

Startup Watch

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STARTUP POLICIES

RBI Notifies Overseas Investments Rules For Indian Investors; Likely To Ease Startup M&As

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

The RBI notified updated overseas investment rules and regulations on August 22, 2022. The new regulations and directives bring a host of changes that simplify the existing framework of overseas investment by Indian investors. These include family offices, Indian conglomerates and tech startups, opting for the overseas direct investment route (ODI) into listed and unlisted companies.

The definitions of OPIs and ODIs have also been updated, easing Indian investors' compliance when backing foreign listed companies.

Union Minister Dr Jitendra Singh calls for linking StartUps with MSMEs

PIB

Union Minister of State (Independent Charge) Science & Technology; Minister of State (Independent Charge) Earth Sciences; MoS PMO, Personnel, Public Grievances, Pensions, Atomic Energy and Space, Dr Jitendra Singh called for linking Start-Ups with Micro, Small and Medium Enterprises (MSME) sector and said that the Government is taking all

measures including necessary policy changes to strengthen the MSME.

Addressing the 8th India International MSME & StartUp Summit and Expo, Dr Jitendra Singh said, this sector has played an important role in shaping the Atma Nirbhar Bharat . The Minister also informed that the government is encouraging unique local products to reach the global markets and, in the process, strengthening the Indian economy. He mentioned that the Startup India initiative has opened the floodgates of opportunities for India's youth to experiment with new ideas and create new jobs and that a wave of agritech startups has emerged in the country in the last few years and these start-ups are solving problems related to supply chain management, improper infrastructure and inability of farmers to access a wider range of markets.

Union Minister Mr Piyush Goyal Calls For Integration Of ODOP Initiative With ONDC

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

Union Minister Mr Piyush Goyal on August 29 called for integration of the government's ambitious 'One District, One Product' (ODOP) programme with the Open Network for Digital Commerce (ONDC).

“ONDC would help in further expanding the frontiers of ODOP by bringing buyers and sellers together on a democratic platform,” he said.

Calling convergence a key factor, Mr Goyal directed different arms of the government to ensure that flagship initiatives such as Startup India and Make in India converge with the vision of the ODOP. He also urged all ministries to help further expand the mandate of ODOP through various complementary initiatives.

CISR Will Back Leather-Focused Startups & Entrepreneurs: MoS Dr Jitendra Singh

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

- Central Leather Research Institute (CSIR-CLRI) of Uttar Pradesh’s technology development board will back potential startups and entrepreneurs present in the leather industry with seed funding, said MoS for Science and Technology, Dr Jitendra Singh.
- Sharing more details about the initiatives that the CSIR-CLRI will take to promote leather startups, Dr Singh said the institute is going to conduct surveys of leather and allied industries for students. Besides, practical demonstrations, trade counselling, vocational and tailor-made training programmes, consultancy services, students’ internship at regular intervals will also be there.
- Moreover, the country’s leather industry, which stood at \$13 Bn in 2020, is likely to become a \$25 Bn market by 2030. A few startups operating in this space are Nappa Dori, The Sole Sisters, The Black Canvas, The Trunks Company, and The Burlap People.

SEBI Drops Indian Connection Clause; Allows AIFs, VCs To Go ‘Truly’ Global

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

- The Securities Exchange Board of India (SEBI) has come out with new guidelines for Alternative Investment Funds

(AIFs) and Venture Capital Funds (VCFs) that invest abroad.

- AIFs and VCs can now invest in countries that have signed the IOSCO memorandum and stay away from AML laws deficit countries
- SEBI has also allowed investors to reinvest their sales proceeds in foreign companies with a ceiling of \$1.5 Bn

STARTUP STORIES

India Prepares For CBDC Launch, Pilot To Begin By The End Of 2022

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- India’s central bank digital currency (CBDC) is getting ready for rollout, and soon a pilot project will be launched for it.
- The pilot could begin in a couple of months or latest by 2022-end, depending upon certain approvals.
- The CBDC is being developed for both retail and wholesale, but the digital currency is likely to be rolled out for wholesale businesses first
- So far, 11 countries have launched their own CBDCs, while 14 other countries, including China, South Africa and Saudi Arabia, are running a pilot

Govt To Give 75 Collaborative Grants Worth INR 10-15 Cr For Biotech Startups, Academia

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

- 75 inter-disciplinary, multi-institutional grants would be supported for high-risk

and ambitious research ideas in the biotech sector.

- Startups, along with industries and academia, will be able to form teams in PPP mode to avail the grants of INR 10-15 Cr over a period of two to three years.
- Venture creation and knowledge-based discovery solutions for societal needs will be the key components of the initiative.

At \$29 bn, Indian fintech sector now has 14% global funding share: Report

IBEF, August 23, 2022

According to a new analysis, the Indian fintech market has attracted US\$ 29 billion in funding across 2,084 agreements to date (January 2017-July 2022), accounting for 14% of worldwide funding and ranking second in terms of deal volume.

According to the 'State of the Fintech Union 2022' report by the Boston Consulting Group (BCG) and Matrix Partners India, India's CAGR in the fintech industry was 20%, which was greater than the US, the UK, and China, which saw CAGRs of 16%, 15%, and 10%, respectively.

According to the report, the India fintech ecosystem has 23 unicorns (out of a total of 106) and has grown to the point where it can build a strong position in the global financial services market and be benchmarked for its speed of innovation, consumer inclusion, and development. Fintech's have made a significant contribution to the Indian economy, with over US\$ 800 billion in annual payments transaction value, and play a significant part in the supply of full-fledged financial services to all Indians. It stated that India's digital payment mission is vital for the US\$ 5 trillion Indian economy. The volume of digital investment in the country increased by 100% from 4.5 million in 2021 to 9 million in 2022.

At the same time, the volume of neo-banking increased from 2.5 million to 4 million, representing a 60% increase in just one year, according to the report.

India to become hub for global app innovation

IBEF, August 22, 2022

India will play a vital role in developing global apps as its startups create widely utilised products, according to Google Play.

Between 2019-21, the number of monthly active users of Indian applications and games increased by 200%, while consumer spending on Google Play increased by 80%. With Indian apps and games showing a 150% increase in time spent by users outside of India in 2021 compared to 2019 on Google Play, local developers are also reaching out to a global audience.

The Startup School India programme, which Google recently unveiled, aims to establish 10,000 startups in smaller cities. Under the Google for Startups Accelerator programme, a separate initiative was started with the sole purpose of assisting female founders in the nation.

India is on track to become a trillion-dollar digital economy by 2025-26 that will provide 60-65 million employment opportunities that can be performed using digital tools.

STARTUP FUNDING

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

- The Indian startup ecosystem has raised around \$518 Mn across 53 deals between August 15 and 27, 2022
- The year 2022 is set to see 279 M&A deals, the highest ever in the Indian startup ecosystem
- Indian Startup Ecosystem's M&A Deal Count To Reach 1.4K By 2023

Merak Ventures Launches \$100 Mn Maiden Fund To Back Early-Stage Startups

- Gurugram-based early-stage venture capital (VC) firm Merak Ventures is raising its debut VC fund with a target corpus of \$100 Mn.
- The fund will invest in up to 20 startups over the next three to four years

- Merak will invest \$750K to \$1 Mn at the seed stage, which can be followed by follow-on investments

F&B Brand Paper Boat Secures \$50 Mn From Singapore Sovereign Fund GIC

- Hector Beverages, the parent company of popular beverage brand Paper Boat, has secured INR 400 Cr (\$50.1 Mn) from Lathe Investment Pte Ltd, which is wholly owned by Singapore-based sovereign fund GIC.
- Following the investment, GIC-owned Lathe Investment will hold a 25% stake in Paper Boat's parent company Hector Beverages
- Including the current fundraising, Paper Boat has raised INR 448 Cr as equity funding and INR 10 Cr as debt funding to date

Biotech Startup Loopworm Raises Funding To Build Sustainable Insect-Based Protein

- Biotech startup Loopworm has raised \$3.4 Mn in its seed round co-led by Omnivore and WaterBridge Ventures.
- In the next five years, the startup aims to produce 300,000 MT of sustainable insect-based protein annually

Agritech Startup Harvesting Raises Funds To Expand Its Network To 5 Mn Farmers



- The agritech startup supports farmers for buying agri inputs, selling their crops in domestic and international markets and getting loans from financial institutions

- Six years into its launch, the Chandigarh-based startup has raised \$4 Mn via its first institutional round
- Harvesting plans to take its total employee count to 50 by year-end and launch at least one offline centre in each Indian district

Zomato-backed Shiprocket raises \$33.5 mn, becomes India's 106th unicorn

IBEF

- Shiprocket, a logistics technology platform supported by Zomato, raised US\$ 33.5 million (about Rs. 270 crore) in a fundraising round co-led by Temasek and Lightrock India, becoming the 106th unicorn in India.
- With the new capital, Shiprocket was valued at about US\$ 1.2 billion.
- Existing investors Huddle, March Capital, Moore Strategic Ventures, PayPal Ventures, and Bertelsmann India Investments participated in the Series E2 fundraising round as well.

STARTUP ACQUISITION

Edtech Startup BrightCHAMPS Acquires Singapore Based Schola In A \$15 Mn Deal

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

- Edtech soonicorn BrightCHAMPS has acquired a Singapore-based live-learning platform for kids, Schola, in a \$15 Mn cash and stock deal.
- BrightCHAMPS is currently valued at \$650 Mn.
- The deal marked the edtech soonicorn's second-ever acquisition after it acquired Education10x, another edtech startup, in February 2022.
- Schola is a platform that provides a variety of courses in a live, one-on-one class model for children between the ages of 4 and 15.
- The startup currently operates in 12 countries, including Vietnam, Thailand, Korea, Japan, Malaysia, and others.

STARTUP EVENTS >> UPCOMING

Inc42 **Pickrr**

PRESENT

THE D2C SUMMIT 3RD EDITION

CO-PRESENTED BY

BharatX

India's Largest D2C & Ecommerce Conference

5K+ ATTENDEES **75+ SPEAKERS** **30+ SESSIONS** **3 TRACKS**

Event: The D2C Summit

Date: 16-17 September 2022

Venue: Virtual

About: The D2C Summit is India's largest D2C & ecommerce conference, featuring over 5000+ attendees and a star-studded lineup of 75+ expert speakers from India's booming D2C & ecommerce ecosystem. Learn how to build and scale your D2C and Ecommerce business from India's top brands and experts. Registration for the summit may be done via <https://thed2csummit.co/>

STARTUP FAQs

Why do Investors invest in Startups?

Investing in startups is a risky proposition, but the low requirement for overhead capital combined with high upside potential, makes it lucrative for investors to put their bets on startups. The Thomson Reuters Venture Capital Research Index replicated the performance of venture capital industry in 2012 and found that overall venture capital has returned at an annual rate of 20% since 1996 – far outperforming modest returns of 7.5% and 5.9% from public equities and bonds respectively.

For Feedback & Comments, please contact:

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