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NASSCOM aims to accelerate Indian tech startup ecosystem by 2025

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The Indian tech start-up ecosystem has a healthy mix of sectors at varying maturity levels



As India continues to take swift steps towards digitalization, fuelled by policy reforms, technological innovation and digital transformation, India's start-up ecosystem is looking at the threshold of the next wave of growth by leveraging new technological innovations. The National Association of Software and Services Companies (NASSCOM), has launched their report on the *Indian Tech Start-up Ecosystem – Leading Tech in the 20s,* at the side-lines of the of the 16th Anniversary Edition of NASSCOM Product Conclave 2019. The report has been commissioned along with Zinnov.

Adding over 1300+ start-ups in 2019, India continues to reinforce its position as the third largest start-up ecosystem across the world, taking the total number of tech start-ups to 8900-9300 in the last five years. The trend witnessed over the year was that start-ups are driving focus more towards the B2B space and almost half of the country's start-ups are offering enterprise focused services.

According to the NASSCOM report, the Indian tech start-up ecosystem has a healthy mix of sectors at varying maturity levels. Sectors such as HealthTech, FinTech, Retail and Enterprise are at a mature level, Education, SCM & Logistics and Mobility are emerging, and Energy, Gaming and Agriculture are some of the nascent sectors.

India also witnessed the addition of 7 Unicorns in 2019 till Aug, taking the total tally up to 24, which is the third highest number of Unicorns in a single country in the world.

Speaking on the occasion, Debjani Ghosh, President, NASSCOM, said, "The start-up landscape in the country is becoming the epitome of innovation, with companies bringing out solutions that are aimed at solving locally relevant issues. However, to simulate innovation, government and corporates need to focus on increasing their role as prominent stakeholders playing the part of venture capitalists and providing the appropriate market access, funding, and guidance to seed stage start-ups.

The country has over 335 active incubators and accelerators with a capacity to enable over 5000 start-ups every year. More than 65% share of incubators and accelerator programs were added in the last five years, out of which 57% are active outside Tier 1 cities. The robust start-up ecosystem of India is at a cumulative valuation of USD 95-101Bn and has given rise to 390,000 – 430,000 direct jobs with over 60,000 jobs in 2019 alone.

NASSCOM aims to accelerate this ecosystem significantly by 2025. This entails increasing the number of unicorns to 95-105 potentially and the cumulative valuation to $350-390 Billion. The target is to also achieve 1100-1250k direct jobs in the start-up ecosystem by 2025. This can be done by improving certain capabilities in proving institutional support at the early stages, so start-ups can tap global markets as well as local markets with ease in public procurement norms and processes. NASSCOM also recommends building sector specific initiatives such as global centres of excellence (or innovation clusters) for each industry along with industry-specific physical and digital sandboxes. Another area that requires attention is increased corporate and equity investor participation at pre-seed and seed stages; expansion of CSR guidelines to increase capital availability and encouraging the establishment of corporate innovation labs. NASSCOM will continue its drive towards catalysing emerging tech start-ups, build category leaders and support them to create not only for India but also scale up and solve for the world.