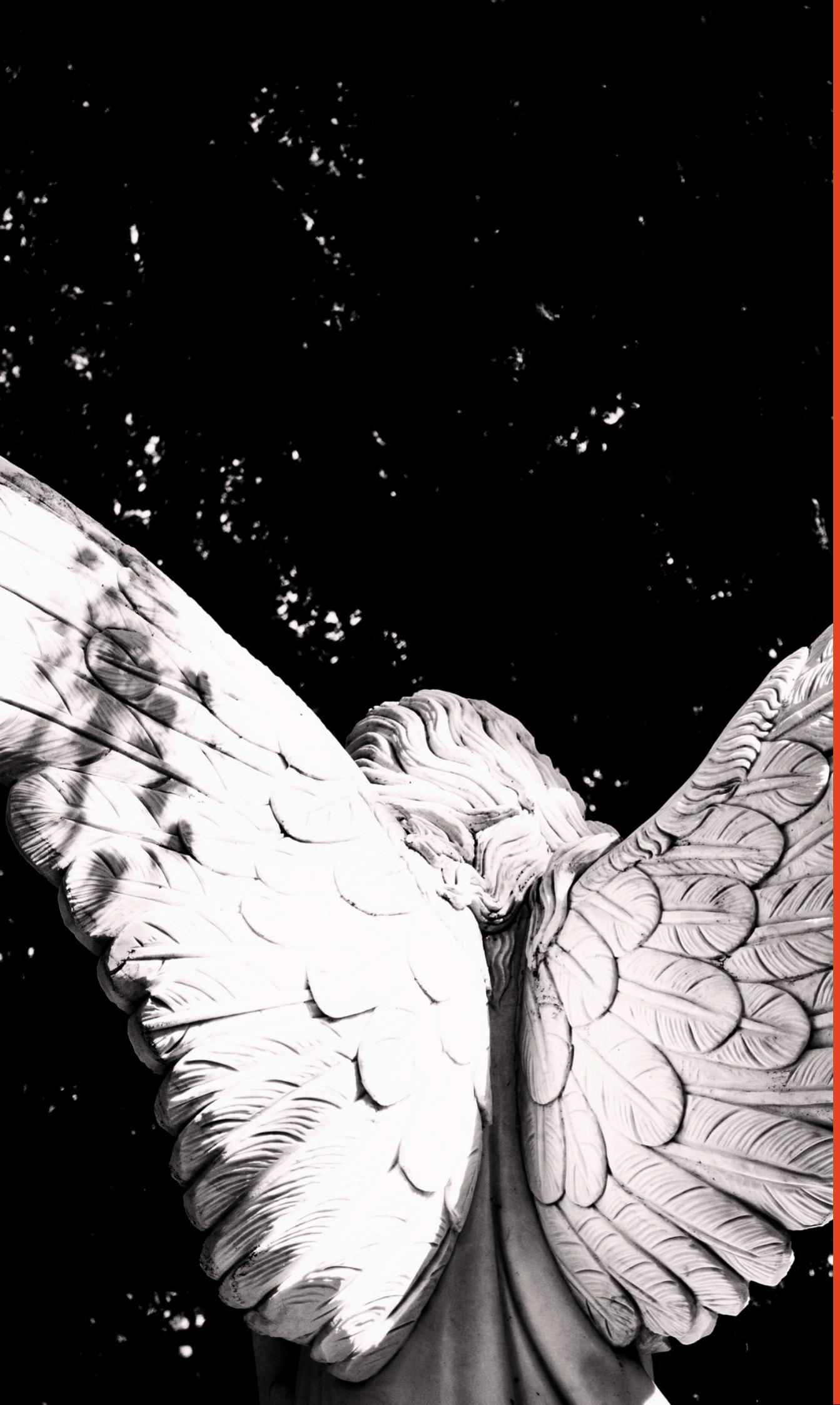
SR NO	COMPANY NAME	LOGOS
1	Sarvam AI	
2	Krutrim	
3	Vizzhy	
4	CoRover.ai	
5	Tensoic	
6	CognitiveLab	
7	VoiceOwl	
8	Kissan AI	
9	OnFinance AI	
10	Portkey.ai	
11	TWO	
12	Hyperleap AI	
13	Segmind	

SR NO	COMPANY NAME	LOGOS
14	Rezo.ai	
15	Scalenut	
16	InsurStaq.ai	
17	Bhashini	
18	EMA	
19	HYRGPT	
20	Hirex.ai	
21	Fasthr.AI	
22	Expertia AI	
23	ContractKen	
24	KOGO	
25	PAiGPT	
26	Kommunicate	



SR NO	COMPANY NAME	LOGOS
27	Soketlabs	
28	Observe.AI	
29	Senseforth.ai	
30	Giga ML	
31	Karya	
32	Subtl AI	
33	Svayo	
34	DotAgent	
35	ScribbleData	
36	Beatoven.ai	
37	Codemate.ai	
38	Pixis	
39	Dubverse	
40	Arya.ai	





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