

India Venture Capital funding rebounds to \$13.7 billion in 2024, increasing ~43% over 2023

Public markets dominated exits, ~7x surge in IPO exit value

Tech-first sectors dominate, securing over 60% of total funding

New Delhi, Mumbai, Bengaluru – March 11, 2025 – India's venture capital (VC) ecosystem demonstrated a strong recovery in 2024, with total funding reaching \$13.7 billion, reflecting a 43% increase compared to 2023. Deal activity surged, with 1,270 transactions recorded, marking a 45% rise in deal volumes. This resurgence reinforces India's position as the second largest market for venture capital and growth funding in the Asia-Pacific region, especially in the context of 2024 funding in the region remaining largely in line with 2023.

Bain & Company's **India Venture Capital Report 2025** created in collaboration with **Indian Venture and Alternate Capital Association (IVCA)** highlights this strong resurgence, underpinned by renewed investor confidence and a maturing startup ecosystem.

Deal volumes increased across deal sizes and stages, while average deal size remained stable.

Small- and medium-ticket deals (< \$50 million), which made up around 95% of the deals, increased by ~1.4x, whereas \$50 million+ deals nearly doubled, rebounding to pre-pandemic levels as high-quality assets attracted deployments. Megadeals (\$100 million+) also rebounded with 1.6x increase in volumes as investors backed high-quality companies that successfully weathered the two-year funding winter.

Policy reforms such as eliminating the angel tax, reducing long-term capital gains (LTCG) tax rates, removing the National Company Law Tribunal (NCLT) process, and simplifying foreign venture capital investor (FVCI) registrations signalled positive momentum for the Indian start-up ecosystem and funding.

"India's evolving investment landscape reflects a strategic shift towards sustainable, long-term growth—focused on profitability, innovation, and regulatory alignment, with policy reforms boosting momentum and funding. Investors are increasingly backing companies that exhibit strong unit economics and resilience in the face of global macroeconomic trends. **Remarkably, the top 10 most-funded companies commanded a quarter of total VC inflows - nine of them being consumer-focused, underscoring the sector's dominance in India's evolving startup landscape,**" said **Sriwatsan Krishnan, Partner at Bain & Company.**

Tech-first sectors including consumer technology, software and SaaS (software-as-a-service), and fintech, continued to lead, securing over 60% of the total funding. Consumer technology emerged as the dominant sector, attracting \$5.4 billion in funding, more than double compared to 2023 with a 4x surge in \$100M+ deals. The sharp growth was driven by significant investments in quick commerce, edtech, and B2C commerce, with companies such as Zepto (\$1.4 billion funding in 2024), Meesho (\$275 million), and Lenskart (\$200 million) securing major funding rounds. The sector's rapid expansion reflects a clear investor preference for scalable business models with a demonstrated path to profitability. Software and SaaS funding (including generative AI) sustained funding momentum with a rise of 1.2x to \$1.7 billion, fuelled by customer spending on development and testing tools and maturing international go-to-market strategy playbooks.

Traditional sectors also saw significant traction, with BFSI and consumer/retail investments witnessing a 3.5x and 2.2x rise, respectively. The growth in BFSI was largely fuelled by investments in affordable housing finance and green financing initiatives, while consumer and retail attracted capital in F&B and fashion, due to the rise in demand for premium brands and increased consumer spending. This segment is set to maintain strong investor interest, driven by the stability of traditional industries, robust unit economics, and proven exit opportunities.

The past year saw continued momentum in emerging growth themes like generative AI. Generative AI funding grew steadily last year, as enterprise adoption furthered. Majority of the funding was deployed in the less-capital intensive applications, compared to infrastructure and foundational models.

India's exit landscape also saw a rise in activity, as exit values reached \$6.8 billion in 2024. Public markets played a dominant role, accounting for three-fourths of the exit value. IPOs surged ~7x as several venture-backed companies successfully listed, further strengthening the country's reputation as a maturing startup ecosystem.

"Looking beyond 2025 and at the long term, India's VC ecosystem is primed for sustained expansion, fueled by consumption tailwinds, progressive regulations and rapidly advancing digital infrastructure. Green shoot sectors

such as semi-conductors, energy transition and deep tech are poised to attract heightened interest and support, as evidenced by the emergence of several funds focused on these themes”, said **Prabhav Kashyap, Partner at Bain & Company**.

"India's startup ecosystem continues to mature, with a clear shift towards sustainable growth, innovation, and regulatory alignment. The policy reforms introduced in 2024—eliminating the angel tax, simplifying FVCI registrations, easing exits and ensuring taxation parity —have bolstered investor confidence, setting the stage for a dynamic 2025. As dry powder remains available, we anticipate increased deal activity, particularly in growth-stage investments, fuelling strong consumption trends and supporting an evolving digital economy," added **Rajat Tandon, President, IVCA**.

The report concludes that India’s venture capital market is entering a phase of disciplined growth, where investors are prioritizing financial sustainability, operational excellence, and clear exit pathways. The broader ecosystem is expected to continue maturing, with an increasing concentration of capital toward businesses with strong governance, scalable operations, and sustainable growth models.

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