

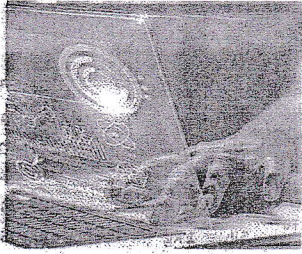
India's deep tech sector poised to drive economic growth: Report

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The investment boom in deep tech start-ups, as seen in the post-pandemic liquidity of 2022, may have come down a few notches amid the funding winter but is still higher than pre-Covid years, a new report shows.

The Indian deep tech ecosystem benefited from the bull markets of 2022 and the momentum is likely to be carried into 2025 thanks to sectors such as space, green hydrogen, quantum computing, generative AI and others, says the report titled 'India's Deep Tech Revolution' by VC firm Speciale Invest and alternative investment firm Oister Global.

Total funding in deep tech grew almost 3x from \$484 million in 2021 to \$1,212 million in 2022 and then tapered down to \$677 million in 2023, as per the report. Indicating increased risk appetite among investors, the average size of seed stage deep tech deals in India touched \$1.5 million in 2023. In contrast, globally, the av-



erage deal size is almost double at \$2.9 million.

GAP IN FUNDING

The report notes that India figures among the top ten markets for funding in deep tech globally but it still has a lot of ground to cover. Between 2016 and 2023, US deep tech start-ups have received almost 60x times more investment than Indian counterparts, Chinese deep tech start-ups got 12x while start-ups in the UK got 4x more investment.

The study credits a combination of government support, academic partnerships, and private investment for shaping India's deep tech ecosystem.

Despite advancements, deep tech start-ups in India face challenges such as high

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capital intensity, technology validation, and market adoption risks, it notes.

"The capital in deep tech start-ups has grown almost five times from 2020 to 2024 compared to the five-year period between 2015 and 2019. Most of this has been driven by big opportunities in space, semiconductors advanced materials, drones and so on," Vishesh Rajaram, Managing Partner at Speciale Invest, told *businessline*. 2024 has seen a few key players raise reasonable capital and he expects 2025 to see them execute their plans. "I think that will create a snowball effect and 10 other start-ups will come up; we've seen this across the board across sectors like IT services companies, SaaS and consumer players," he adds.