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Gujarat, renowned for its entrepreneurial spirit, has seen a significant surge in start-ups in recent years. The number of startups has catapulted from 873 in 2020 to an impressive 5,444 by February 2023, as per the department of promotion of industry and internal trade (DPIIT) records.

The figures were tabled in the Parliament by the department in response to a question raised by Rajya Sabha MP Parimal Nathwani. By September, this number is believed to have grown to 8,900.

In contrast, India's national figure of registered start-ups with DPIIT reached 26,000 by 2022 alone. The question, however, looms large: Why is Gujarat, despite this exponential 160% growth in startups in two years, missing from the unicorn list? A unicorn refers to a start-up with a valuation exceeding USD1 billion. By mid-2022, 1170 unicorns were identified globally, with India home to 111, according to data from the Government of India.

While entrepreneurs from Gujarat have founded unicorns, none have their headquarters in the state. Major unicorn hubs in India include Bengaluru, Delhi NCR, Mumbai, Pune, Hyderabad, and Chennai, but cities like Ahmedabad and Gandhinagar in Gujarat remain conspicuously absent from the list.

Gujarat's startup surge has come not only from the incubation centres at premier B-schools but also from the entrepreneurship hubs set up by Gujarat government and private educational institutes and even colleges. The absence of unicorn startups in the state continues despite initiatives by the Gujarat government and Government of India, such as StartUp India and StandUp India. State initiatives like Student Start-Up Innovation Policy (SSIP) have also been modified to include people up to the age of 35 for entrepreneurship grants.

Those working closely with the Gujarat's start-up ecosystem say that while the state has been able to jump on the bandwagon of building the entrepreneurship spirit through various initiatives, some of the challenges staring at the state include locational disadvantage, mind-set of the workforce, apart from having the right set of the startups that may attract the interests of investors.

Kamal Bansal, managing director of GVFL limited, formerly known as Gujarat Venture Finance Limited (GVFL) said they have to frequently face the question over absence of unicorns from Gujarat.

Gujarat's start-up surge lacks unicorn glitter



State reports 160% jump in startup registrations but none with valuation of above \$1 billion

Major unicorn hubs in India include Bengaluru, Delhi NCR, Mumbai, Pune...Ahmedabad, Gandhinagar remain absent

"The prime reason remains that Gujarat started late when it comes to having a startup culture. While Gujarat's startup ecosystem is doing well, startups and companies here are only early age startups or companies. While there are investors ready to invest millions of dollars, they may be struggling to find the right kind of start-ups in Gujarat," Bansal said.

He said, Bengaluru not only started the entrepreneurship buzz and startup nurturing way before other cities woke up to the trend, the city has been able to maintain its Numero Uno position by housing as many as 50% of the unicorns. When asked about challenges faced by

Gujarat start-ups in attracting funding for unicorns, he said while quality of education is not an issue, finding manpower with the right skills and mindset, lack of willingness of workers from other states to come and work from Ahmedabad or other cities in Gujarat, may be some of the challenges.

A faculty member at Indian Institute of Management, Ahmedabad (IIM-A) and a board member at the B-schools' incubation centre- CIIE, Prof Amit Karna, said the issue has been long debated. The answer is simple – you build a unicorn where more talent is

available. "And Ahmedabad or cities in Gujarat lack this. You have to attract people, like cities such as Bangalore, Delhi NCR, Mumbai are doing. To have a right ecosystem, Ahmedabad and Gujarat need venture capitalists, IT companies of national repute, where people from across the country and the world prefer to work, rather than those who do not wish to leave Ahmedabad," Karna said. He continued, "The city needs the right kind of growth and attraction in real-estate. Living conditions, liquor prohibition and lack of places to socialize only add to the challenges that Ahmedabad or Gujarat may be facing when trying to attract the right kind of workforce."

He said that now as the city and state has a startup ecosystem in place it needs to focus on an ecosystem to retain talent. "Ahmedabad has the best management institute- IIMA, the best design institute in NIID, the best architecture college in CEPT, it now has universities like Ahmedabad University, DAIICT. The plan should be to have an ecosystem to retain at least 10% of the talent that study in these institutes," he added.

Sunil Shukla, director at Entrepreneurship Development Institute of India (EDII) however said that after COVID, startups have been finding it difficult to attract funds. "This has been the scenario across the

Government Recognised Start-ups : 1,00,000

Tech Start-ups	68,000
Early Stage Start-ups	3901
Growth Stage Start-ups	1,189
Late Stage Start-up	399
Unicorns	111
Soonicorns	107

(India stats: source: INC42)

Of the Unicorns (sectors)

Enterprisetech	22
Health Tech	4
FinTech	24
Consumer Services	7
Logistics	6
E-Commerce	25
EdTech	7
Media & Entertainment	7
Travel Tech	4
Real Estate Tech	2
Clean Tech	2

country. Gujarat has been doing well in terms of a startup ecosystem and it is placed among top 5 Indian states when it comes to nurturing the startups well. We need to be patient as it is not only about having unicorns but having a large number of startups, generating employment and improving performance step by step," he said.

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–Prof Amit Karna, A faculty member at Indian Institute of Management, Ahmedabad (IIM-A)



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