

Startup Watch

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STARTUP POLICIES

RBI Releases Much-Awaited Guidelines For Digital Lending

<https://inc42.com/buzz/>

The Reserve Bank of India (RBI) on August 10 released the first set of the long-awaited guidelines for digital lending based on the recommendations of a working group to mitigate the concerns surrounding the evolving lending ecosystem.

For the entities that are authorised to carry out lending as per other statutory/regulatory provisions but not regulated by the RBI, the central bank said that the respective regulator and controlling authority can consider formulating or enacting appropriate regulations on digital lending based on the working group's recommendations.

- The published regulatory framework is for lending entities that are regulated by the RBI and permitted to carry out lending business
- The RBI has not only prescribed business conduct requirements but also stressed on data protection of borrowers
- Automatic increase in credit limit without explicit consent of the borrower will now be prohibited, as per the guidelines

Prime Minister Shri Narendra Modi On Tier 2, 3 Cities' Youth Powering Startups

<https://inc42.com/buzz/>

Speaking in his address to the nation from the Red Fort on India's 76th Independence Day, Prime Minister Narendra Modi said that the people behind India's startups came from Tier 2, 3 cities and the country's villages.

- According to official figures from the government, nearly 50% of the startups are registered in Tier 2 and 3 cities.
- As of June 30, 2022, India has 72,993 recognised startups, according to the Department for Promotion of Industry and Internal Trade (DPIIT).
- The government has been bullish on India's startup ecosystem since the launch of the Startup India initiative in 2016.
- The number of startups since then has increased by a quarter while the number of unicorns has gone up by as much as 377%. According to DPIIT data, 80 new startups are registered in India every day.
- The government has also shown its commitment to supporting startups from tier 2 and 3 cities in the country on multiple occasions. In March, DPIIT secretary Anurag Jain suggested that unicorns should adopt

districts to facilitate the development and expansion of the startup ecosystem in those districts.

- The move towards Tier 2 and 3 cities is an evolutionary step. Hubs such as Bengaluru and Delhi NCR have the highest concentration of startups and unicorns in the country.
- India has become the third-largest ecosystem in the world, in terms of funding raised and unicorns created.
- India's startups have raised \$131 Bn from 2014 to H1 2022 and hold a combined valuation of \$450 Bn.

India now home to 75,000 startups... this is only the beginning, says Mr. Piyush Goyal

IBEF

India has 75,000 startups in its 75th year of independence, according to Minister of Commerce & Industry, Consumer Affairs, Food and Public Distribution, and Textiles, Mr. Piyush Goyal.

As India celebrates Azadi ka Amrit Mahotsav, the Department for Promotion of Industry and Internal Trade (DPIIT) has acknowledged more than 75,000 startups in India.

Of the total recognised startups, about 12% are in the IT sector, 9% are in the healthcare and life sciences sector, 7% are in the education sector, 5% are in the professional and business services sector, and 5% are in the agricultural sector.

"The Indian startup ecosystem has so far generated an astonishing 7.46 lakh jobs, a rise of 110% annually over the previous six years. The fact that around 49% of our startups are currently from tier II and tier III cities is proof of the enormous potential of our nation's youth," according to a statement from the Ministry. The Ministry added that whereas the first 10,000 startups were recognised in 808 days, the most recent 10,000 were achieved in just 156 days.

Rs. 375.25 crore (US\$ 47.38 million) ap-

proved to 102 incubators under Startup India Seed Fund Scheme (SISFS) as on 30th July 2022

Press Information Bureau

As of 30 July, 2022, 102 incubators received approval for Rs.375.25 crore (US\$ 47.38 million) under the Startup India Seed Fund Scheme (SISFS), out of a total corpus of Rs. 945 crore (US\$ 119.26 million). Additionally, 378 DPIIT-recognized startups have received approval from designated incubators under the scheme for a total of Rs. 81.45 crore (US\$ 10.29 million).

The Startup India Seed Fund Scheme (SISFS) was launched on 1 April, 2021 to provide financial assistance to startups that have been approved by the Department for Promotion of Industry and Internal Trade (DPIIT) for proof of concept, prototype development, product trials, market entry, and commercialization.

STARTUP STORIES

India's toy industry achieved success no one could have imagined: Prime Minister Mr. Narendra Modi

<https://www.ibef.org/news/>

Prime Minister Mr. Narendra Modi praised the Indian toy sector for attaining success that no one could have predicted, adding that toy industry exports had increased remarkably over the years.

He said that local toys in India are environmentally friendly and in harmony with both culture and nature. The toy industry in India, according to the prime minister, has demonstrated its mettle by evolving, with manufacturers now producing toys inspired by Indian mythology, history, and culture. Everywhere in the nation, toy clusters can be found, and small business owners gain greatly from them, he claimed, since their products are now sold throughout the globe. The Indian toy producers were closely collaborating with the top global brands. The toy industry

is also receiving a lot of attention from the start-up community, citing two examples: Shumme Toys, a start-up in Bangalore that specialises in eco-friendly toys, and Arki-dzoo Company, a Gujarati company that produces flash cards and picture books that use augmented reality.

How Bullspreed Is Educating The Next Generation Of Indian Retail Investors

Source: <https://inc42.com/startups>

Bullspreed, founded in 2020, gamifies the stock market experience and allows users to engage in contests with minimal risk.

Recently, the early-stage startup raised \$400K in a seed round from multiple angel investors. Bullspreed has onboarded over 2,50,000 users so far, with a monthly active user base of 85,000

According to India's Economic Survey for 2021-22, retail investors held a 44.7% share of the equity cash segment turnover on the National Stock Exchange (NSE) between April and October 2021.

In May 2022, Union Finance Minister Nirmala Sitharaman told the Parliament that over 2.6 Mn new demat accounts were opened every month in 2021-22, growing 6.5X from the 0.4 Mn new accounts per month in 2019-20.

The buoyancy in the equity markets last year and a funding-high-induced IPO rush among Indian startups saw more and more retail investors jump on the equity bandwagon. However, only a small percentage of retail investors make a profit in the stock market, with a vast majority of them making losses on their investments.

Most of this is due to a lack of financial knowledge and resources for proper research before investing. Ultimately, the stock market is a high-risk investment because real money is involved, and the losses once made are for a retail investor to bear forever.

To change this situation, Ahmedabad-based startup Bullspreed is working to provide real-world stock market investment experience without the risk of losing real money. Found-

ed in 2020, Bullspreed educates users by gamifying the stock market experience.

STARTUP FUNDING

Source: <https://inc42.com/buzz/>

Indian Startups Have Raised \$19.7 Bn In Funding So Far In 2022

- Fintech startups have attracted the most investment (\$3.82 Bn) among the different startup sectors, followed by e-commerce (\$3.47 Bn) and enterprise-tech (\$2.71 Bn)

Fintech Set To Produce The Highest Number Of Unicorns In India

- With 33 soonicorns (Indian startups with valuations of \$200 Mn and above) in the segment, fintech is poised to mint the most unicorns over the next few years
- Fintech startups have raised \$24 Bn in funding between 2014 and Q1 2022, second only to e-commerce
- Lendingtech presents the biggest market opportunity by 2025 (\$614 Bn), followed by insurtech (\$339 Bn) and payments (\$208 Bn) within fintech

D2C Brand SVISH Raises Funding To Disrupt India's Personal Hygiene Market

Personal hygiene D2C brand SVISH On-The-Go has raised INR 10 Cr in a pre-Series A funding round led by Wami Capital. The funding round also saw participation from its existing investor LC Nueva AIF. Brightbridge Advisors was the investment banking partner for this transaction.

According to the Gurugram-based D2C brand, the fresh funds will be utilised to expand its product portfolio in the body and oral categories, raise awareness about personal and intimate hygiene and strengthen customer engagement strategies.

Omnivore-Backed D2C Startup Farmley Raises \$6 Mn To Expand Distribution Channel

D2C food startup Farmley has raised \$6 Mn in its Series A funding round led by DSG Consumer Partners and Alkemi Growth Capital. Existing investors Omnivore, Insitor Partners, and a slew of angel investors also participated in the round.

STARTUP ACQUISITION

<https://inc42.com/buzz/>

OYO Acquires Danish Vacation Home Company Bornholmske Feriehuse To Expand Footprint in Europe

Hospitality major OYO announced the acquisition of Danish vacation home company Bornholmske Feriehuse.

The acquisition will strengthen OYO's presence in the region and will enable the company to cater to additional users visiting these vacation homes. The move will also add around 737 vacation homes managed by Bornholmske to OYO's kitty.

Nykaa To Acquire Digital Content Platform 'Little Black Book' To Drive Customer Engagement

Beauty e-commerce platform Nykaa said it received its board's approval to acquire digital content platform Little Black Book (LBB) in an all-cash deal. The deal, which is subject to various regulatory approvals, is expected to be completed within 60 days.

Zomato Completes Acquisition of Quick-Commerce Startup Blinkit

Foodtech startup Zomato said that it has completed the acquisition of quick-commerce startup Blinkit.

The stakeholders relationship committee of its board in a meeting approved the allotment of 62.85 Cr fully paid-up equity shares of the company to acquire 33,018 equity shares of Blink Commerce India Private Lim-

ited (BCPL), Zomato said in an exchange filing.

STARTUP : IN FOCUS

Actyv.ai

Actyv.ai was founded in 2019 to help small businesses across the supply chain ecosystem with finances to grow their businesses.

The Bengaluru-based lending tech startup has embedded B2B BNPL and insurance products to bring together all stakeholders, including enterprises, channel partners (distributors and retailers), banks and insurers.

Actyv.ai offers four products. First, there is Actyv Go to automate SME onboarding and offboarding. Its second product, called Actyv Score, provides a financial health report for each distributor and retailer. Next comes Actyv PayLater, a BNPL option for target distributors and retailers to raise loans based on their Actyv Score. Finally, there is Actyv Insurance, providing general insurance products (against fire, burglary and more) to secure the businesses of distributors and retailers and bite-sized credit insurance to reduce the BNPL credit risk.

The startup has partnered with B2B businesses from FMCG, energy and construction sectors and deployed loans from banks. It is now building a sector-agnostic product bouquet with minor sector-specific changes. Actyv aims to partner with all Tier 1 banks and insurance companies by FY23 and looks to expand to the Southeast Asian and the MENA regions. It also plans to enter the EU market in another two years.

STARTUP EVENTS >> UPCOMING

Last date has been extended to 22nd August 2022 (11:59 PM)



In a bid to achieve 'Aatmanirbharta' in defence and as part of 'Azadi ka Amrit Mahotsav', NIIO, in conjunction with the Defence Innovation Organisation (DIO), aims to induct at least 75 new indigenous technologies/products into the Indian Navy. This collaborative project is named SPRINT {Supporting Pole-Vaulting in R&D through Innovations for Defence Excellence (iDEX), NIIO and Technology Development Acceleration Cell (TDAC)}.

Last date for applying for the Open Challenges by startups/MSMEs/innovators/students is 22nd August 2022.

The registration may be done via <https://idex.gov.in/>

Any query in this regard can be addressed to idxsprint.sastra@rru.ac.in

STARTUP FAQs

Are unicorns still a rarity ?

From the time the term was first used, it has become more common for startups to bag the unicorn tag, but the \$1 billion valuation still gets industry attention, and is considered an impressive achievement. According to PitchBook, a financial data and software company, a convergence of private and market funding is allowing more unicorns to emerge, faster.

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