GET OUT OF TOWN!

Inside the non-metropolitan cities that are becoming breeding grounds for frenetic tech startup activity

Jaipur
RAJASTHAN

Ahmedabad, Vadodara
GUJARAT

Udupi, Mysuru, Belagavi
KARNATAKA

Chandigarh, Mohali, Jalandhar
PUNJAB

Coimbatore
TAMIL NADU

Goa

Nashik
MAHARASHTRA

Kochi, Thiruvananthapuram
KERALA

Indore
MADHYA PRADESH

:: Suman Layak

The world of technology-based startups is unsurprisingly mobile, but in more ways than just being about the phone. People move, as do technology, company ownerships and then the companies themselves.

Great ideas are often born in smaller cities and towns. To survive, to attract talent and funds, the entrepreneurs travel with their fledgling businesses to the larger cities. AskLaila, the internet-based listings operation, now based in Bengaluru, actually had roots in Jalandhar. Or, take Instamedia.com, which sold its properties to different companies in 2013 after scaling up – it had started up from Shimla.

The tide may well be turning. The founders of viral content platform Witty-Feed moved their venture to Indore from Chennai. Sometimes, entrepreneurs come back to their roots to start up, like Uma Bondada, founder of Vayavya Labs who moved back to Belagavi (formerly Belgaum) from the US.

Critical components of the ecosystem are waking up to the possibilities of non-metros. Singapore-based Govin Capital is looking at startups to fund in tier-2 cities for its accelerator; and TCS has set up an innovation centre in Nashik.

ET Magazine, along with research partners Tracxn and JLL, took a deep dive into the world of tech startups in smaller towns and cities in India. Our team of writers moved across the country, covering 16 cities, meeting entrepreneurs, understanding their problems and their aspirations for growth and the pros and cons of being in a smaller city.

Funding is a worry. A Mumbai-based venture capitalist let on that good ideas from smaller towns are put on the backburner as VCs worry whether small-town entrepreneurs are smart and presentable enough for the next round. Then there is Hitesh Dharamdasani, founder of a network security startup Informant Networks in Belagavi, who says, "I was very clear I didn't want to take VC funds, having seen the effect in Silicon Valley."

There is still some way to go for this tech-preneurship wave to spread across the country – especially the east. Kolkata, the metro from the east, lags at No. 11 (based on Tracxn data) when we rank cities by number of funded startups and drops to 22 when ranked by total funding. Bhubaneswar comes up in discussions as a developing hotspot, but investors appear chary to back startups there; ditto for cities in eastern UP, Bihar, Jharkhand, Chhattisgarh, the newly minted Andhra Pradesh or the entire Northeast. But there are gems hidden across the country – for instance, Modikhana.com, a grocery delivery company that has started in West Bengal's Durgapur. Read on to find how a clutch of non-metros are slowly but surely becoming part of the rapidly evolving Indian startup ecosystem.

"Governments can improve access to capital for startups in tier-2 cities by creating platforms for investors and promoting funding schemes specific to startups in these regions"

Neha Singh, cofounder, Tracxn

In the Pink

Jaipur has the advantages of a big city as well as a small town, but it needs soft infrastructure for entrepreneurs

:: Malini Goyal

I don't grow roots easily; I have moved from one place to another all my life," says Himanshu Jakhar, 32. Son of an army officer, he grew up all over India, shifting schools and changing cities. After college, the commerce graduate worked in Sweden and Malaysia. In 2010, because of his mom's health, he returned to India. "I wanted to come back. This was the trigger." The aspiring entrepreneur has grown roots since, in Jaipur, his hometown where his parents have retired. "Delhi was too competitive. You needed deep pockets to do anything there. In comparison, Jaipur – close to Delhi – was a good option," he says.

Initially it was tough. An unexciting nightlife, few hangout joints, latest Hollywood flicks not playing at multiplexes were some of the concerns for the young man. Starting up wasn't easy either. But he figured out that with his first startup One Percent Matters, an online marketing consultancy firm, he could bypass many problems. "With overseas clients in niche publishing, it didn't matter where I was located." He exited that startup recently.

Now Jakhar is nurturing three startups – one in online marketing and services, another in poultry

Total Funding
$117 mn

21
No. of Funded Companies

Jaipur
RAJASTHAN

The pink city, just 260 km from Delhi, is part of the Golden Triangle (Delhi-Jaipur-Agra) and a popular tourist destination. The state govt is pushing to build a vibrant startup ecosystem

PROMINENT STARTUPS

CarDekho, 2008, is an auto portal, valued at $380 million. Has got marquee investors like Ratan Tata, Google Capital, HDFC Bank

Voylla Fashions, 2012, is a fashion jewellery etailer that recently roped in Kangana Ranaut as its brand ambassador

X FACTOR

Proximity to Delhi and good supply of engineering graduates (with 30 colleges around Jaipur) help the city evolve as a startup hub. Its incubation centre Startup Oasis has had 80-odd startups pass through its programmes. Its 2015 startup policy plans 50 incubators and 500 startups mobilising ₹500 crore of angel capital in five years

Data is collated by Tracxn

farms and his most ambitious one in high-tech agriculture called Aquaponics.

Jaipur has kept pace with him. In the last three years, the number of startups in Rajasthan, led by Jaipur, has surged from 100 to 400-plus. In 2013, 30 state-based entrepreneurs got together to set up RAIN (Rajasthan Angel Investor Network) and have invested over ₹6 crore in about eight startups. The government helped set up the state's first incubation centre called Startup Oasis in 2013. It has seen over 80 startups pass through its programmes. Last year, the government passed a startup policy targeting at least 50 incubators and 500 startups that will mobilise ₹500 crore of angel capital in five years in the tech space in the state.

This growth is showing in numbers. As numbers provided by tech data firm Tracxn indicate, Jaipur has emerged as the leader among upcoming startup hubs (on the basis of funding received), outside of the big cities. Many of Jaipur's startups have begun making headlines: online payment gateway Razorpay has been selected by Silicon Valley seed accelerator Y-Combinator; and CultureAlley, which helps people learn English, is funded by Tiger Global and claims to be the largest educational app in Asia with 1.7 crore learners.

"When I came back to Jaipur in 2006 it was an emotional decision as I had lost my father. As a startup hub there was nothing here," says Amit Jain, cofounder, CarDekho, Jaipur's largest startup, which has investors like Ratan Tata on board. Working for a startup was not respectable a decade ago. "It has become cool now," says Jain. With a staff strength of 3,000, he continues to run the company out of Jaipur while its marketing office is now located in Gurgaon.

A Planned Push

In 2013, Delhi executive Chintan Bakshi, 46, got an offer he couldn't refuse. He landed the COO's job of Startup Oasis, set up as a joint venture between the Rajasthan State Industrial Development and Investment Corporation (RIICO) and CIIE-IIM Ahmedabad (India's leading incubation and entrepreneurship centre). Bakshi, who has moved to Jaipur with his family, says, "It has the advantages of a big city and a small city." Jaipur is a better city than Delhi to live in with less traffic, shorter commutes, affordable real estate and a lower cost of living, at least one third of the capital's rates – factors that the state government knows will help Jaipur position itself on the startup map of the country.

"We wanted to create a vibrant startup ecosystem in the state. Startup Oasis is just the start," says Anil Sharma, chief general manager, RIICO. Last year, the government released its startup policy, allocating ₹10.85 crore annually to build the startup ecosystem, says Sharma. It is offering financial support of ₹10-50 lakh to institutions and individuals to set up incubation centres. Promising startups can land government equity funding of up to ₹10 lakh. A range of other incentives – from accelerator programmes to setting up of e-cells at educational institutions – is part of the policy.

All these are good signals for new universities to set up base. Jaipur, an educational hub with a good supply of engineers from around 30 colleges in its vicinity, now has Amity and Manipal setting up campuses.

Roots & Shoots

Two things stand out about entrepreneurs in Jaipur. Either they have roots in Rajasthan or they have studied here. Starting from the Kota coaching factory, the state sends one of the highest number of students to engineering colleges. Many graduates are returning to Jaipur to turn entrepreneurs.

Take Ganesh Jangir, who hails from a village in Uttar

"As a startup hub there was nothing in Jaipur in 2006. Working for startups has now become cool"

Amit Jain, cofounder, CarDekho

Pradesh, studied engineering in Rajasthan and was working with TCS in Pune before returning to Jaipur to set up his startup called Newndra Innovations, which got funding under the Indo-US Science and Tech Forum. The startup, at a concept stage, aspires to make belts that support human waist and knee to alleviate pain, a rampant problem among farmers. "For a technical product like this, we had little help, as Jaipur has a poor manufacturing base. But this is a low-cost city. And I can always reach out to people online for help," says Jangir, who even found his US-based technology partner via LinkedIn.

IIT-Delhi graduate Ankit Rawat was working in Bengaluru before returning to Jaipur to bootstrap his startup 11TechSquare. "I wanted to be with my parents," he says.

Harshil Mathur, cofounder of Razorpay, was working in the US and his partner Shashank Mathur was in Mumbai when they decided to return to Jaipur. "We did not have enough capital. Here I could bootstrap, living with my parents," says Mathur. But as the startup grew, Razorpay has shifted to Bengaluru "because that's where most of the customers are".

> Jaipur has emerged as the leader among upcoming startup hubs (on the basis of funding received), outside of the big cities. In the last three years, the number of startups in the state, led by Jaipur, has surged from 100 to 400-plus

Jaipur faces many challenges. Rawat of 11TechSquare says Jaipur does not have depth in mentors who can handhold entrepreneurs, so critical for startups in the early stages. A poor funding pipeline is an issue too. "I am struggling on both funding and hiring and wondering if we should have an office in Gurgaon," says Lalit Ahuja, MD of Ahuja Group, who is setting up B-to-B estores for industrial products and services.

Investors too are facing issues. "We invest not more than ₹1 crore at the ideas stage. The second round of funding is a big challenge for startups," says Mahavir Pratap Sharma, chairman, RAIN. But dogged entrepreneurs and investors are finding new ways to deal with these issues. Rajasthan Angel, for example, is co-investing with counterparts like Hyderabad Angel to make their money go further. Entrepreneurs too are trying to bypass constraints. Rawat makes at least two trips to Delhi every month, attending startup meets and other events. Startup Oasis too organises meets in Jaipur and in Delhi where it is "easier to get seasoned entrepreneurs and investors," says Bakshi.

Challenges will remain. Nurturing a startup hub is neither easy nor quick. Soft infrastructure like good mentoring, entrepreneurial depth and a vibrant social life will be critical to attract smart startups and talent. Jaipur's future will depend on how it manages this.

New Gujarat Model

New-age entrepreneurship offers the old business bastions of Ahmedabad and Vadodara a fresh way forward


:: Rahul Sachitanand

Gujarat, a state historically renowned for its strengths in trading and as a magnet for large investment in heavy industries, is in a hurry to jump aboard the startup express. Incubators and accelerators have mushroomed in cities such as Ahmedabad – at least a dozen at last count – ventures are sealing early-stage funding and the government too is getting into the act, with a new policy and an ambitious summit to woo these fledglings. Even as the leading startup hubs of Bengaluru and NCR buckle under the pressure of overpopulation and an undercooked infrastructure, many cities in Gujarat are putting up their hands to be counted.

Harshvardhan Lunia, cofounder and CEO, Lendingkart, an online lender to small businesses, is perhaps the state's most feted startup with over $32 million in venture capital and debt funding. He believes Ahmedabad has several ingredients in place to evolve into a new hub. "For startups looking to conserve funds in these challenging times," he says, "Ahmedabad offers talent and real estate at as little as 50% of the cost of

Ahmedabad & Vadodara

48
No. of Funded Companies

Total Funding
$80.5 mn

GUJARAT

Two cities leading the way in transforming Gujarat from a state of traders to a magnet for heavy industry and tech-driven startups
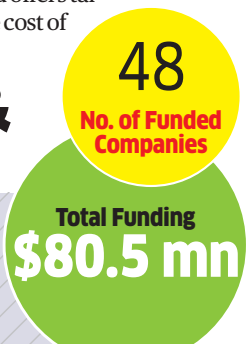
PROMINENT STARTUPS

GingerCrush, 2015, an ecommerce venture in Vadodara, raised around a million dollars in pre-series A funding led by Saha Fund

Locanix, 2012, a provider of logistics tracking solutions in Ahmedabad, has raised funding of $3,00,000

X FACTOR

Gujaratis have business in their blood; combine this with top-notch educational institutes such as IIT, IIM, NID in the state and realty rates as little as half that of major metros, and startups could mushroom

larger startup hubs, with practically none of the headaches associated with living and working there." He should know. Lendingkart runs a technology centre out of Bengaluru, and Lunia unceasingly complains about the traffic gridlock he has to suffer each time he visits India's IT capital.

It may be too soon to celebrate. Entrepreneurs say the quality of talent in Gujarat, especially in Ahmedabad, needs improvement if it is to be considered as a heavyweight startup hub. Ritam Bhatnagar has founded two startups (one in media and another in geolocation) and says the state is plagued by poor levels of education, especially for technical talent. "Right now, the toughest question from investors is not about location, but how we will get talent here and retain them for a significant amount of time," he says. The explosion of startup incubators has only bred a series of mediocre ideas, rather than any breakthrough innovation.

As more startups take root in Ahmedabad and beyond, the big shift needed is actually one of mindset, reckons Sandeep Patel, CEO of Let's Recycle, a waste-management platform. For example, traditional businesspersons prefer debt rather than equity — the lifeblood of fast-growing startups. Older businesses are averse to bringing in external investors, board members and advisors to hasten growth, he adds. "Many of these old rules need to change for entrepreneurs here to make a serious impact," he says.

Change is in the Air
Startups such as Lendingkart and younger ventures such as Lets Recycle, Locanix, a logistics tech startup, OneWayCab, an intercity cab service provider, and Bhatnagar's geolocation venture wWhere have all benefited from being in a non-metro like Ahmedabad, even if it has taken longer for them to be noticed by investors. "For the first three years of our existence, we bootstrapped our venture and learnt how to make every paisa count," says Ruchit Surati, CEO and co-founder of Locanix.

In June this year, he got some relief, when his startup closed funding from senior executives of Goldman Sachs and Cisco. It has signed up dozens of customers – including Amul, which it helps in monitoring the big fleet of refrigerated trucks.

As Ahmedabad picks up pace, different pieces of the startup ecosystem are maturing. For example, towards the end of the year, a 40-acre campus of iCreate (International Centre for Entrepreneurship and Technology) is expected to be inaugurated. iCreate, a joint venture between the Gujarat Mineral Development Corporation and the Gujarat Entrepreneurship and Venture Promotion Foundation, will use this new campus as an integrated facility to offer funding, space and mentoring to entrepreneurs, says K Thyagrajan, a founding member. "We have 15 incubated projects. Three or four are ready to be commercially spun off," he adds.

Industry watchers such as Thyagrajan believe that Ahmedabad has several enabling factors that are catalysing this new wave of entrepreneurship. For one, Ahmedabad has several top-notch educational institutes, including an IIM, IIT and NID. What's more, startups can also potentially collaborate with several state-owned facilities such as Isro's Space Application Centre, Physical Research Lab and the Institute of Plasma Research to further their plans.

While technical talent is hard to find, the costs are far less. "We save 50% on manpower costs, and office space too is far cheaper," says Surati of Locanix. The investment community – especially angel investors, who were scarce in the state – is also steadily expanding. Two angel investor forums, Ahmedabad Angels and Gujarat Angel Investor Network, are increasing their numbers.

The state government is aggressively chasing entrepreneurs. According to its new policy, the Gujarat government wants to set up 100 incubators statewide to germinate these ventures, develop a million square feet of space and attract funding of a billion dollars in startups in the next five years. In addition, startups would get 100% waiver on stamp duty and registration, a 100% rebate on electricity duty for five years and 50% assistance to incubators for software purchase up to ₹1 crore.

These kind of sops are expected to attract startups to other cities such as Vadodara, says Rajvi Makol, founder of GingerCrush, an online merchandising and bespoke apparel and accessories vendor. The firm, which raised a million dollars in early funding from investors like Brand Capital (owned by the same company that publishes *ET Magazine*), is building what it calls a Makers and Takers business, which allows anyone with design skills to upload their wares to GingerCrush and have their own web presence. When orders are received, GingerCrush processes and ships them, charging a commission to those who have listed their wares on the site. "Despite being located in Vadodara, investors were agnostic to our location, and instead, keen to back a scalable business plan," says Makol.

Being in a smaller town may have other advantages that spur innovation. For instance, there are 500-700 cabs that make the two-hour commute between Ahmedabad and Vadodara, yet most users have to pay a return fare. Vivek Kejriwal started Vadodara's first radio cab service with over a dozen cabs, but latched onto this long-distance opportunity to launch Onewaycab. "Vadodara allowed me to keep the costs low and devise a cab service that offers rides for rates that are 55-60% less than existing options," he claims. After fine-tuning his service on the Ahmedabad-Vadodara route, Kejriwal has now been able to expand to other well-travelled commuter roads in Gujarat and beyond.

Like Kejriwal, Gujarat too wants to get on the startup fast lane. ∎

> *"Despite being located in Vadodara, investors were agnostic to our location, and instead were keen to back a scalable business plan"*
>
> **Rajvi Makol,**
> founder, GingerCrush

Beyond Being Bangalored

Being away from India's Silicon Valley in cities like Belagavi, Udupi and Mysuru has its merits, perhaps the biggest one being a lower burn rate

:: **Indulekha Aravind**

Uma Bondada vividly recalls the time she shifted to Belagavi, a city in north Karnataka, 500 km from Bengaluru. "It didn't stop raining for three months, till September. People still speak about the monsoon of 2006," says Bondada, cofounder of embedded software tool provider Vayavya Labs. She and her husband had just relocated from the US and the relentless rain and the difficulty in finding a good house in the city of 6,00,000 nearly made her regret their decision to shift. But, 10 years down the line, they are glad they stuck it for the sake of Vayavya Labs, which got $1 million from Indian Angel Network in 2011.

"Two of our cofounders are from here and I had also worked here for 13 years earlier as a professor. We knew that the burn rate would be much less than in a big city," says Bondada's husband and Vayavya chief architect Venugopal Kolathur. Since they were developing the software from scratch, there was no real need to be based in Bengaluru, he adds. Belagavi, a former British cantonment, which is the headquarters of the Maratha Light Infantry Regiment and which Karnataka is promoting as the state's second capital, seemed a better alternative. Good infrastructure, improving internet speed and an airport with flights to and from Bengaluru also helped.

Belagavi, Mysuru & Udupi
KARNATAKA

While Bengaluru continues to be the startup capital, other smaller pockets in the state are seeing some traction, albeit at a slower pace

7
No. of Funded Companies

Total Funding
$36 mn

PROMINENT STARTUPS

Robosoft, 1996, a developer of mobile apps and games in Udupi, has bagged $15.7 million in funding

Vayavya Labs, 2006, an embedded software tool provider in Belagavi, has attracted $1.5 million funding

Skanray, 2007, a healthcare technology company in Mysuru, has attracted $14.8 million

X FACTOR

Lower operational costs and proximity to local talent from the engineering and MBA colleges are making these cities alternatives to Bengaluru

Abhishek Latthe, cofounder of wearable devices startup SenseGiz, also zoomed in on his hometown of Belagavi as the headquarters for his company, which exports 80% of its products to the US and Japan. "We considered Bengaluru, but since most of our sales were overseas, it didn't make much of a difference where we were located," says Latthe, 28. SenseGiz, set up in 2013, has sold 35,000 units of its flagship product Find, which lets you keep track of the object it is attached to (or even your pet) via your phone's Bluetooth. It has snagged $5,00,000 in pre-series A funding from Karnataka Semiconductor Venture Capital Fund.

Four-hundred kilometres to the south, in the coastal town of Udupi, Rohith Bhat, Robosoft's founder, had a very pragmatic reason for shifting from Mumbai. "There were two reasons. In the first two years of our business, we never saw our customers even once. So there was no reason to continue in Mumbai. Also, in those days, VC fund-

> I had the first-mover advantage and signed exclusivity contracts with a few hotels. Salaries for staff are also lower here in Belagavi"
> **Jeethesh Shah,**
> founder, FoodBuddy

ing was difficult and I knew I'd never get a bank loan in Mumbai. Since I hail from Udupi, I knew I could get it here," says Bhat. From its initial business of being a developer for Apple, Robosoft has seen resounding success in building mobile apps and games. Last year, the firm raised $12 million from Ascent Capital and Kalaari Capital.

While Bengaluru continues to be the startup capital both in terms of the number of startups and funding, other pockets in Karnataka such as Belagavi and Hubballi-Dharwad in the north, Udupi and Mysuru are seeing some traction, albeit at a slower pace. At least a few have secured funding, while incubator cells have come up to foster entrepreneurship in these cities, such as Deshpande Foundation's Sandbox in Hubballi, which has also opened a branch in Belagavi. The Indus Entrepreneurs also has a chapter in Hubballi, apart from Bengaluru.

Entrepreneurs who chose to headquarter their ventures from these cities invariably have strong personal ties with that particular place. The biggest lure is almost always the slower burn rate of capital. "I was clear I didn't want to take VC funds, having seen the effect in Silicon Valley. And I can survive for much longer with the same amount of money in Belagavi," says Hitesh Dharamdasani, founder of network security startup Informant Networks. Dharamdasani was with Silicon Valley-based firm FireEye for two years before deciding to strike out on his own from his hometown. With 25 customers in eight months, consultation work for the state police department, and plans to expand to more cities later in the year, the 26-year-old has no intention of shifting to Bengaluru. "That's the whole point: to be headquartered here and have support offices where we have our customers," he says.

The talent pool, especially from local colleges, is another big attraction, whether it's

Belagavi with eight engineering colleges or Udupi, with the Manipal Institute of Technology and the National Institute of Technology in Surathkal in the vicinity. "I think the most underrated factor about Mysuru is the talent available here," says Raghu Srinivas, founder of automated drop-shipping platform Blu Ember, set to launch soon from the city, 120 km from Bengaluru. If the company is working in a niche area, talent also comes to them through lateral hiring. Pradeep Singh, a native of Rajasthan, says he did not mind shifting to Belagavi after his engineering degree because of the work he would get to do at SenseGiz. "I liked the product and contacted them, and they hired me," he says.

Others spot opportunity in local markets. Like Jeethesh Shah, who launched Belagavi's first food-tech venture, FoodBuddy. The company, which processes 60 orders a day, broke even in eight months and is close to completing a year of operations. "I had the first-mover advantage and signed exclusivity contracts with a few hotels." says Shah, who is looking to raise his first round of capital to fund expansion. But local markets can also come with its brand of problems. Shah, for instance, had an attrition crisis when his delivery executives did not want to deliver food to their relatives. "They had to quit because of family pressure. So I replaced them with college students from other states, who could work part-time."

A common challenge when starting up outside Bengaluru, though, is a lack of good mentors and networking opportunities. "The right mentor might have told us

> We considered Bengaluru but since most of our sales were overseas, it didn't make much of a difference where we were located"
> **Abhishek Latthe,**
> cofounder, SenseGiz

how to pitch our product, how to position ourselves and market it, which took us years to realise," says Vayavya's Bondada. "If we knew someone else who had executed a methodology change, which is essentially what we are attempting, he would have told us it would take 10 years. We estimated four," says Kolathur. "Once we see more startups from these places getting funded, I think we would see a trickle-down effect," says Srikrishna Ramamoorthy, partner at Unitus Seed Fund, which actively scouts for startups in smaller cities. Cities like Mysuru and Belagavi might then emerge as feasible alternatives to Bengaluru, beset by infrastructure woes, rising pollution and cost of living.

Punjabi Tadka

If Chandigarh and Mohali with their laidback charm and large pool of tech talent are a founder's delight, Jalandhar's progress from an NRI hub to a startup one may well be a logical one

:: Rajiv Singh

For Samar Singla, Chinmay Agarwal and Isha Singla, the cofounders of Chandigarh-based autorickshaw aggregator Jugnoo, starting up in the "City Beautiful" happened by default.

Born and brought up in Ghaziabad in Uttar Pradesh, Agarwal wanted to stay away from his parents after completing his BTech in electrical engineering from IIT-Delhi. Chandigarh looked like a nice option when he cofounded ClickLabs, a mobile app development startup, in February 2011.

For Isha, who completed her BTech in chemical engineering from IIT-Delhi, the move to Chandigarh too was guided by personal reasons: her parents lived in the city.

She worked in ClickLabs as vice-president. The third cofounder, Samar, was already based out of Chandigarh as cofounder of ClickLabs. And he wanted to stay closer to his hometown Sangrur, some 120 km from Chandigarh.

"Chandigarh happened by default. But we are staying in the city by design," says 26-year-old Isha who has had stints with McKinsey and InMobi before cofounding Jugnoo in November 2014. Since then Jugnoo has raised $16 million, has over 3.5 million registered users, handles about 40,000 rides each day, is operational in 35 cities, has roped in over 12,000 auto drivers, and boasts of Paytm and Snow Leopard among its top investors, claims Isha.

Ask Isha if she would like to relocate Jugnoo to Bengaluru or Gurgaon – arguably India's hottest startup hubs –and she rules out the possibility. "The question doesn't arise," she says, adding that the founding team did give a thought about exploring other cities to start Jugnoo. But it didn't take them long to reject the idea unanimously.

So what's so special about Chandigarh as a startup destination? Laidback city, no traffic snarls, greenery all around, a large pool of technology talent and a low attrition rate, says Isha, adding that Jugnoo has a headcount of 300 and the startup has faced few problems retaining employees. Chandigarh has also helped as a natural filter in getting the right kind of talent for Jugnoo, asserts Isha; if people are relocating to place like Chandigarh, then it shows commitment on their part.

"Operational costs have been lower," says Agarwal. Equally

Total Funding $35 mn

11
No. of Funded Companies

Chandigarh, Mohali, Jalandhar
PUNJAB

Udta Punjab might have been making news for wrong reasons – drugs – but the state is also fast getting hooked to dope of a different kind: startups

PROMINENT STARTUPS

Jugnoo, 2014, a Chandigarh-based auto rickshaw aggregator, has raised $16 million so far and counts Paytm and Snow Leopard Ventures among its top investors

uTrade, 2011, a fintech product startup in Chandigarh, has expanded its operations overseas and has a second office in London

X FACTOR

Low rentals, smooth and almost zero-congestion traffic, easy access to skilled and technical talent make the cities attractive startup destinations

importantly, attracting the right kind of talent has never been a problem. Reason: Chandigarh and its adjoining areas have a rich source of educational institutes such as the Punjab Technical University, National Institute of Technology in Jalandhar, IIT-Ropar and Panjab University.

Chandigarh Charm

Picturesquely located on the foothills of the Shivaliks, India's first planned city has been slowly emerging as the first option for a bunch of entrepreneurs looking beyond the "over-cluttered and overrated" – as Agarwal puts it – cities of Gurgaon, Mumbai or Delhi.

Take, for instance, JumboBasket. Cofounded by Vikram Nijhawan, Bhuwan Vadhera and Ashish Bali in August 2015, the online and offline inventory liquidation platform bagged angel investment in January this year. Located in Sector 35 C, JumboBasket operates out of a rented accommodation of roughly 400 sq ft. Apple and Samsung too adorn the market with their huge showrooms. The monthly rent forked out: ₹20,000. "It's peanuts. A similar-sized place in Delhi or Gurgaon would have cost us a bomb," says Bali.

Funding, perceived to be the biggest challenge for entrepreneurs in smaller cities, is now more easy to access virtually across the country. Ask Manipal Dhariwal, who has been fostering startups in Punjab. One of the founding members of the Chandigarh Angel Network, which was set up last October, Dhariwal runs a startup coworking space called Startup in a Box in Mo-

hali. "Soon billion-dollar companies would be a reality from Punjab," he declares.

Busting the myth that startups from smaller centres can't grow big is fintech product venture uTrade. Cofounded by Kunal Nandwani in July 2011, uTrade offers trading, algo and risk platforms in 10 countries, raised seed funding of $1 million in 2012, posted revenues of $2 million in 2015-16, claims to have turned profitable, has a headcount of 65 employees and, for good measure, an office in London. "The world is flat. What I can do from Chandigarh is what I can do from any place in India," says Nandwani, who had worked in algorithmic trading at Lehman Brothers and Nomura in London. The 35-year-old entrepreneur, who came back to India in 2011, has invested in three startups – one of them in Chandigarh – and is mentoring seven others in Punjab.

"How many startups can a Mumbai or Bengaluru take?" he asks, adding that the minuses in the top cities outweigh the pluses. And the biggest minus is distraction, he contends. "You can stay focused in smaller towns."

Small Centres, Big Investments

It's not only Chandigarh that has been wooing entrepreneurs. Neighbouring town of Mohali and the city of Jalandhar (roughly 150 km from the capital) too have been witnessing spurts of new-age entrepreneurship.

Mohali-based Vineet Saini is one such startup entrepreneur. Along with cofounders Sarvjeet Singh and Jaspreet Singh, Saini started product discovery and price comparison website Comparometer in September 2015. Within two months, it got an angel investment from Singapore-based Jaarvis Accelerators, and is now in talks to raise another round of funding.

"We are launching an Android app in November," says Saini, who claims that her portal has over 2 lakh user sessions per month and around 5 lakh page views. The startup works on a commission model and has recently added offline retailers as well. "The biggest advantage of Mohali is low employee costs." Saini also feels that lack of competition is another plus of starting up in a smaller place.

Harshvardhan Tiwari in Jalandhar knows how to make the most of the lack of competition. The 20-year-old started ZORoute, an intercity taxi aggregator that has over 6,000 taxis in its network, in October last year. Though the venture is bootstrapped, Tiwari claims that it is profitable and investors are exploring options of pumping in money. "Jalandhar is the NRI hub of Punjab. Starting up here makes sense," he says.

While starting up in smaller cities may have its merits, there is a flip side. "It's similar to the difference between a pond and a sea," acknowledges Nijhawan of JumboBasket. The business opportunities in smaller towns are fewer. He is, however, quick to add that the disadvantage is not crippling. What a city like Jalandhar needs is a shot in the arm to speed things up. "Maybe a Flipkart from any such place would quicken the pace."

> *Chandigarh happened by default. But we are staying in the city by design... no traffic snarls, a large pool of technology talent and a low attrition rate make it very special"*
> **Isha Singla,** cofounder, Jugnoo

Far from the Madding Crowd

Startups are heading enthusiastically to Coimbatore, away from the hustle of Chennai and Bengaluru

:: Sandhya Ravishankar

When Dhruv Suyamprakasam was 24 years old, he wanted to be an entrepreneur. Barely two years out of Chennai's College of Engineering in Guindy and armed with a degree in mechanical engineering, he quit his job at the Bank of New York and Mellon, determined to become his own boss.

4
No. of Funded Companies

Total Funding
$5.5 mn
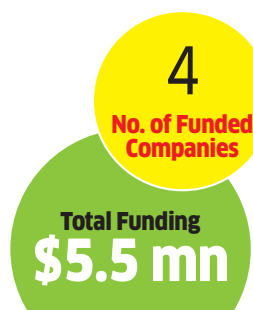
Bengaluru beckoned. But the big city did not live up to its promise for Suyamprakasam. He returned home to Coimbatore, and began working out of a garage. "Failure is still not accepted in Bengaluru," says the 28-year-old founder of iCliniq, a global online medical consultation platform. "In Silicon Valley and Coimbatore, failing and trying again is accepted. Failure is, in fact, celebrated in Coimbatore, because people here understand that to succeed you have to fail. Now we have a small team in Bengaluru as well. It is important for a startup to have a small facility in the big cities but that doesn't mean you have to relocate there completely."

Peace of mind is on everybody's lips in Coimbatore, nestled on the foothills of the Western Ghats in Tamil Nadu. Entrepreneurs, especially, are loving it. It helps that Coimbatore is a mere four-hour drive from Bengaluru, close enough to commute for a couple of days a week.

"A lot of people put you down when you are in a tier-2 city but that criticism is not valid," says Suyamprakasam. "In Coimbatore, entrepreneurship is celebrated because people here have traditionally been entrepreneurs." He has built iCliniq into a thriving business since he moved here. His revenues, he claims, have grown 380% in the past year, and he has a user base across 160 countries, with patients having access to 1,300 doctors across 80 specialities.

PlacementSeason's founder TP Senthil Kumar too moved from Bengaluru to Coimbatore for the same reason – peace of mind. Kumar, a native of the neighbouring textile town of Tirupur, decided to move to Coimbatore, his wife and cofounder Swaroopa Krishnamoorthy's birthplace.

"Productivity here is higher than in Bengaluru because there are fewer distractions," says Senthil. "Bengaluru has its own advantages with regard to events

Coimbatore
TAMIL NADU

Coimbatore is situated in western Tamil Nadu, on the foothills of the Western Ghats. With its cool climes and proximity to Kerala and Karnataka, it has been historically important for trade between the three states

PROMINENT STARTUPS

Ampere Vehicles, 2008, makers of electric scooters and bikes, received funding of $1 million from Kris Gopalakrishnan in 2016 and an undisclosed amount from Ratan Tata in 2015; total funding of $5.53 million

Aries Biomed, 2009, biomedical R&D innovators; received undisclosed amount from VC Parampara Investments

X FACTOR

Rentals and operational expenses cheaper than Chennai by 30-35%, proximity to big city Bengaluru, plus "peace of mind" for entrepreneurs

happening around startups. There are always meetings and seminars, which are good for networking. We couldn't focus on business in Bengaluru but we are doing pretty well after moving to Coimbatore," he says.

PlacementSeason is an online portal service that prepares graduates for campus recruitment tests and interview. The training is tailor-made for specific companies. If Cognizant Technologies is scheduled to meet students in a particular college, for instance, PlacementSeason will tell the students what exactly to expect and give them practice tests.

Kumar says his business has grown in leaps and bounds in just two years since he moved to Coimbatore. Back in 2014, PlacementSeason had a total of three colleges as clients and 5,000 students using their service. Today, 53 institutions from across the country are paying for the service, along with 70,000 students. The proud entrepreneur projects his revenues at ₹1 crore this fiscal, more than double the ₹40 lakh he made last year.

The Right Instincts

The entrepreneurial instincts of the natives of Coimbatore appear to have played a key role in encouraging people to start up confidently. Vishwanathan Sahasranamam is a cofounder of the Coimbatore Innovation and Business Incubator, funded jointly by the Union department of science and technology and the city's Shakti Group. The Centre put in ₹5 crore and the Shakti Group, through its charitable trust, pumped in ₹8 crore to set up a 10,000 sq ft startup hub, which opened in February.

"There are only 12-15 companies that qualify as startups in the real sense," says Vishwanathan. "Startups are ideas that can scale in a non-linear fashion. Small businesses that can scale in a linear manner are many here. We wanted to encourage and help the startups grow."

Forge Factory was born out of that idea, providing subsidised office space on a shared basis at around ₹3,000 a month. High-speed internet, food and beverages and uninterrupted power supply are part of the package: a plug-and-play office. Now Vishwanathan and his team have set up a state-of-the-art internet of things lab to help startups create prototypes of their product and test it.

"We don't want to be just an office space provider," explains Vishwanathan. "We conduct three-day bootcamps for startups all over the country, mentoring them and helping them with the basics of building a business. We help with pricing, tracking the market, profitability and a structured process of decision-making." In the past nine months, Forge Factory has conducted 500 bootcamps in the country. On the cards is what Vishwanathan calls an accelerator programme to directly connect startups in the education sector with venture capitalists.

While corporates like the Shakti Group have taken it upon themselves to help new entrepreneurs, the state government lags behind. A similar space in Coimbatore's Tidel Park, the hub for IT companies, is content with remaining a plug-and-play centre at nominal cost. Mentoring and access to investors and venture capitalists are a distant dream here.

While Start Up India, Prime Minister Narendra Modi's pet project, is aimed at encouraging entrepreneurs, the reality on the ground is that the rules are confusing and cumbersome. "It's not very clear how to go through the Start Up India process both for Forge as well as for startups," says Vishwanathan. "First, there is confusion regarding how to get empanelled on the portal and access the tax benefits. Second is what does it mean for us incubators?"

Despite the government's lack of attention to this growing section of young business population, Coimbatore has decided to do its bit. Forge Factory and other such incubators have helped the likes of 35-year-old Raju Kandaswamy, a founder of VRNext, a startup that plans to provide virtual reality and augmented reality tech products like cost-effective hologram displays for retail stores. VRNext, launched in February this year, has begun testing prototypes of its products.

"I met a like-minded freelancer when I was working independently at Forge Factory and we decided to launch VRNext," said Kandaswamy. "Coimbatore is the right place to grow a startup of this nature. The entire industry segment is concentrated here. Customers are readily available. There are many colleges – you can get engineering graduates with the right skill-set. So from a resource point of view, it works for us. It is also cost-effective. Operational costs are at least 30% cheaper than in Chennai or Bengaluru."

These, believe startup evangelists, are the first of many success stories to come out of the foothills of the Western Ghats.

> "In Coimbatore, entrepreneurship is celebrated because people here have traditionally been entrepreneurs. In Silicon Valley and Coimbatore, failing and trying again is accepted"
>
> **Dhruv Suyamprakasam,**
> founder, iCliniq

Surf's Up

The only danger of starting up in Goa is a work-life imbalance – too little of the former

6 No. of Funded Companies

Total Funding $4.1 mn

Goa
India's top vacation destination with good connectivity, to boot

PROMINENT STARTUPS

Browntape, 2012, an ecommerce software firm, has received $1.03 million in funding

Mobiefit, 2014, a fitness app, has got $1 million as an institutional investment

X FACTOR
Big engineering talent pool, including BITS Pilani, Goa campus and Goa Engineering College. Good work-life balance and many incubators.

:: Ishani Duttagupta

Gurpreet Singh, cofounder & CEO of Browntape, an ecommerce software company that helps online sellers manage orders and inventory, chose Goa to start up because he was already working there and had a feel of the place. "Goa is well-connected to all metros, has a nice mix of urban and rural and a good place for people to build their lives," he says. While there are challenges in hiring people, retaining talent is much easier in Goa.

"In the past six months, I have interviewed at least six senior people from metros who have been advised by doctors to move out of these cities due to pollution-related illnesses in the immediate family," says Singh.

Prototyze, an incubator located in a picturesque bungalow in Dona Paula on the outskirts of Panaji, has 150 employees, three venture teams and a mini zoo. "Travel is a breeze, pollution is relatively less and the beach is a walk away," says Mohan Krishnan, chief planning officer at Prototyze, who has lived in Goa for 14 years. In the last 18 months, Prototyze has incubated Mobiefit, a fitness brand; HandyTrain, a mobile training platform for companies to create and deploy training programmes; Seynse, a fintech venture; TempoGO, a digital transportation company; and Mondeart, a platform for home owners and interior designers.

Roadhouse Hostels, a chain of backpacker hostels, was cofounded by three alumni of Mayo College – Uday Jhamb, Rajesh Borah and Shubham Garg – two years ago.

It meets an urgent need of solo travellers in India. Based out of Goa, Roadhouse is currently operational in Jaipur and Varanasi as well. "In the tourism industry, Goa keeps us at the centre of action as it is a year-round tourist destination. Low cost of living and work-life balance make it an attractive option for prospective employees," says Borah, COO and cofounder of Roadhouse Hostels.

When IIT-Kanpur alum Saurabh Nanda decided to work on a product that combines a back-office platform and a booking engine for tour operators, choosing Goa was an easy decision. "If I have to sit and write software for a global market, and sell using digital channels, why would I not choose the place with the best quality of life, and cleanest environment?" asks Nanda who, during his earlier stint at travel portal Cleartrip, made over 30 trips to Goa from Mumbai which he hated living in.

Luke Sequeira, 30, cofounder of Fleetrover, an enterprise software platform for fleet management, which raised $180,000 from angel investors in 2015, also runs a networking organisation called StartupGoa. "We have the Goa Web Folks Meetup held by Startup Goa," says Sequeira, who likes to think of himself as a Goa boy.

Well, he's got plenty of company now.

> Low cost of living and work-life balance make Goa an attractive option for prospective employees"
>
> **Rajesh Borah,** cofounder, Roadhouse Hostels

Smartening Up

Nashik may not have Pune's robust startup environment, but it may have just embarked on that journey

:: **Suman Layak**

The Pandavleni Caves on the outskirts of Maharashtra's Nashik offers a great view of the city. At a height of 300 ft above the rest of Nashik, this 2,000-year-old Buddhist monastery provides a bird's-eye view of the urban sprawl growing around this ancient city of Hindu mythology.

Roughly 200 km away, in Pune, the newest hub for tech startups in India, there is a similar spot: Parvati Hill. The temple complex on the hill built by the Peshwas is only a few centuries old. Donations are collected and entry tickets are sold. While both spots are beautiful, Pandavleni is sparse, Parvati Hill is prosperous.

Together they are a perfect metaphor for the tech-entrepreneurial scene in Nashik. There are a lot of innovative ideas coming out of the city, but they lack the funding muscle of Pune. Consider this: AngelList, the international startups portal, lists more than 5,000 investors interested in Pune. Nashik's score is just one. Equidistant from the financial capital of Mumbai (Nashik 160 km vs Pune 147 km), Nashik is an industrial and educational hub. It has a growing aeronautical industry, is considered the wine capital of India and has 10,000 engineers graduating from its colleges every year. Yet when one looks out for funded tech start-

ups out of Nashik, it is difficult to find one that quite fits the definition; Pune has 100.

Starved of Capital

ESDS Software Solutions, the Nashik-based company that offers cloud computing solutions and has a growing data centres business, started way back in 2005, but got its first round of funding only in 2015 – a ₹25 crore infusion from Canbank Venture Capital. Winjit Technologies, a company founded in 2006 that develops software, mobiles apps and games and is working on the internet of things (IoT), is yet to raise a formal round of funding. Gaming company Zabuza Labs has even had the success of having one of its games, Balloon Bow & Arrow, being listed among the top games by Google. Piyush Somani, founder and MD of ESDS, says, "In the last three years, I have seen at least 500 innovative ideas being presented in engineering colleges. Some of them are so good that I was zapped."

Somani feels Nashik is at the cusp of change. He points out that not only does Nashik have rich businessmen, who have made money as suppliers to larger industrial houses, but the district also has big farmers who want their children to be educated to take up newer professions. "Nashik is where Pune was 15 years back and where Bengaluru was 30 years ago," says Somani.

The rich agrarian community also offers opportunities for tech startups. Winjit's founder Ashwin Kandoi points out that one of the successful apps developed by Winjit is for Sarda Farms – for their milk business. Winjit has also built a banking app for Ratnakar Bank. People are key for

Nashik is where Pune was 15 years back and where Bengaluru was 30 years ago"
Piyush Somani,
founder, ESDS Software

any startup, and Zabuza founder Manas Gajare, an engineer with a master's degree in mathematics, says his 16-member team largely comprises residents of Nashik and nearby. Nashik has a plethora of educational opportunities – two state-run universities, 10 engineering colleges and a management college run by Symbiosis.

Digging Deep

Over the last year, Nashik's tech entrepreneurship scene has got a leg-up. It started around the 12-yearly Kumbh Mela in the city in 2015. In a joint activity promoted by the state administration, local organisations, MIT Media Labs and TCS, a Kumbhathon was organised to find tech-based solutions to problems like people going missing in the fair and epidemics breaking out. At least 12 innovations were deployed during the fair. The experience led TCS to set up Digital Impact Square, or DISQ, a social innovation platform in Nashik.

Hasit Kaji, vice-president of TCS, and head of the initiative, says: "Today we have around 65 innovators working on 14 projects at the DISQ on a stipend from us to develop solutions to governmental and social problems. We can take it up to 100 innovators." The innovators are allowed six months to study a problem and then another six to bring out a marketable prototype. It is also a bottom-up approach where the problems are presented by the district administration or police and the applicants have to pitch in their solution ideas. While 15% of the innovators working at DISQ today are from Nashik, the rest have come from across the country.

While Nashik decided to dig deep into its heritage to upgrade the startup ecosystem, there is still some lag in bringing funding to such ideas. Maybe it is time for the local businessmen to step in. Ashish Katariya, a promoter of realty and power company Ashoka Buildcon, says: "For the affluent people in Nashik, the favourite investment option was realty. Now, over the last three years, as realty has slowed down, people have started looking at options, and tech startups look like a good one. I myself am staying in touch with my friends like Ashwin Kandoi of Winjit and some people he is mentoring to be able to invest at the right time." The right time may well be now; what he needs to find is the right idea.

Nashik
MAHARASHTRA

Barely 160 km from Mumbai, Nashik is ideally placed to replicate Pune's success and emerge as a startup hub

1
No. of Funded Companies

Total Funding $4 mn

PROMINENT STARTUPS

ESDS Software, 2005, a cloud computing and data centre company, has bagged $4 million in funding

Winjit Technologies, 2006, works on mobile apps and IoT

Zabuza Labs, 2011, a gaming company

X FACTOR

New airport, TCS's innovation centre, 10 engineering colleges, a clued-in administration and availability of local money

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Kochi and Thiruvananthapuram
KERALA

The state is one of the most beautiful, less polluted places in the country to live. It also has a ready talent pool of techies

Total Funding $3.6 mn

14
No. of Funded Companies

PROMINENT STARTUPS

Fin Robotics, 2012, makes wearable robots in Startup Village in Kochi and has got funding of $3.2 million

Purple Health, 2014, is a digital health innovator based in Technopark in Thiruvananthapuram, and has got funding of $100,000

X FACTOR

A lower burn rate, supportive ecosystem, government policies and local talent is fuelling the startup scene

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Business by the Backwaters

How Kochi and Thiruvananthapuram became code's own country

:: **PK Krishna Kumar & S Sanandakumar**

After Uber CEO Travis Kalanick had sold Swoosh, his second startup, he and five-six others hopped on a flight and headed to Varkala, a beach town in south Kerala, to code. The reasoning was simple: to spend less than he would have on renting an office in San Francisco, which also meant they had to be more productive in those few weeks in January 2008. The result, he told reporters, was amazing.

Though Kerala might not have produced another Uber, the cities of Kochi and Thiruvananthapuram have been home to 14 funded startups. Two years ago, when Rohildev

Grand Central

Low cost of living and operations coupled with an emerging community of investors and mentors make Indore an entrepreneur's delight

Indore
MADHYA PRADESH

Located in the heart of India, the commercial capital of MP has always been a centre for textiles, utensils and manufacturing

PROMINENT STARTUPS

Twist Mobile, 2012, is a game developer that secured an undisclosed amount of Series A funding from Matrix Partners

Hoppingo, 2014, an online fashion discovery platform; raised a second round of funding of $89,000 earlier this year

X FACTOR

Large number of engineering colleges and the only city in India with an IIT as well as an IIM

The most important factor for us to start from Kerala was that there are many educated and talented people here"

Mini Balaraman,
COO, PurpleHealth

N, decided to launch Fin Robotics, he opted for Startup Village in Kochi as the base of his operations. Startup Village was a pioneering effort in India when it was launched in 2012 as a public-private partnership incubator. "The ecosystem that Startup Village offered was conducive for startups," says the 26-year-old. His company has shipped a few thousand pieces of its product Neyya since it rolled out last November. Though Rohildev faced challenges in reaching the global market from Kochi and in raising funds, he has decided not to move out. The young startup community in the city and the hardware talent available were its advantages, says the founder, who has raised $3.2 million.

Mini Balaraman, COO of Purple-Health, a digital health innovator based in Technopark in Thiruvananthapuram, says there are enough opportunities to succeed in Kerala. "The most important factor for us to start from Kerala was that there are many educated and talented people here. We didn't need to go to a major metro to succeed." Initiatives like Startup Village can help in connecting founders to mentors and potential clients, she adds.

From its origins as an experiment, Startup Village has now been ranked India's No. 1 Incubator, says Sanjay Vijayakumar, its chairman. Kerala Startup Village moved ahead quickly, supported by some new schemes that the incubator launched along with the Kerala Startup Mission like the Learn to Code scheme where 10,000 school students were given Raspberry PIs (small, single-board computers) to learn how to code. "Kerala now has over 600 active startups. The task now is to benchmark with a world-class ecosystem like Silicon Valley and fill the gaps," says Vijayakumar. Chief Minister Pinarayi Vijayan launched Startup Village Phase 2 on July 13 and announced ₹300 crore for startups in this year's budget, higher than the department of science and technology's allocation for the entire country.

There are entrepreneurs who feel more needs to be done. "Having an office space is not enough. Startup Village lacks mentorship and an execution plan,'' says Sunil Vallath, founder of Exploride Technologies, which has raised $70,000. He launched in Kochi because it was cheaper to bootstrap from there but has relocated to Bengaluru. While he expects more startups to emerge from Kerala, they might not stay on: "I'm afraid they won't be operating from the state once they reach angel investment stage. Kerala needs a strong mentorship network and visionaries who can add value to the ecosystem."

:: Ishani Duttagupta

Ankit Gulliya, a student at IIM-Indore, is very busy these days – he is the coordinator of the second annual i5 Summit scheduled for August 20 and 21, a joint event of IIT and IIM in Indore, the only city in India that hosts both the premier institutions. i5 is aimed at fostering the spirit of entrepreneurship among students and connecting young entrepreneurs with investors and mentors. "The e-Cell at IIM-I has been mentoring 15 startups, which are at various stages of development. And two of them have reached a stage wherein they will be pitching at the GetFunded! event at the i5 Summit," says an excited Gulliya, adding that some startups currently being mentored on campus include unbraille, a startup that provides tech-based solutions for visually challenged people, KrigerCampus, a network that helps connect students with their seniors, and xpresssomat, a free online laundry service.

Overcoming Small-Town Mindset

Indore has long been the commercial capital of Madhya Pradesh and a centre for manufacturing. Now it seems keen to play catch-up with the tech-enabled startup wave too. While one of the biggest challenges for Gulliya and other budding entrepreneurs on the IIT and IIM campuses is accessing capital, there are investors such as Anand Govindaluri, founder of the Singapore-based Govin Capital, who sees an early bird advantage in funding startups in a tier-2 city in the heart of India. "We are an accelerator looking at tier-2 cities and towns to identify startups with scalable business plans in the healthcare, edutech and social entrepreneurship sectors," Govindaluri says. And it's with this aim that Govin will be at the i5 Summit to shortlist the top three student business plans for incubation.

Being headquartered in Indore has its advantages, as Vinay Singhal, cofounder of WittyFeed, a two-year-old viral content platform for charticles and listicles, will enthusiastically tell you. "My brother Parveen Singhal, friend Shashank Vaishnav and I were at an engineering college in Chennai where we founded the company. We moved our startup to Indore because we were all more comfortable with the language and culture here," recalls Singhal.

He acknowledges that the challenge was in overcoming the small-town mindset and the lack of an entrepreneurial ecosystem. But the latter challenge also presented with an opportunity to build the ecosystem. "We have pioneered the setting up of a startup community

There are no language barriers, and there is good infrastructure and good connectivity "

Sonam Jain, cofounder, Ideata Analytics

network along with a few others," adds Singhal.

The advantages of starting up in Indore include low operation costs – rentals are half of those in the metros – and talent on tap. Armed with these twin advantages, WittyFeed is now scouting for Series A funding for overseas expansion.

Some of the entrepreneur and investor networks that have sprung up in the city include Indore Entrepreneurship Network, Startup Ignition, Indore Startup Community, Jain Social Group, Swan Angel Network and eChai. Aditi Chaurasia, one of the founders of Indore Startup Community, feels that since it was started in 2014 as a monthly meet-up group of entrepreneurs, it has come a long way; the forum holds events where local entrepreneurs get an opportunity to pitch their ideas to invited investors.

"There are weekly meet-ups of entrepreneurs, mentors, angel funds and venture capitalists, which help energise the entrepreneurial and investor community in the city," says Sawan Laddha, CEO of Splash Group, an Indore-based staffing and infrastructure company. Laddha, who along with 30 other investors started the Madhya Pradesh Angel Network, is scouting for startups for seed-funding and mentorship.

Vinayak Kalani, 24, founder of ecommerce startup BollyWoo, wanted to combine the logistical advantage of being located in the heart of India with his passion for Bollywood when he started his venture that allows Hindi movie fans to shop online for outfits sported by their favourite stars. "We now have tie-ups with all major production houses and are expanding into new areas such as Bollywood-related tourism," says Kalani. While BollyWoo is funded by the promoter so far, Kalani is in talks with two major VCs for Series A funding. Sonam Jain and husband Pranjal decided to give up their jobs in Mumbai and start their own big data intelligence product company Ideata Analytics in 2013. Indore was the best option for the couple because both grew up in the city and graduated from engineering colleges there.

While Sonam is upbeat about the lower cost of living and the ease of acquiring early talent from the many engineering colleges, she is also concerned about the inability to access quality mentors. "But there are many advantages, including no language barriers, good infrastructure and good connectivity," she quickly adds. Jain points out that Indore is seeing the emergence of a number of location-specific startups such as goods delivery apps (grocery, food) and service aggregators (cabs, events, doctors, household works). ∎

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STARTUP AND THE CITY

It is no surprise that Bengaluru has more tech startups than any other city in India or that it is followed by Mumbai, Delhi and Gurgaon. But there is an ecosystem developing for entrepreneurs in smaller cities previously not identified with new-age companies. How else do you explain the presence of 21 funded startups in Jaipur which, incidentally, have seen more venture capital and private equity investments than Ahmedabad, a much larger city with twice as many companies? One of the biggest factors working in favour of smaller cities is cheap office space. For instance, rentals in Jaipur are at least fifth of what they are in Mumbai.

Here are the top 25 cities on the basis of the number of funded tech companies. Take a look at how the big metro startup hubs compare with each other and the tier-2 cities that are attracting entrepreneurs:

:: G Seetharaman

RESOURCES · GOOD · IDEAS · THE RIGHT PEOPLE · HARD WORK · funding

Vadodara
GUJARAT
Total Funding: $2.6 mn
No. of Funded Companies: 5
Population: 1.67 million
Literacy: 92.4%
CBD Rents (per sqft/month): ₹30-35

Coimbatore
TAMIL NADU
Total Funding: $5.53 mn
No. of Funded Companies: 4
Population: 1.06 million
Literacy: 91.7%
CBD Rents (per sqft/month): ₹30-35

Thiruvananthapuram
KERALA
Total Funding: $2,50,000
No. of Funded Companies: 4
Population: 0.75 million
Literacy: 93.7%
CBD Rents (per sqft/month): ₹28-33

Mysuru
KARNATAKA
Total Funding: $15 mn
No. of Funded Companies: 3
Population: 0.89 million
Literacy: 86.8%
CBD Rents (per sqft/month): ₹50-55

Nagpur
MAHARASHTRA
Total Funding: $4,47,000
No. of Funded Companies: 6
Population: 2.41 million
Literacy: 93.1%
CBD Rents (per sqft/month): ₹50-63

Thane
MAHARASHTRA
Total Funding: $5,50,000
No. of Funded Companies: 4
Population: 1.82 million
Literacy: 91.4%
CBD Rents (per sqft/month): ₹61

Lucknow
UTTAR PRADESH
Total Funding: $1,50,000
No. of Funded Companies: 3
Population: 2.8 million
Literacy: 84.7%
CBD Rents (per sqft/month): NA

Kolkata
BENGAL
Total Funding: $2.34 mn
No. of Funded Companies: 11
Population: 4.49 million
Literacy: 87.1%
CBD Rents (per sqft/month): ₹115

Kanpur
UTTAR PRADESH
Total Funding: $4,10,000
No. of Funded Companies: 6
Population: 2.77 million
Literacy: 84.1%
CBD Rents (per sqft/month): ₹25-30

Goa
Total Funding: $4.1 mn
No. of Funded Companies: 6
Population: 1.4 million
Literacy: 88.7%
CBD Rents (per sqft/month): ₹50-60*
*Rates for Panjim

Udupi
KARNATAKA
Total Funding: $18.6 mn
No. of Funded Companies: 2
Population: 0.13 million
Literacy: 93.9%
CBD Rents (per sqft/month): ₹50-55

Bengaluru
KARNATAKA
Total Funding: $7.99 bn
No. of Funded Companies: 689
Population: 8.43 million
Literacy: 89.6%
CBD Rents (per sqft/month): ₹98

Hyderabad
ANDHRA PRADESH
Total Funding: $258 mn
No. of Funded Companies: 115
Population: 6.81 million
Literacy: 83%
CBD Rents (per sqft/month): ₹53

Ahmedabad
GUJARAT
Total Funding: $77.9 mn
No. of Funded Companies: 43
Population: 5.57 million
Literacy: 89.6%
CBD Rents (per sqft/month): ₹38

Kochi
KERALA
Total Funding: $3.37 mn
No. of Funded Companies: 10
Population: 0.6 million
Literacy: 97.5%
CBD Rents (per sqft/month): ₹50

Delhi
NCT
Total Funding: $2.91 bn
No. of Funded Companies: 324
Population: 11.01 million
Literacy: 87.6%
CBD Rents (per sqft/month): ₹249

Pune
MAHARASHTRA
Total Funding: $322 mn
No. of Funded Companies: 100
Population: 3.12 million
Literacy: 91.6%
CBD Rents (per sqft/month): ₹77

Jaipur
RAJASTHAN
Total Funding: $117 mn
No. of Funded Companies: 21
Population: 3.07 million
Literacy: 84.3%
CBD Rents (per sqft/month): ₹30-40

Chandigarh
UNION TERRITORY OF CHANDIGARH
Total Funding: $16.8 mn
No. of Funded Companies: 6
Population: 0.96 million
Literacy: 86.8%
CBD Rents (per sqft/month): ₹40-50

Mumbai
MAHARASHTRA
Total Funding: $2.67 bn
No. of Funded Companies: 423
Population: 12.48 million
Literacy: 90.3%
CBD Rents (per sqft/month): ₹210

Chennai
KARNATAKA
Total Funding: $845 mn
No. of Funded Companies: 107
Population: 4.68 million
Literacy: 90.3%
CBD Rents (per sqft/month): ₹71

Noida
UTTAR PRADESH
Total Funding: $1.25 bn
No. of Funded Companies: 88
Population: 0.64 million
Literacy: 88.6%
CBD Rents (per sqft/month): ₹46

Indore
MADHYA PRADESH
Total Funding: $1.03 mn
No. of Funded Companies: 9
Population: 1.96 million
Literacy: 87.4%
CBD Rents (per sqft/month): ₹40-50

Mohali
PUNJAB
Total Funding: $8.26 mn
No. of Funded Companies: 4
Population: 0.15 million
Literacy: 93.2%
CBD Rents (per sqft/month): ₹40-45

Gurgaon
HARYANA
Total Funding: $2.38 bn
No. of Funded Companies: 236
Population: 0.88 million
Literacy: 86.3%
CBD Rents (per sqft/month): ₹75