

Startup India Boots from Non-metros

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India-focussed business models based out of non-metros are gradually becoming the basis of India's startup ecosystem. Even as the number of startups formed in 2017 dipped by 29%, there has been a shift to quality from quantity with sustainability and a large market opportunity becoming the sole metrics for investors. Certain key factors are helping this move towards tier-II and tier-III cities – albeit slowly – say industry body Nasscom and research firm Zinnov in their latest report. Here are the key takeaways

Key Drivers

Lower operational costs, cheaper real estate, affordable amenities for young companies, better proximity to educational hubs, coupled with a strong accelerator culture

20%
Startups from tier-II and tier-III cities

36%
Growth in number of startup accelerators & incubators at over 190 in 2017

40%
Active business incubators and accelerators located in non-tier-I cities

Strong educational hubs at tier-II & tier-III cities make them ideal choice for accelerators and incubators

Business Focus Shifts to Quality & Sustainability

40%
B2B startups are B2B, having gained prominence

325
New breed of startups solving core India problems

16%
YoY growth

18%
YoY growth

20-25%
Mortality Rate among startups in India

30%
Drop in share of B2B failed startups in 2017

36%
B2B failed startups in 2016

CAGR for new startup additions since 2012

KEY FOCUS ON ANALYTICS, ARTIFICIAL INTELLIGENCE AND INTERNET OF THINGS

View B2B STARTUPS MORE LIKELY TO SURVIVE IN LONG TERM VIS-A-VIS B2C STARTUPS

