



## Pandemic helps agritechs get bumper funding

Agritech startups raise \$426 million in January-August 2021, a 3x jump from the year-ago period.

By DEBOJYOTI GHOSH, Sep 20, 2021 5 min read

Covid-19 seems to have unleashed the potential of agritech start-ups by making farmers aware about the need for technology as they became more open to innovation and digitisation. Between January and August this year, agritech startups in India raised \$426 million, across 38 deals, over three times more than the same period last year, according to data from analytics firm Tracxn. They had attracted \$127 million in January-August 2020. This includes seed, early and late stage deals.

“India’s agriculture sector has shown resilience in the face of the pandemic. It has piqued investor interest. With singular digital access to farmers, significant reforms and exceptional government support, agritech has empowered rural India by increasing income levels and market penetration and linkages,” says Amit Sinha, Co-founder, Unnati, a fintech-powered agri startup backed by Paytm founder and CEO Vijay Shekhar Sharma and Nabventures, Nabard’s venture capital arm. Sinha, the former COO of Paytm Mall, says agritech will keep attracting investors given its significant potential and need for tech-enabled solutions.

Some of the major agritech deals this year include Jai Kisan, an agri-fintech startup, which has raised \$30 million, AgNext Technologies (\$21 million in Series A round), BharatAgri (\$6.5 million) and Aquaconnect, an aquafarming startup, which has raised \$4 million.

The potential is huge. “As one of the least digitised sectors in the country, agriculture offers a huge untapped market that is projected to grow to \$30-35 billion by 2025. And that’s just a fraction of the

\$370 billion Indian agricultural sector, which is sitting at an 'inflection point'," says a recent Bain & Company report. Between 2017 and 2020, Indian agritechs had received about \$1 billion on the back of regulatory changes and Covid-19 impact, says Bain & Company.

### **Pandemic Push**

In May 2020, when small businesses were shutting down due to the pandemic-induced lockdown, Mayank Tiwari was about to launch his venture. His company, Bengaluru-based ReshaMandi, focuses on digitising the silk supply chain. Its digital platform connects sericulture farmers, weavers, silk reelers and retailers while its Internet of Things (IoT) devices, sensors and artificial intelligence (AI)-based solutions address the inefficiencies in the silk production cycle. "The key factors that worked in our favour during the pandemic were convenience and trust. We were honest about our intentions. Our stakeholders understood that," says Tiwari, the CEO of ReshaMandi.

ReshaMandi's many offerings include IoT devices that collect data on soil quality, light, air and temperature. The information is stored in a cloud-based server and sent out as alerts/notifications to farmers in languages such as Kannada, Marathi, Hindi and English. ReshaMandi is not the only agri startup to have grown fast during the pandemic period. Take Noida-based Arya. The company, which works with farmers, commodity traders, agri processors and financial institutions to provide post-harvest services such as warehousing, market linkages and financing, has managed to grow almost five times in the past one year. "When Covid-19 hit in March last year, markets were closed and the entire supply chain was impacted. It was also the peak rabi harvest period. That's when customers better understood the relevance of our service," says Prasanna Rao, CEO and Co-founder, Arya.

The company has witnessed a four times increase in lending services business and almost five times increase in warehousing services business over the past one year. The reason: Markets were shut and producers needed an avenue to store their produce and get money. Arya provides collateral-backed commodity financing to agricultural producers and buyers through its NBFC (non-banking finance company) subsidiary. On the financing side, it has so far disbursed loans of close to Rs 500 crore. The startup claims to have three million metric tonnes of storage capacity at 2,400 warehouses

in 21 states. It raised \$21 million in a Series B funding round in December last year.

Investors are, understandably, gung-ho. "As an investor, we are very optimistic about the agritech space. We are seeing good quality entrepreneurs focusing on specific problem areas in farming," says Subhadeep Sanyal, Partner, Omnivore, an impact venture fund which invests in agritech startups. According to Sanyal, India has over 1,000 agritech companies, with most of them emerging in the last five years. The trigger is simple — Indian farmers don't have access to reliable financial services, quality inputs, round-the-year irrigation and mechanisation support, according to a report by Omnivore and venture capital firm Accel released in December last year.

These are some of the issues that Chennai-based Aquaconnect is solving. It was started in 2016 to help aquaculture farmers improve productivity and market linkages through its AI-backed mobile application and satellite remote sensing technology. Among its offerings is an advisory service. While the AI technology captures real-time data, machine learning algorithms provide customised mobile alerts to improve farm productivity, water quality and feeding patterns for fish and shrimps. Its e-bidding platform helps farmers sell directly. It also has an e-commerce platform for aquafarming needs. "We provide free advisory through our app. We earn revenue by providing customised products, including probiotics, to improve the health of fish and shrimps, apart from ammonia reducers and oxygenation products. It is a brand-agnostic marketplace. We are like the Amazon and Flipkart of aquafarming," says Rajamanohar Somasundaram, CEO and Founder, Aquaconnect.

Experts say increased penetration of smartphones and low cost of data are also the key factors driving the sector. According to estimates, over 30 million farmers use smartphones in the country. "We need more startups focusing on building tools that would help a farmer reduce cost of irrigation, pesticides and fertilisers," says Sanyal, adding, "We have a widespread agricultural research system. But a lot of that doesn't percolate down (to farmers). I think start-ups are a medium to take those technologies and adapt them to operational models."

It seems the Indian startup system is set for the next big disruption.