

As of CY21, there were around 3,000 deep-tech startups in the country. Of these, more than 210 were launched in 2021 itself, Nasscom has said in a report brought out in partnership with global strategy and consulting firm Zinnov

Representative image

Indian deep-tech startups operating in emerging technologies, including AI, IoT, blockchain, big data and analytics, grew at a compounded annual growth rate (CAGR) of 53 percent over the last 10 years, a report by the National Association of Software and Services Companies (NASSCOM) has said.

As of the calendar year 2021, there were around 3,000 such startups in the country. Of these, more than 210 were launched in CY21 itself, the report, brought out in partnership with global strategy and consulting firm Zinnov and released on August 22, said.

“The Indian deep-tech ecosystem today has truly come of age. These startups have not only defied the odds with extraordinary innovation and exceptional leadership but are also playing a vital role in creating solutions for sustainability goals – from smart manufacturing to reliable healthcare,” NASSCOM president Debjani Ghosh said.

Spinning jobs, offering solutions

Though at a nascent stage when compared with countries like the US, Europe, Israel and China, Indian deep-tech startups are gathering pace.

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These startups are also looking to solve deep-seated problems through clean technology, smart cities, climate actions and offering solutions to mitigate hunger, in line with the country's sustainable development goals.

The ecosystem also fortified the country's job creation with more than 4,000 people being employed across 14 potential deep-tech unicorns and the headcount was expected to go up two times by 2026, Ghosh said.

In terms of funding, more than 270 startups raised around \$2.7 billion across 319 deals, with artificial intelligence and big data & analytics seeing the highest investments.

Given the strong fundamentals of the mature startups in this segment, seed-stage startups, too, witnessed a

2.3 times growth in investments compared to 2020, raising a total of \$186 million in 2021.

The funds were raised across use cases such as drone delivery, autonomous delivery bots, cold-chain monitoring and fleet management.

The deep-tech startups have a presence not just in traditional business verticals but also in newer ones such as environment tech, aviation, maritime and defence and life sciences, the report said.

Amongst the 30+ M&A deals in 2021, 17 percent of the deals were in deep-tech startups.

Bengaluru, the deep-tech capital

Among cities, Bengaluru reported the highest number of deep-tech startups, accounting for 25-30 percent of them, followed by Delhi-NCR having 15-20 percent of such companies.

“Strategic partnership with government, academia, global investors, streamlined corporate collaboration and dedicated testbed programs can create a massive impact on India’s deep-tech story,” Ghosh said.

Over 75 percent of the deep-tech startups are building solutions for business-to-customer (B2C) firms compared to only 40 percent of the overall tech startups.

The growth of deep-tech startups, however, is marred by several challenges involving the right talent and market access, research guidance, investors' understanding of the technology, customer acquisition and cost for talent.

“Proactive measures and the right stakeholder inventions such as access to seed capital & thematic funds, market access & PoC led engagements, enhancing technology business incubators, academic collaborations, and world-class innovation clusters are needed to further address vulnerabilities, develop select skill sets, and drive innovation for India to emerge as a global leader in the deep-tech space,” the report said.