STATE OF WOMEN ENTREPRENEURSHIP IN INDIA

A Report by Kalaari Capital
TABLE OF CONTENTS

1. Foreword
2. What are the numbers today?
3. What's holding women back?
4. What can we do better?
5. CXXO in 2023
6. Acknowledgements
There is a lot to be proud of about the Indian startup ecosystem. Technology is creating equity and access not just in urban areas but across the entire Bharat. There has been a shift in cultural attitude toward entrepreneurship, with more young people viewing it as a viable career option.

The success of many young Indian entrepreneurs has served as an inspiration and motivator for many and has also led to a rise in entrepreneurial mindset among Indian youth. India’s startup ecosystem is going through a monumental shift.

There has seen a substantial rise in the number of Indian unicorns, from just four in 2016 to over 108 in 2023 and a handful of successful startups also getening listed on public exchanges. Startups and new innovative business models are going to play an important role in India’s development over the next few decades.

However, women’s representation in the startup ecosystem continues to be under-addressed both in entrepreneurship as well as senior leadership positions. I believe the role of women leaders is critical for a thriving startup ecosystem.

India has the opportunity to lead the way globally in bridging the gap for female leaders to succeed and inclusive growth cannot happen without adequate opportunities for women at the top. CXXO’s mission is to level the playing field for women in technology and support entrepreneurs through capital, coaching, and community.

As you know, the theme for this year’s international women’s day celebrations is #EmbraceEquity. **We should embrace equity, not just because it is the right thing to do morally, but economically as well.** It is the right choice for the economy and the country. Secondary research shows that women-led startups usually generate 10% more cumulative revenue and deliver almost 2x more return on investment over 5 years, when compared to startups led by men, despite raising almost half as much funding, on average when compared to their male counterparts.

Despite there being factual evidence to prove that women-led businesses are a good bet, they raised only less than 1% of all institutional investment in 2021-22. There are several factors contributing to this dismal figure, starting from a lack of access to capital networks, a lack of representation of women in investment firms, and a lack of the right mentors and support system.
Other systematic factors arise due to the lack of women in decision-making roles that often leading to an unconscious bias against women entrepreneurs and sometimes a lack of understanding.

There are various small steps that we can take at all levels to improve the participation of women in our startup ecosystem and leadership roles. There are different roles and contributions that we as individuals and organizations will have to play. The role of policies that are friendly to women employees and how we apply the gender lens is also an equally important factor.

I am very passionate about this cause and we at Kalaari Capital, are committed to enabling and empowering more female founders and leaders across the startup ecosystem. The purpose of this report is to create ideas, collaborations, and partnerships to collectively achieve this goal. We invite you to join the CXXO Community using our social media handles to explore ideas and engage with us on how we can work together to herald a change in our startup ecosystem.

Vani Kola
Managing Director,
Kalaari Capital
STATE OF WOMEN ENTREPRENEURSHIP IN INDIA
**KEY NUMBERS**

- **9%** women-founded startups’ share of VC funding
- **<1%** active Angel investors in India are women
- **1%** funding received by women-led startups
- **15%** Indian unicorns have women co-founders
- **2** unicorns led by women CEOs
- **60%** women faced some form of bias in last 1 year

Source: YS State of Funding 2021-22, Tracxn, CXXO Survey
FUNDRAISING AS A FEMALE FOUNDER

70% were the only women in the room when they pitched to investors.

65% feel their gender plays a role in raising funds.

What is the most important factor going forward to enable more women entrepreneurs to succeed?

- VCs: 43%
- Family: 15%
- Government: 23%
- Peers: 12%
- Others: 7%

Investor support seen as the most important factor to enable women entrepreneurship.
BIASES & CHALLENGES FACED BY WOMEN IN TECH

What is the main business challenge women are facing at the moment?

40% Raising Capital
26% Scaling Operations
22% Hiring
14% Product & Tech

59% say they encountered some form of bias in the last one year.

55% feel that they do not have access to the same opportunities as men.
THE POWER OF WOMEN SUPPORTING WOMEN

Focused networks & mentoring are essential in helping women succeed. We asked women how they support other women in their community:

- 64% Hire more women leaders
- 42% Monitor ratio of women-executives
- 38% have training programs for women
- 48% Develop more women friendly work policies
- 24% Angel invest in women-led businesses
HOW TO CLOSE THE GAP IN VENTURE FUNDING

50% of respondents feel that VCs should allocate a greater % of total capital to funding women-led businesses

25% feel that running specific programs for women founders will also help in bridging the gender gap in venture funding.

One-fifth of the respondents feel fewer women in senior investment roles also leads to lack of access of institutional funding.
HARD FACTS ABOUT WOMEN IN TECH
Out of the total 10,000 angel investors in India, <1% are women.

- In deals led by women angels, **25% of these startups** had women co-founders/founders.
- This number is 4 times of the average share of funding received by startups led/co-led by women.
- **This clearly indicates that women invest in more women** and underlines the importance of having a higher number of women investors, both at the angel level as well as at the institutional level.

Ratio of deals made by male angel investors compared with their female counterparts: **23:1**

Of late, many platforms like Let’s Venture’s WIN, Encubay Angel Network are enabling, educating and empowering more women to start angel investing.

Yet, many analyses show that even out of the 100-odd registered women angels, only 30-35 are actively investing.
India welcomed its second female-led unicorn in 2022, when Oxyzo, led by Ruchi Kalra, turned unicorn after raising a $200M Series A round of funding. Falguni Nayar of Nykaa is the only other female CEO at the helm of an Indian unicorn.

This is eye-opening, as today, India is home to over 108 unicorns, and less than 1% are led by female CEOs. However, as many as 15% of unicorns have a female co-founders and this number has increased by 60% in 2021-22.

Among the other women co-founders of startups that turned unicorns in 2021-22 are Rajoshi Ghosh of open-source SaaS company Hasura; Srividhya Srinivasan of Amagi Media Labs; Mabel Chacko and Deena Jacob of Open, a neo-banking platform; and edtech platform LEAD’s Smita Deorah.
Startups with only women founders raised four times more money between January and June than in the same period last year—$118.4M across 31 deals, up from $29.1M across 17 deals.

Startups having women founders accounted for only about 9% of the total $17.1B raised in the first half of 2022. And when compared with the second half of 2021, when startups with women founders secured a total $1.83B, their fundraising dropped 17%.

When it comes to sectors, fintech startups with women founders led the largest share of fundraising, raising $722.3M, followed by D2C startups with $152.4M, EdTech startups with $107.5M, and SaaS startups with $99.2M.
WHAT'S HOLDING WOMEN BACK?
What’s holding women back?

Underselling oneself
Women are often held back as they do not want to put the spotlight on themselves or self-advocate. Women tend to not speak up for themselves. Male founders are more likely to make bold projections and assumptions in their pitches. One investor told us, “Men often overpitch and oversell.” Women, by contrast, are generally more conservative in their projections and may simply be asking for less than men.

Facing the imposter syndrome
Women are more likely to grapple with guilt of some kind. ‘Mom guilt’ might be the obvious one, but it’s certainly not the only one. Women worry that their husbands/partners might feel insecure if they earn more money than them. If women don’t feel guilty, there may be someone around them who tries to make them feel guilty — a lot of well-meaning people trigger guilt, even if unintentionally.

Role models
Then, there’s a problem of lack of support and role models. Moreover, role models should be accessible. Working closely with a leader and learning on the go is very much different from having a fan moment and admiring them. The learning in both cases is world’s apart. Entrepreneurship is lonely at its best, but for female founders, it is much worse. Our ecosystem needs to be more inclusive towards women entrepreneurs in terms of building networks of learning, mentorship and access to growth enablers.

Access to key networks
Most VC analysts-associates are from IIT-IIMs, where the number of women remains low despite recent progress. Men find it easier to get access to VC firms’ partners/investment leaders through their networks established from colleges or places of work. For women, the top of the funnel is often small, hence they find it much tougher to crack these networks and find a place for themselves.
Lack of senior in senior investing roles

The ratio of male and female investors in India is sadly 10:1. This phenomenon is not limited to India. Of the partners at top 100 VC firms across the world, only 7% are women. People in investment roles can develop an unconscious bias against women in operationally heavy or technologically advanced business models, often asking themselves “will she be able to build this herself?”

70% of women who have ever pitched for raising funds, say that they were the only women in the room. One-fifth of the respondents also feel fewer women in senior investment roles leads to lack of access of institutional funding for women. Raising Capital is the most challenging problem that women founders face currently.

Balance of Work/Life Lopsided

The demanding and inflexible nature of many technology jobs can make it difficult for women, who often still shoulder a disproportionate amount of caregiving responsibilities, to maintain a healthy work-life balance. Many women in India are often compelled to leave their startup/technology jobs after motherhood or cannot find a similar-paying role after taking a career break. As one senior leader told us, “it is like all women engineers disappear off a cliff after the SDE I/SDE II category.”

Unconscious Bias Faced by Women in Technology

More than men, women founders and their presentations are subject to challenges and pushback. Stereotypes about women’s abilities in technical and mathematical fields can lead to unconscious biases in the workplace, affecting opportunities for advancement and recognition. For example, more women report being asked during their presentations to establish that they understand basic technical knowledge. And often, investors simply presume that the women founders don’t have that knowledge.

- 60% women said they had encountered some form of bias in the last one year.
- Whereas 55% of women felt that they did not have access to the same opportunities as their male counterparts.
What can our startup ecosystem do better?
Investors' Self-Reflection and Call to Action:
Venture Capitalists believe in transparency even in their anti-portfolios, so perhaps we should also be discussing how much of our total investment outlay every quarter or year, is directed towards women founders. We track our investments across different metrics like by sector, by age and even measure practices like ESG deployments. Similarly, institutional investors can also track and publish how much of their funding goes into companies founded by women.

Women in Senior Investment Roles
While there are more women now in junior investment roles, the proportion of women in senior investment roles remains very limited. Of the partners at top 100 VC firms across the globe, only 7% are women. As part of evaluation and their investment taking decision, Limited Partners who invest in these funds could evaluate how many women are present in senior investment roles. Funds must nurture and enable more women to rise to senior management roles. If the push to become more inclusive and women-friendly comes from the top (capital allocators), then it can be cascaded down and implemented throughout affiliate firms.

Offering Coaching and Support to all Portfolio Founders:
As institutional investors, we often help our portfolio founders with focussed support on areas like performance marketing or hiring advice. Similarly, we recommend that funds and investors should offer coaching and mentorship on how to build and nurture diversity in their leadership circles as well as at a portfolio level.

How do we raise awareness for the under-representation of women in the startup ecosystem? There are no simple answers to this question. However, we feel that with awareness and action, we can surely do better in creating diversity in leadership roles.
Taking time to mentor:
As an ecosystem we easily have 200-300 female influencers and leaders who can make a massive difference by mentoring younger women founders and high potential leaders in startups. By creating a dialogue and a pledge where each one of them volunteer to mentor 2 younger women can create a multiplier and ripple effect across the ecosystem. There is immense value in creating meaningful and structured mentorship programs that enable high-potential women to work closely with senior women leaders and achievers.

Building FemTech investments
FemTech is a term used to describe technology-based products and services that cater specifically to women’s needs and demands. Indian women’s disposable income has increased 5 times over the last 5 years and women also have a 10% higher credit score than their male counterparts. India has over 100M women who use smartphones, out of which over 40% shop on e-commerce websites.

This segment in India is largely untracked by venture capitalists, where we believe a lot of value will be created in the upcoming decade. Globally, women, as consumers, are driving the world economy. They control about $20 trillion in annual consumer spending — a number potential to reach $28 trillion in the next five years. The role of women in India as consumers is expected to grow significantly, and it is important to understand how they will prioritise spending.

Making work cultures more inclusive
Small steps can play a crucial role in supporting the growth and advancement of women in core technology jobs. Here are a few ways in which these initiatives can help:

a. Flexible work arrangements:
Offering part-time work, remote work, or flexible hours can help women balance their professional and personal responsibilities, and prevent burnout.

b. Supportive policies:
Providing on-site child care, parental leave, and other family-friendly policies can make it easier for women to balance work and family responsibilities, and to stay in the workforce.

c. Leadership development programs:
Providing mentoring opportunities, sponsorship, and leadership development programs can help women grow their careers and reach senior leadership positions.

As a community, adopting these practices and implementing them should be made a key charter across every growth stage startup (startups that have raised at least a Series B investment).
It's 2023, and at CXXO, we’re all about #EmbracingEquity. We have a bunch of exciting events planned throughout the year, starting with Women’s Day celebrations, a community offsite, local mixers, and our flagship CXXO summit.

Our goal is to bring together women in tech from different roles, including founders, investors, leaders in the startup and corporate world, and public figures. Our community mixers and events provide a platform for senior and upcoming women leaders to share experiences and collaborate, creating collaborative and network-rich communities.

We believe that women-focused communities are essential for building a supportive network to share experiences, advice, and resources in the startup ecosystem. These communities can help build confidence, foster mentorship and sponsorship, and provide opportunities for skill-building and career advancement. They can also advocate for diversity and inclusion while combatting issues like unconscious bias and harassment.
At CXXO, we want to create equitable access to resources and mentorship for up-and-coming women founders, investors, and operators. We actively evaluate investment opportunities in women-led startups and provide authentic feedback to help improve their pitch and product offering.

However, we cannot do it all alone. **We're always looking for opportunities to collaborate with promising causes, communities, founders, and groups.** If you have any promising female-led startups to refer, or ideas for successful mentorship programs or simply want to explore an opportunity to collaborate for one of our events, drop us a line at cxxo@kalaari.com.

We're building active content platforms and community groups and love to work with upcoming writers, creators, and community enablers. If you identify with our work and want to create an impact, get in touch! **We can collaborate and contribute to building a more resilient, diverse, and vibrant startup ecosystem together.**
We know that addressing this issue will require a collaborative effort, and we're excited to work alongside other changemakers and torchbearers to make a difference. We extend our sincere appreciation to all the changemakers and organisations who are working tirelessly to enable more female representation in the Indian startup ecosystem:
Sources

ABOUT KALAARI CAPITAL

Kalaari Capital is an early-stage, technology-focused venture capital firm based out of Bengaluru, India. Since 2006, Kalaari has empowered visionary entrepreneurs building unique solutions that reshape the way Indians live, work, consume and transact. The firm’s ethos is to partner early with founders and work with them to navigate the inevitable challenges of fostering ideas into successful businesses. At its core, Kalaari believes in building long-term relationships based on trust, transparency, authenticity, and respect.

ABOUT CXXO

Launched in 2021, CXXO is a Kalaari Capital backed initiative, to level the playing field for Indian female founder-CEOs. Developed on the three primary pillars of Capital, Community and Coaching, the CXXO community will help female founder-CEOs take India’s startup ecosystem to the next level, as they shape India’s digital charter, creating exponential value in the economy.

FOR MORE INSIGHTS, FOLLOW US ON

[Social media icons]
THANK YOU!

For further information, please contact:

Vani Kola
✉️ vani_kola@kalaari.com

Keshav Lohia
✉️ keshav@kalaari.com
The information herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular section.

© Kalaari Capital Advisors Private Limited, 2023