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Funding is very crucial for startups at growth stage to scale-up the business from a limited set of users, customers to a greater audience. Availability of ample venture capital at this stage in the form of Series A and B rounds ensures optimal growth of not just one startup, but the entire startup ecosystem.

The contribution of the Indian growth stage ecosystem to the total capital invested in the Indian startups between 2014 to 2018 is comparatively lower than that in China. For India, the contribution is at 23%, whereas in China it is 28%. The share of funding for growth stage startups is higher in emerging ecosystems such as India, China and Southeast Asia rather than developed economies like the United States. In the US, the percentage share of growth-stage funding to the overall investments in startups is 31.2%.

In this report, DataLabs by Inc42 has curated insights and trends about the Indian growth stage startup ecosystem by analysing metrics such as funding growth over the years, total deal count, most-funded sectors for growth stage startups, top growth stage startup hubs or cities, and a comparison of the Indian growth stage ecosystem with China, Southeast Asia and the US. The report also includes the introduction of DataLabs’ exclusive volatility measurement framework which is used to determine the deviation from the mean funding amount in the top startup hubs of India.

The Indian Growth Stage Startup Trends Report is intended to provide readers with a detailed analysis of the Indian growth stage startup ecosystem which is poised to shape the development and growth of the startup economy in India.
### Executive Summary

**1,072**  
Deals were recorded with a total investment of $10.25 Bn by Indian growth stage startups between 2014-2018

**Logistics**  
With 226% CAGR, logistics stood as the fastest growing sector in growth stage

**32%**  
CAGR of investment inflow in growth stage startup ecosystem

**Real Estate Tech**  
With -9.36% CAGR, real estate turned out to be worst performing sector at growth stage

**24%**  
CAGR recorded for number of deals at growth stage during 2014-2018

**753**  
Unique growth stage startups funded during 2014-2018

**50**  
M&As were recorded in the growth stage in the last 5 years

**87.57%**  
Of total funding in growth-stage startups were recorded in Tier 1 cities
Introduction
To The Report
Indian Startup Ecosystem Snapshot

$51 Bn
Total Funding

2,773
Number of funded startups

32
Soonicorns in India

4,273
Total Deal Count

29
Unicorns in India

39,000+
No. of Active Indian Startups

49,000
Startups Launched in India so far

2,000+
Active Startup Investors in India

2nd
Largest Ecosystem

250+
Active Incubators & Accelerators in India

300+
Coworking Spaces in India
According to DataLabs by Inc42’s research, a total of 753 startups raised $10.25 Bn across 1,072 deals between 2014 and 2018 at growth stage.

Figure 1: The growth-stage startup funding was concentrated in the prominent startup hubs in the country. Bengaluru (263 deals), Delhi NCR (200) and Mumbai (159) made up for 83% of the total 753 deals. On the other hand, Tier 2 cities contributed 4.25% to the total deals in growth-stage startups.
Global Comparision
Growth Stage:

Ecosystem Around The World
# Global Growth Stage Ecosystem Comparison

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Parameters</th>
<th>India</th>
<th>China</th>
<th>Southeast Asia</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>Total investment at growth stage</td>
<td>$10.25 Bn</td>
<td>$36.8 Bn</td>
<td>$1.52 Bn</td>
<td>$139 Bn</td>
</tr>
<tr>
<td>02.</td>
<td>Total deal count at growth stage</td>
<td>1,072</td>
<td>536</td>
<td>155</td>
<td>15.25k</td>
</tr>
<tr>
<td>03.</td>
<td>The growth rate of funding amount</td>
<td>32.24%</td>
<td>202%</td>
<td>67%</td>
<td>19.38%</td>
</tr>
<tr>
<td>04.</td>
<td>The growth rate of total deal count</td>
<td>23.41%</td>
<td>71.80%</td>
<td>37%</td>
<td>0.72%</td>
</tr>
<tr>
<td>05.</td>
<td>% share of growth stage in total funding</td>
<td>23%</td>
<td>28%</td>
<td>38%</td>
<td>31.2%</td>
</tr>
<tr>
<td>06.</td>
<td>% share of growth stage in total deal count</td>
<td>26%</td>
<td>70.20%</td>
<td>22%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Data from 2014-2018
Methodology

Data Collection and Analysis

Data collated in this report is collected primarily from authentic secondary sources available on the internet, details of which are provided in the bibliography section.

- The report includes an exclusive analysis of India’s growth-stage startup ecosystem against other emerging and established hubs, with a view to providing an overview of the country’s progress in entrepreneurship from a global perspective.

- Volatility in the startup hubs Mumbai, Delhi NCR and Bengaluru is calculated on the basis of deviation in the investment inflows.

- The report aims to evaluate the Tier 1 metros of Delhi NCR, Mumbai and Bengaluru on the basis of changes in their growth-stage startup ecosystems.

- The report aims to provide an insight into the most active investors on the basis of startup stages along with mergers and acquisitions.

- It seeks to aid an understanding of the investment trend in India for entrepreneurs and investors to comprehend.

- The report presents a comprehensive overview of the rising M&A deals in the Indian startup ecosystem. It seeks to provide an insight into the very factors that enable the making of unicorns.

- The report seeks to highlight policy changes between 2017 and 2018 with respect to startups based on the secondary research and their possible impact.

- It seeks to predict any roadblocks in exponential improvement in the growth-stage startup ecosystem in India.

- The report includes a comparative analysis of policy changes in few other nations leading to a boost in their startup ecosystems, to draw a fair conclusion as to how effective such changes are in an Indian context.

Tools and Technologies Used

- World Bank dataset
- International labour organization dataset
- Economic survey of India 2017-2018
- Heritage.org dataset
- Entrepreneurship Index
- Global innovation index
- Niti Aayog reports
- The government of India public datasets
- Machine learning algorithms
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Glossary

Tech Startup: Technology enabled or technology-driven, highly scalable businesses driven towards rapidly creating a massive impact
Seed Funding: Funding raised in pre-seed, seed, and angel funding rounds
Bridge Funding: Funding raised in pre-Series A, pre-Series B, and convertible debt rounds
Growth-Stage Funding: Series A and Series B are considered as growth stage
GDP: Gross Domestic Products
GNI per capita (PPP): Gross National Income based on purchasing power parity
Late-Stage Funding: Funding raised in Series C, Series D rounds and beyond it
Delhi-NCR: Delhi and its adjoining areas like Noida, Gurugram, Faridabad, etc
Unicorn: A unicorn is a startup valued at over $1 Bn
Soonicorn: Startups that have a high chance of joining the unicorn club
Average Ticket Size: Average ticket size is the average of the disclosed funding amount based on the discussed constraints
AUM: Asset Under Management
σ365: Annual Deviation In Funding Amount
API’s: Application Program Interface
BRICS: Brazil, Russia, India, China, South Africa
BHIM: Bharat Interface for Money
VC: Venture Capital
DCF: Discounted Cash Flow
DIPP: Department of Industrial Policy & Promotion
CBDT: Central Board of Direct Taxation
YoY: Year-on-Year
QoQ: Quarter-on-Quarter
MoM: Month-on-Month
MUDRA: Micro Units Development and Refinance Agency
UPI: Unified Payment Interface
Mn: Million, Bn: Billion, Trn: Trillion
NBFC: Non-Banking Financial Corporation
NABARD: National Bank for Agriculture and Rural Development
B2B: Business To Business, B2C: Business To Consumer
B2B-B2C: Business To Business/Business To Consumer
B2C: Business To Consumer
H1: Half-yearly January-June, H2: July-December
H1-2018: Duration January - June of 2018
$XXK: XX Thousand USD
$XX Mn: XX Million USD
$XX Bn: XX Billion USD
4W: 4 wheelers
2W: 2 wheelers
IPO: Initial Public Offering
IMPS: Immediate Payment Service
ICT: Information and Communication Technology
IP PB: India Post Payment Bank
TRAI: Telecom Regulatory Authority of India
FDI: Foreign Direct Investment
TAM: Total Addressable Market
Jan Dhan Yojna: Pradhan Mantri Jan Dhan Yojana, is financial inclusion program of Government of India which is applicable to 18 to 65 years age group, that aims to expand and make affordable access to financial services such as bank accounts, remittances, credit, insurance and pensions.
UIDAI: Unique Identification Authority of India
DCF: Discounted Cash Flow
KYC: Know Your Customer
NAV: Net Asset Flow
EMA: The exponential moving average is calculated on per quarter basis, with the base year 2014 Average Q: Quartely Average (2014 to 2018)
M&As: Merger and Acquisitions:
Pearson correlation coefficient: The Pearson product-moment correlation coefficient measure of the strength of a linear association between two variables and is denoted by r.
Spearman correlation coefficient: The Spearman rank correlation coefficient, rs, is the nonparametric version of the Pearson correlation coefficient used to measure of rank correlation (statistical dependence between the rankings of two variables).
Mean Deviation: The average absolute deviation of a data set is the average of the absolute deviations from a central point. It is a summary statistic of statistical dispersion or variability.
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DataLabs

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