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THE BLOG

Why It's The Right Time For Indian And German Startups To Collaborate

The mutual benefits are many.

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SAJJAD HUSSAIN VIA GETTY IMAGES

The past few days had some headlines mentioning the plan of German and Indian startups to tie-up and collaborate. The trigger of this news was when Indian Minister of State for Commerce and Industry Nirmala Sitharaman and Germany's Economic Affairs Minister Brigitte Zypries tweeted last week that the two countries have agreed to establish exchange programmes for Indian and German Startups. The announcement was an

outcome of Narendra Modi meeting German Chancellor Dr. Angela Merkel in Germany on 30th May as a part of his four-nation tour across Europe.

This gives rise to the natural question—what can Germany learn from or give to Indian startups and vice-versa? The fact sheet says that there are 600 Indo-German joint ventures operating in India, employing 200,000 people, the Make In India Mittelstand (MIIM), an initiative by the Embassy of India, has so far mobilised around €650 million to be invested in India. Presently, the initiative is facilitating 72 German SMEs to enter the Indian market, out of which 41 German companies are into an advanced stage of investment. The numbers are impressive but the benefits are still not clear to many players who want to leverage this opportunity.



Germany could pick up from the idea of "jugaad" and innovation in India. On the other hand, India could learn from the structured and meticulous working style of German companies.

The mindset of Indian startups is changing (albeit slowly) and they are looking beyond the shadow of Silicon Valley in the United States. European investors are betting on Indian startups as they realise the potential of growth in the fast-growing Indian market as compared to the already developed market like the US. One of the many examples is The Asian E-Commerce Alliance (AECAL), a European seed fund which has invested in nine startups in India till now in areas of e-commerce and internet companies.

However, for many European startups, India is still a "blackbox" and so they turn to easier places in Asia such as Singapore and Hong Kong first when they want to expand. With some planned initiatives by governments, things could change. There are many startup hubs in Europe and one of them is Berlin in Germany, which is home to around 2000 startups—the potential for its collaboration with India has not been spoken about much so far. The recent initiatives by Indo-German governments and progress since 2015 have reaffirmed the idea that startups and small businesses have much to gain from the synergies between the two countries. While there are cultural differences between the two countries, Germany could pick up from the idea of "*jugaad*" and innovation in India.

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Focus sectors for Indo-German startups

The areas of collaboration are many but the recent joint statement by the two countries mentions a few. One of them is **urban development**, which was agreed upon as a new priority area of bilateral cooperation between India and Germany in 2016. Until 2022 Germany intends to provide financial and technical assistance in the range of 1 billion Euros. Cities such as Kochi, Coimbatore and Bhubaneswar were identified for bilateral collaboration. This opens opportunities for German companies in the sector of sustainable urban development to enter India and leverage government initiatives such as [100 Smart Cities](#). In India, there are various Smart Cities-focused startups and also funding programs like the AIM Smart City accelerator programme which identify, invest in and support startups focused on improving the infrastructure of cities, thus making them smarter.

There is huge potential to collaborate in the area of **transport and mobility**. Germany is strong in transport infrastructure and automobiles, areas in which India needs more expertise.

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While these are early days yet, this is an exciting period and just the right time if an Indian startup wants to venture into Germany or vice versa.

Another route through which investment is coming to Indian startups is through **big private players in Germany**. For instance, German multinational giants like Bosch in India are looking to collaborate with startups that work in the areas of mobility solutions, smart manufacturing, Smart Cities, medtech, agritech, and energy. Germany is very well known for its high quality products, high engineering qualities and training systems. An Indian startup that gets access to this know-how and learns how to implement processes can benefit hugely when returning to India or applying the same set of rules in its manufacturing unit or R&D facility for example. Initiatives like [Digital India](#), [Startup India](#) and **Make in India** also rely heavily on technology and innovation.

A few other Indian policies last year opened doors for collaboration. The verdict on the effects of demonetisation in India is still not out. However, when it was implemented in November 2016, it triggered various **fintech opportunities** for startups within and also outside India. The Indian Consulate in Frankfurt organised an event in February this year on Fintech, titled *India's Fintech Moment: Opportunities for Germany's Startups & Investors*. German startup companies with interesting fintech products pitched their ideas to the audience, which comprised primarily of Indian and German financial institutions such as the State Bank of India, Commerzbank and Deutsche Bank, all renowned names in the banking world.

Very recently, we spoke Divyanshu Poddar, Co-founder, Rocketeers Research Institute , a startup that operates in the **aerospace sector** in India and he shared that there is a lot of scope for partnerships for space, aerospace, and NewSpace between India and Germany. ISRO has had several partnerships with German research groups and universities in the past. "We also saw the pioneers of NewSpace in the Indian market partner with German companies to improve their tech capabilities and service clients. Germany also has a more robust regulatory framework, which can help India setup its own regulation and structure for the industry. India provides cheap human resource for design and development of application which complements the advanced manufacturing that is being done in Germany," said the founder of the startup.

Last but far from least are the areas of **agriculture, food processing and consumer protection**. Technology innovation is essential and important in the Indian agricultural sector and a few German startups are already doing some work in this area. For instance, PEAT—Progressive Environmental and Agricultural Technologies, a German startup has developed a mobile app called Plantix which is a massive database of pictures of plant disease which can be used for comparison. This helps in identification and subsequent diagnosis and treatment. As of February this year, the startup had 30,000 Indian farmers as users.

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