**Indian Start -Up Ecosystem**

The Indian Start-Up Ecosystem-trends to look out for…

Hello everyone, this is a short article by a burgeoning data analyst detailing investigations carried out on India Start-up Funding Ecosystem to determine best funding options, service industry and or location to Start-up a business .

To begin with, we looked at possible questions that might come up based on some assumptions and formulated the following **HYPOTHESIS:**

§ Start –ups in large cities receive more funding based on business location

§ Tech Start-up Companies largely receive higher funding amounts than businesses in other industries.

To test the validity of our assumptions, we attempted to answer the following questions:

1. How much funding do Start-up’s generally get in India?
2. How has funding changed with time and what are the sources of these funds (Investors)?
3. Which Industries are favored by Investors in terms of funding amount/ volume?
4. In which year was most funding (amount received) and number of Start-up’s funded?
5. Is funding amount received related to location of the business?

**Results and Findings**

Upon exploring and analyzing data over a four year period between 2018 to 2021, we found out that for Start-ups in India, funding received generally fell within amounts ranging anything from 1 to ≤ 200bUSD. Here’s how it looked like

Figure 1: How much funding Start-Ups generally get in India To further understand the dynamics involved with funding Start-Ups , we looked at how funding changed over the period and their sources(investors) over the years.

Figure 2: Funding Trends Notice; trends in funding amounts received by start-ups in India per the analysis show that funding was generally low in 2018 and took a further dip in 2019 after which funding begun to increase in 2020 and reached a peak in 2021. To know the investors behind the funding activities in the various years, we also took a look at the kinds of investors per year to get a clear picture.

Figure 3: Total Value of Investments by Investor for 2019 since investor column for 2018 was missing from the original dataset, analysis could not be run on Investors for that year. However for 2019, My Preferred Transformation, Avendus Finance, Soft Bank groups were the highest investors with total investment value of over 612b USD

Figure 4: Total Value of Investments by Investor for 2020. Similarly in 2020 Silver lake, Mubadala Investment Company was the lead investor with total investment value 700b USD

Figure 5: Total Value of Investments by Investor for 2021 while in 2021 Tiger Global was lead amongst the top 10 identified investors with over (1.5b USD) in investment value.

In investigating most favored sectors by funding, we saw that Fintech industry received the most funding followed by Retail and then again by Edtech and Tech which also generally fall under the Tech Sector.

Figure 6: Sectors most favored by Investors It can be said that the Tech Sector received the most funding over the period and thus it’s the sector most favored by Investors within the Indian Start-up Ecosystem. Since we noticed that highest funding year was in 2021, we probed further to see the number of start-ups (Top 10 Start-ups) that received funding that year and their respective sectors

Figure 7: Top 10 Companies funded in 2021 Alteria Capital received the highest funding amount over (1.5bUSD) in 2021 out of the top ten companies/ brands analyzed. It is interesting to note that Alteria Capital operates in the Fintech industry/ sector which as already observed in earlier analysis is the sector most favored by investors for funding followed by VerSe Innovation a telecom business, BJYU’s; Edtech, Dream Sports; Gaming and Meesho; E-commerce.

Lastly, we sought to answer the question: How does funding received look like for respective locations of businesses under review?

Here we also looked at the concentration of businesses per city for comparison purposes

Figure:8 Funding by location A lot of start-ups are concentrated in Bangalore followed by Mumbai, Gurgaon, New Delhi in that order

Figure 9: Number of Start-ups by location From the chart (Fig. 8), businesses located in Mumbai seemed to get a lot of funding attention followed by Bangalore, Gurgaon, New Delhi and so on. Since Mumbai is a very popular and large city (Alteria Capital, the highest fund receiver is also located in this city). Bangalore and Gurgaon as well are two important industrial cities (where a lot of businesses can be found) in India which could be an indication investors are particular about location when it comes to deciding where to put their funds.

**Conclusions and Recommendations**

With the data under review, the following hypothesis were made that:

1. Start –ups receive more funding based on business location 2.Start-up funding is largely influenced by sector of the business.

**Null Hypothesis 1**: Start –ups in large cities receive more funding based on business location

**Null Hypothesis 2**: Tech Start-up Companies largely receive higher funding amounts than businesses in other industries.

From the analysis, it is seen that these hypothesis hold true and therefore we do not reject our null hypothesis.

The Indian Start-up Ecosystem shows investors favor larger, more popular known cities (Mumbai) in terms of their decision to fund start- ups even though most businesses within the datasets are concentrated location wise in Bangalore (Fig. 9). In 2019, the highest funding amount went to a sector within the Hospitality industry (Oyo) located in Gurgaon, while in 2020, the highest funding amount went to a Retail business located in Mumbai.

The highest funding amount went to a business within the Tech sector (Alteria Capital also located in Mumbai) in 2021. Since the highest amounts of funding was received between 2020 and 2021 we could attribute this possibly to the pandemic and the fact that some of the coping mechanisms adapted both by businesses and consumers alike influenced this trend.

In concluding, I’ll recommend interested entrepreneurs take advantage of the Tech sector while exploring other opportunities within retail, E-commerce, Financial Services & food delivery as second options as these sectors come up within the top five attracting investment over the period under review.

Though there are other important factors any entrepreneur should consider before venturing into business especially in new territory, Business location and Investor confidence are critical for partnerships that could lead to business growth if necessary attention is given to these areas during feasibility studies hence I’ll encourage my team of entrepreneurs to take a critical look at the recommendations given as they venture into the Indian Start-up Ecosystem.

Thank you for reading this far. To see visualizations, visit: [The Indian Start-Up Ecosystem-trends to look out for… | by Mawulom Hagan | Medium](https://medium.com/@kumahag/the-indian-start-up-ecosystem-trends-to-look-out-for-18d7822fd91)