

# Start-ups account for 70% of PE/VC deals in 2016

**T E NARASIMHAN**

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Start-ups continue to make the highest contribution to private equity (PE) and venture capital (VC) deals in 2016, receiving the maximum investment of \$2.5 billion, which constitutes 70 per cent of the transaction volumes. However, the investment value in start-ups declined by more than 50 per cent this year.

Grant Thornton in India's The Fourth Wheel 2017 report in association with Indian Private Equity and Venture Capital Association (IVCA), stated that values and volumes of PE and VC investments were lower in 2016 due to lack of the big-ticket investments that were made in the previous year. PE and VC investors invested \$14 billion in 971 deals in 2016 while \$16 billion was invested in 1,045 deals in 2015.

This is the first decline in PE activity in the last four years.

The report says that the investment values in start-ups declined by more than 50 per cent this year, signifying rationalisation of investments and start-up valuations. However, the government's push on digitisation and initiatives under the Startup India plan are likely to lead to a rebound in this segment.