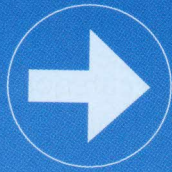


India's 10 Most Fertile Start-up Grounds

By Sandeep Soni





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URRENTLY AT NUMBER THREE, INDIA IS ONLY TWO SPOTS BEHIND THE US AND UK TO BECOME THE LARGEST START-UP ECOSYSTEM IN THE WORLD. THE GEOGRAPHIC ADVANTAGE AND THE BREAKNECK PACE AT WHICH ENTREPRENEURSHIP IS EXPLODING IN INDIA G—THERE IS ONLY SO MUCH INNOVATION AND ENTREPRENEURSHIP THAT CAN HAPPEN ON A LAND MASS, THAT IS UK, WHICH IS AS BIG AS THE NORTH INDIAN STATE OF UTTAR PRADESH — CAN PUT IT AT THE SECOND SPOT IN A YEAR OR TWO. THE US IS MORE THAN TRIPLE THE SIZE OF INDIA AND AN ALTOGETHER A DIFFERENT WORLD FOR START-UPS. NONETHELESS LIKE THE US, INDIA'S GROWING METROPOLISES BEYOND DELHI/NCR, BENGALURU AND MUMBAI THAT INCLUDE MORE THAN 20 UPCOMING METROS AND TIER 1 DESTINATIONS ARE ADDING FUEL TO ITS FIERY START-UP SPACE.

Entrepreneur, in its attempt to bring forth India's most vibrant existing and emerging start-up hubs, stacked up the country's top 10 cities in terms of number of start-ups they house across seven metrics – availability of capital, infrastructure (rail and road network, port facility and import-export measures), real estate, talent, state government support, mentorship or incubation network and availability of suppliers. The final ranking is the aggregate of rankings done on individual metric-basis from professionals and entrepreneurs in respective categories. Let's find out the city best for your first/next start-up.

#1

Bengaluru: Ask any aspiring entrepreneur where he/she will like to launch his/her dream start-up, and more often than not you will hear the word Bengaluru rolling off their tongues in a second. It is not just for being the hot-bed for tech innovations, Bengaluru is a great fusion of hi-quality talent, cheaper real estate, better access to capital with hi-density of investors and mentorship support, a conducive government that announced initiatives like building one of the Asia's biggest start-up warehouse, an Internet of Things Lab, etc., that attract companies from cities like Delhi and Mumbai and certainly across India. Successful start-ups like FreeCharge, Ola, Quikr and InMobi had shifted their base to Bengaluru in search for cheaper talent and low real estate cost. However, talent in Bengaluru is more expensive than Pune, Hyderabad and Chennai on an average, while the cost of living is arguably a little cheaper. In terms of women safety, the city is comparatively safer than Delhi and Mumbai. The only area that requires attention in comparison to other cities is Bengaluru's public transport infrastructure that the government is trying to improve through its intra-city metro train services and better road network.



GOOD

"Bengaluru has become the entrepreneurial hub of the country and has a huge talent pool as people are willing to migrate to Bengaluru leaving their hometowns."

Ashok Reddy,
Managing Director &
Co-founder, TeamLease
Services



IMPROVING

"Once the preferred investment destination, the city is facing severe challenges in terms of public transport, which can be tackled with Bangalore Metro and improvement in road network."

Vishwas Udgrkar,
Senior Director-
Infrastructure,
Deloitte India

#2

Delhi/NCR: No other city comes closer to Delhi/NCR when it comes to knowing and understanding how to do business. The region has always been a traders' hub and a crucial source of procuring raw materials. The business acumen of influential Punjabi and Marwari communities is clearly seen in the way a local tea-seller and local family businesses talk, in other words they mean *dhandra* (business). Nonetheless, region's real growth, more than the Delhi itself, has come from its satellite towns of Gurgaon and Noida, attracting companies and entrepreneurs because of their lower rental costs and an enormous consumer base that offers huge opportunities for service businesses like e-commerce, education, healthcare and food. Proximity to cities like Jaipur that has great historical significance and attract tourists, and Chandigarh, known for its public hygiene and other industrial cluster towns like Faridabad, Meerut and Agra pulls a great amount of businesses to Delhi/NCR. Nonetheless, the region is more accustomed to typical office culture and misses on the casual café culture that Bengaluru offers where one can easily find tech geeks buzzing over ideas and innovation for hours in cafés over coffee mugs. Networking opportunities are always available in plenty with a host of events, conferences and workshops focusing on innovation and business growth happening almost every day. When it comes to talent, it is available expensive similar to Mumbai. Arvind Kejriwal, the Delhi Chief Minister who calls himself a start-up politician, early this year announced the launch of a 10,000 sq.ft co-working space for start-ups, one among many promises his government made to develop Delhi further as a start-up hub. However, there is a lack of active government support.



GOOD "Highly active Delhi/NCR Tie Chapter, Amity Incubator, Springboard 91 and TLabs bring a great balance of incubators, co-working spaces and accelerators in Delhi/NCR."

Sanjay Vijaykumar, Chairman, Startup Village and CEO MobME Wireless



IMPROVING "In the main city, affordability is a real concern. Budget homes are largely found in NCR areas like Neemrana and Faridabad."

Anuj Puri, Chairman & Country Head, India, Jones Lang LaSalle

Talent	Real Estate (residential/commercial)	Funding/Investor ecosystem	Govt. Support (policies & schemes)*	Supplier-base	Mentorship/Incubation/Networking	Infrastructure (Power, import-export, ports, rail & road network)
Bengaluru	Chennai	Bengaluru	Bengaluru	Delhi	Bengaluru	Mumbai, delhi
Hyderabad	Kolkata	Delhi	Ahmedabad	Mumbai	Delhi	Chennai
Pune	Bengaluru	Mumbai	Pune	Bengaluru	Mumbai	Ahmedabad
Delhi	Hyderabad	Chennai	Chandigarh	Chennai	Chennai	Hyderabad
Mumbai	kochi	Hyderabad	Chennai	Pune	Hyderabad	Bengaluru
Chennai	Pune	Pune	Hyderabad	Hyderabad	Kochi	Pune
Ahmedabad	Ahmedabad	Ahmedabad	Jaipur	Ahmedabad	Ahmedabad	Kolkata
kochi	Chd./Jaipur	kochi	Delhi	Kolkata	Pune	Chandigarh
Kolkata	Delhi	Kolkata	Mumbai	Chd./jaipur	Kolkata	Kochi
Chd./Jaipur	Mumbai	Chd./Jaipur	Kolkata	Kochi	Chd./jaipur	jaipur

*Kochi has been ranked 11th

#3

Mumbai: As India's headquarters for financial services, Mumbai always enjoys the advantage when it comes to businesses and entrepreneurs. But its dream of becoming a global financial centre on the lines of Dubai and Singapore is marred by its inefficient public infrastructure. Adding to that is its abnormally high real estate price, which is highest in India, and high talent cost due to which, it has lost many young companies to Bengaluru. Moreover, it records one of the highest losses of man hours or productivity due to endless traffic and inefficient public transport. But the city has been an important gateway to country's imports and exports since pre-independence era having two of India's major ports – Mumbai Port in South Mumbai and Jawahar Lal Nehru port in Navi Mumbai. Despite many growth issues, Mumbai continues to be the centripetal force attracting businesses, at least the early-stage businesses before they move out for talent and cheaper resources. Similar to Delhi, Mumbai too has been a traders' hub and has a great supplier network apart from having large VC and PE investors' base with easy access to networking opportunities and capital. In the last two years, Powai, a suburb located at the north-east of Mumbai, has become what Okhla is to Delhi and Koramangla to Bengaluru. The Internet and mobile start-ups like Housing.com, Toppr.com and Instamojo have made Powai buzzing with start-up action.



GOOD "Mumbai scores high on good air and sea connectivity. It is well connected with rail and located centrally. However, power situation is not as good as a few years back but still reliable. However, tremendously over stretched urban transport system needs huge investment."

Vishwas Udgrakar, Senior Director-Infrastructure, Deloitte India



IMPROVING "Mumbai is the least affordable city in India even in its furthest suburbs and satellite towns like Navi Mumbai. Affordability can only be seen in context with how high value areas are priced. Mumbai is legendary for its unnaturally high real estate rates."

Anuj Puri, Chairman & Country Head, India, Jones Lang LaSalle

#4

Chennai: We all know Chennai is the Detroit of India for its automotive capability. However, there is more to the city's profile. Chennai, whose businesses are known for maintaining a low profile, is fast turning into a Software as a Service (SaaS) hub. A number of big and small B2B SaaS product companies like ZOHO, Freshdesk, Unmetric and InterviewStreet have become Chennai's pride in domestic as well as global market. Moreover according to a LinkedIn report in June last year that studied 300 million member profiles, the city attracted 38 per cent of new tech talent, significantly higher than the 31 per cent by the Silicon Valley. However, it stood behind Bengaluru that attracted 44 per cent talent followed by 43 per cent each by Pune and Hyderabad. Chennai is assumed of lacking the culture of risk taking, its people have ambition but that ambition is not big enough like entrepreneurs based in Delhi and Bengaluru. Moreover the ecosystem is yet to evolve in terms of the investor community before it ranks at par with the top three cities. For instance, Chennai only has around 50 angel investors while Bengaluru leads with more than 220 and Mumbai with 210 angel investors. Similarly in mentorship and incubation support, while Delhi has around 12 incubators, Bengaluru 10 and Mumbai five, Chennai only has four incubators.



GOOD "Chennai is the industrial centre for 100 per cent cotton fabric, cashew nuts and inorganic salts. Not to forget, the state's strong potential for MSMEs in the auto sector."

Dinesh Agarwal, Founder and CEO, IndiaMART



IMPROVING "Political access is difficult, hence ground-breaking initiatives are not possible."

Anil Bhardwaj, Secretary General, Federation of Indian Micro and Small & Medium Enterprises

#5

Hyderabad: Technology has been the centrepiece for Hyderabad, much like Bengaluru but it took a blow when Telangana was carved out from erstwhile Andhra Pradesh (AP), leaving the future uncertain for several businesses. In fact around 1,000 SMEs moved out from Hyderabad that had their manufacturing units located in AP but had offices in Hyderabad. However, the city takes pride in being home to global companies like Facebook and Microsoft, which has its main campus in Hyderabad. Recently, the Telangana Government announced tie-up with Google for setting up its biggest campus outside the US in Hyderabad with an investment of Rs 1,000 crore. Even though tech ecosystem is there in Hyderabad for the past many years, the city is yet to come up with significant start-up success story. However, companies like genomics start-up Mapmygenome, growth-hacking toolkit for app developers AppVirality, and mobile commerce platform MartMobi are rapidly growing. Online marketplace Snapdeal in May this year acquired MartMobi to strengthen its mobile platform for sellers listed on Snapdeal. The city has educated and globally travelled young professionals along with good physical infrastructure and overall cheaper cost of living, a necessary factor for start-ups to breed.



GOOD "The city's growth took a huge dent because of the state's bifurcation. But with things are getting stabilised, it has the potential to supply people given the historical opening balance of companies and migration of people to jobs. It is also a low cost city with great infrastructure."

Ashok Reddy, Managing Director & Co-founder, TeamLease Services



IMPROVING "Hyderabad has a nascent angel system that will build out rapidly."

Sharad Sharma, Co-founder & Member, Governing Council, iSPIRT

#6

Pune: Pune resembles much like Bengaluru in terms of technology innovation and great weather but with increasingly improving infrastructure. The city has grown tremendously with the coming up of hi-value start-ups like back-up storage start-up Druva, gaming start-up Rolocule, mobile commerce platform Mobikon, and online portal for student internships Letsintern. According to a report by Nasscom and Zinnov, the top areas of start-ups in Pune are e-commerce, ERP, education and marketing and advertising. The city has a great talent pool with around 350 corporate innovation centres and eight universities focusing on R&D, says a survey by iSPIRT. Although there is not enough base of VCs and angel investors, its proximity to Mumbai serves as an ideal alternative to the maddening public infrastructure and unaffordable rental costs in Mumbai. In other words, the potential is huge for Pune to rapidly run on the growth path, but it will take time as start-ups' success stories are yet to come up. The ecosystem is still premature in Pune.



GOOD "Although the government is not so proactive as in Karnataka and Gujarat, it is not obstructive also and is ready to amend laws when pointed out. The local chamber Mahratta Chamber of Commerce and Industries, and IT association are powerful enough to open doors wherever necessary."

Anil Bhardwaj, Secretary General, Federation of Indian Micro and Small & Medium Enterprises



IMPROVING "The city doesn't have much angels and VCs but enjoys proximity to Mumbai. No wonder most companies in Nexus Venture Partners' portfolio are from Pune."

Sharad Sharma, Co-founder & Member, Governing Council, iSPIRT

Ahmedabad: After the big league of start-up cities, come Ahmdebad, Kochi, Kolkata, Chandigarh and Jaipur that are creating the second wave of India's start-up hubs. IIM-Ahmedabad's Centre for Innovation Incubation and Entrepreneurship has already incubated and supported more than 100 start-ups in cleantech, social and IT space. Moreover the National Design Business Incubator based in Ahmedabad focuses on incubating start-ups in the design space. The start-up activity is quite nascent with only few names like e-commerce platform Infibeam emerging from the crowd along with angel groups like Gujarat Angels and Infuse Ventures based in IIM-Ahmedabad. Across seven metrics, Ahmedabad fares better in terms of government support given the fact that Gujarat has a pro-business and pro-industry government and infrastructure that it counts among the best in the country.



GOOD "Ahmedabad has come up in a big way with good infrastructure. It has great civic infrastructure, power is reliable. Despite being a landlocked city, port facilities are in approachable distance."

Vishwas Udgrakar, Senior Director-Infrastructure, Deloitte India



IMPROVING "CIIE at IIM-A, NID and MICA have build out a great local ecosystems that operated in silos but are now being brought together by Gujarat Technical University that is taking bold steps in bringing local incubators and university very tight knit."

Sanjay Vijaykumar, Chairman, Startup Village and CEO, MobME Wireless

#7

#8 Kochi: City's not-for-profit business incubator Startup Village, set up in 2012, has literally changed business and entrepreneurship dynamics of the entire state of Kerala. The incubator is among the most sought after ones in the country having supported 679 start-ups and around 249 student start-ups. Moreover, states like Andhra Pradesh, Chhattisgarh, Madhya Pradesh and recently Uttarakhand have got attracted towards Startup Village model to replicate it and boost their respective local start-up ecosystem. The incubator recently won government instituted National award for Technology Business Incubator in India. Similar to Chennai, Bengaluru, Pune and Hyderabad, Kochi is also witnessing boom in software product start-ups. While the mind-set of its people is changing, the city has a long way to go in terms of talent, mentorship, funding ecosystem and infrastructure. Earlier this year, the city signed an MoU with Menlo Park city based in California, the US, for a year to share technology ideas and talent, which can see around 100 start-ups from Kerala travelling to Menlo Park and vice versa to understand both markets along with the mentorship provided.



GOOD "Kochi is very conservative market where a large contingent of end users helps maintain a proper balance in terms of property values."
Anuj Puri, Chairman and Country Head, India, Jones Lang LaSalle



IMPROVING "Distrust on private sector runs deep in government administration with negligible support."
Anil Bhardwaj, Secretary General, Federation of Indian Micro and Small & Medium Enterprises

#9 Kolkata: Kolkata was one of the most industrialised cities of India till 60s-70s, but now at the bottom of the economic pyramid. However, the city showed signs of revival from around late 90s onwards, but in terms of a supportive start-up landscape, Kolkata is nearly around five years behind Bengaluru or Mumbai. Apart from the affordable real estate, the city has to develop most of the resources required for a flourishing start-up ecosystem. The potential, however, is huge and realising this, industry body NASSCOM in January this year launched its second start-up warehouse (under 10,000 Startup Programme) in Kolkata in collaboration with the Government of West Bengal. Lack of investor-base (except angel group Calcutta Angels) and mentorship have resulted in start-ups shifting from Kolkata, for example FusionCharts, a software company, moved to Bengaluru in 2011 from Kolkata.



GOOD "Kolkata is free from speculation, which is usually the factor that moves up property rates. Property in Kolkata is still quite affordable, except in high-value locations."

Anuj Puri, Chairman & Country Head, India, Jones Lang LaSalle



IMPROVING "The city has promise but needs a breakout company to take its start-up ecosystem one level up. The city can be the hub for new companies in Bhubaneswar and north-east in coming time."

Sharad Sharma, Co-founder & Member, Governing Council, ISPIRT

#10 Chandigarh & Jaipur: Chandigarh and Jaipur act as feeders to Delhi/NCR. While Chandigarh has planned infrastructure along with the availability of skilled manpower, Jaipur caters to SME clusters in handicrafts to a great extent. While both cities have their own share of start-up activities gaining ground quietly, Jaipur-based Girnar Software that runs auto classifieds portal CarDekho has so far been the only success story emerged on the Indian start-up map from the city. Razorpay, another Jaipur-based start-up offering online payments solution, raised \$120,000 from global start-up accelerator Y Combinator in March this year. The start-up was a part of Y Combinator's W15 batch and was earlier mentored by Jaipur-based incubator Start-up Oasis. The start-up also raised investment from Flipkart's newly appointed Chief Product Officer Punit Soni in May this year.



GOOD "While Chandigarh makes a mark with its light engineering and software technology parks, Jaipur rules the roost by being one of the biggest exporters of gold, diamond and stone jewellery in Asia."

Dinesh Agarwal, Founder & CEO, IndiaMART



IMPROVING "The two cities have primarily been feeders to Delhi and have some distance to go to create platforms for retaining the talent pool."

Ashok Reddy, Managing Director & Co-founder, TeamLease Services