

EDII

Registered Ventures In Gujarat Double In Two Years, Get Diversified; Entrepreneurs Bet Big On Emerging Sectors, Including Semiconductors, EV And Deeptech

GUJARAT STARTUP ECOSYSTEM AT A GLANCE

- 9,000** recognized startups
- 850** women-led startups
- 200** incubation centres
- 230** startups connected to investors
- 10** acceleration programmes
- 200** startups provided with Rs 35 crore-plus fiscal support
- 320** startups received work orders
- 350** startups with rural impact
- 120** startups focused on areas such as renewable energy, sustainability and climate change

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In a stellar performance, Gujarat has secured the leading position among major states in the startup rankings for 2022 — marking its fourth consecutive year among the top, according to data released by the department for promotion of industry and internal trade (DPIIT) in January. The state's startup ecosystem witnessed remarkable growth, boasting 3,291 new recognized startups in 2023, a significant jump from 1,655 in 2021 — doubling in just two years!

Gujarat's growth trajectory outpaces the national average, with DPIIT recognizing 34,779 startups for tax benefits in 2023, reflecting a remarkable 79% surge from the 19,371 recognized in 2021. In absolute numbers, Gujarat secured the third-highest spot in the country, trailing behind Maharashtra (5,801) and Uttar Pradesh (3,426), leaving Delhi (3,150) and Karnataka (3,032) in its wake.

This impressive growth is credited to the overall maturity of the startup sector, the emergence of high-quality startups, and crucial financial support, especially during the challenging 'Death Valley' phase. This phase is a critical juncture where bootstrapped startups leap from initial stages to crafting viable and marketable products.

Mukesh Kumar, principal secretary of higher and technical education who is helming the state govt-supported incubator iHub, said that 2023 saw several new initiatives, the emergence of interesting startups and the strengthening of Gujarat's position as a startup hub.

"We are bullish on startups. Sectors such as semiconductors and EVs will continue to grow in the state. Our role has been to extend technical support, help them create and structure their balance sheet, provide technological support and even provide coworking space," he said, adding, "We have seen a rise in fintech, EV and green energy sector. Emerging sectors are sports and real estate. We will soon collaborate with a national agency to promote women-led startups."

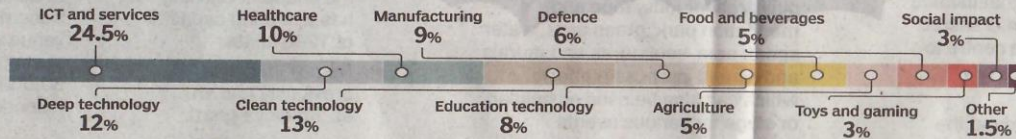
Other notable incubators are also witnessing a similar trend. At IIMA Ventures, the number of startups from Gujarat has remained consistent at 40-plus in

STARTUPS SOAR IN THE STATE



Source: Department for promotion of industry and internal trade (DPIIT), Govt of India; *Self-reported

SECTOR-WISE BREAKUP OF ACTIVE STARTUPS IN 2023



Source: iHub



2023, but their quality has improved, said officials. Approximately 50% of supported startups transitioned from prototype to minimum viable product (MVP) to achieving product-market fit.

Looking ahead to 2024, Vipul Patel, partner (seed investing) at IIMA Ventures, expressed a commitment to nurture Gujarat-based startups in deep tech. "The focus will include engaging with the next generation involved in family-run businesses through a curated community platform and connecting them to the innovation ecosystem. The innovation momentum is fuelled by GIFT City's progress, attracting a substantial influx of venture funds. This allows Gujarat-based startups to connect with the invest-

ment ecosystem," he said.

An example of a startup succeeding in gaining traction and funding is Ahmedabad-based Plutomen, which provides extended reality (XR) services to various technical enterprises.

The startup raised funds from the Gujarat University Startup and Entrepreneurship Council (GUSEC). Meta selected it to present their innovation that uses specialized devices to help frontline workers get in touch with experts to resolve issues faster.

"The buzz around generative artificial intelligence (AI) marked 2023. The field of spatial computing is gaining traction, and we will see many more applications combining existing tech with AI applications," said CEO Keyur Bhalavat.

GUSEC data showed 102 startups were incubated in the past two years, with healthcare (34%) and deep tech (29%) being more than 50% of the pie. In 2022-23, 42 startups scaled up, and experts are betting on disruptive technologies.

What's missing from the mix is startups making it big with deep tech. Despite one of the highest concentrations of startups, Gujarat has less than five unicorns in this field. A senior seed funds and investment expert said that fear of failure is a significant factor. "Founders generally have a projection in mind regarding expansion and investment. If there are no returns in sight, there will be no investments. But we do see much more diversification in the past few years from cybersecurity to agritech and blockchain to electric vehicles (EV), which is a plus," the expert said.

TIMES DHANDHO

DEEP DIVE

A Peek Into Some Startups In Emerging Sectors Of Gujarat And How 2023 Was A Pivotal Year For Them



SPACETECH: PIERSIGHT

Ahmedabad-based PierSight, co-founded by Vinit Bansal and Gaurav Seth, emerged as a key player in space technology. The startup secured a remarkable \$7 million in seed funding, making it one of the biggest initial investments in a spacetechnology startup in India. While Seth was a scientist with the Indian Space Research Organization (ISRO), Bansal worked with National Instruments when they decided to launch their startup in Sept 2023. It was the only second startup from India to be part of the Los Angeles-based Techstars space accelerator programme. Specializing in satellite-based maritime surveillance technology, PierSight plans to launch instruments through InSpace and ISRO later this year. "The year has changed how we look at spacetechnology and its possibilities. Apart from the record funding, we expanded our team in India and the US and gained confidence in our decision. We work in synthetic aperture radar (SAR) technology and aim to cater to the global clientele," said Seth.

AGRITECH: AGRIOWN

The startup stemmed from founder and CEO Mihir Shah's experience in agriculture and allied services for over a decade. He realized the gap between the need for technology in smaller farms and the availability of such services. The firm, which he founded with Reena Chaudhary, now has presence in over 20 districts. It supplies tractors to drones for agricultural use and works closely with IFFCO and govt agencies. "There was increased awareness about technology-based farming, acceptance and adaptation in 2023. We have covered about 40,000 acres of farms and adapted a special technology to ensure the insecticide/pesticide sprayed on crops does not dissipate quickly. From castor to sugar, we have worked on diverse crops and are hopeful of further expansion," he said.



HEALTHTECH: CURELO

In response to the diagnostic challenges posed by the Covid pandemic, Dr Arpit Jayswal, a GI surgeon, turned into an entrepreneur. To cater to the sudden spike in diagnostic requirements, Jayswal started his own facilities but realized an issue: more than 90% of the diagnostics market in India was dominated by local players. "I devised a platform to ensure sample collection in 60 minutes," he said. The platform is now connected to more than 2,000 labs in 12 cities. "The year 2023 saw expansion of the existing facilities and renewed interest in preventive health checkups, further boosting growth. The labs are also realizing the growing importance of digital health services and efficient record-keeping in the healthcare sector," said Jayswal.

REFLECTIONS AND PROJECTIONS

“In 2023, startups began shifting to social impact and agritech, a trend likely to persist in 2024. The startup ecosystem has matured, with a better understanding of their potential compared to five years ago. They are aligning with priority sectors offering good funding opportunities

Prof Satya Ranjan Acharya | DIRECTOR, CRADLE, EDII



“A promising sign of deep tech innovation emerged in Ahmedabad in 2023, exemplified by companies like PierSight securing significant seed investment. This year, we anticipate the deep tech trend gaining momentum, particularly in sectors like AI, biotech, defence, spacetechnology, and beyond

Vipul Patel | PARTNER (SEED INVESTING), IIMA VENTURES



“With robust policy support from the Centre and state, there is a surge of enthusiasm around startups. The emergence of sectors like semiconductors and EVs in Gujarat presents ample opportunities for startups to contribute to the ecosystem. Some startups have already ventured into production-linked incentive (PLI) segment

Srinivasa Rao Sureddi | CEO, GUSEC