

Quarterly Investor Readiness Index

Indian early-stage capital shows structural maturity as H1 2026 deal volumes rise despite a dip in total funding. RaiseMoney's Q2 2026 Investor Readiness Index examines due diligence shifts, pitch deck metrics, and qualitative patterns in founder readiness.

Abstract

The Indian startup ecosystem is undergoing a pronounced shift towards capital efficiency and rigorous due diligence. Secondary market data reveals that Indian tech startups raised \$5.2 Bn across 501 deals in H1 2026, alongside a historic 55,200+ startup recognitions by DPIIT in FY 2025-26. Concurrent with this institutional normalisation, RaiseMoney's first-party qualitative insights indicate that founders are increasingly navigating extended evaluation cycles. This report synthesises quantitative investment metrics from SEBI, Tracxn, and Inc42, alongside qualitative applicant patterns, to map the current state of investor readiness and capital deployment.

Key findings

- Indian startups raised \$5.2 Bn across 501 deals in H1 2026, reflecting a 9% YoY decline in value but a 7% YoY increase in deal volume, signalling broader capital distribution according to Inc42.
- Early-stage funding displayed sustained resilience, rising 33% to \$4.8B in FY 2025-26 per Tracxn data, even as late-stage investments experienced significant contractions.
- Qualitative observations from RaiseMoney mentor reviews suggest that founders face extended due diligence timelines, with investors demanding deeper validation of unit economics before issuing term sheets.
- The Government of India recognised more than 55,200 startups in FY 2025-26, bringing the total to over 2.23 lakh entities that have collectively generated more than 23.36 lakh direct jobs (Press Information Bureau).
- SEBI-registered Alternative Investment Funds (AIFs) saw commitments surge to Rs. 14.18 lakh crore by June 2025, expanding the pool of structured domestic capital available to the ecosystem (Cafemutual).

The Macro Funding Landscape

The Indian venture capital ecosystem is experiencing a normalisation phase characterised by tightened capital taps but broader transaction participation. According to Inc42, startups raised \$5.2 Bn in H1 2026 across 501 deals. While total capital infusion fell 9% year-on-year, deal volumes rose 7%, reflecting a shift towards distributed capital deployment rather than concentrated mega-rounds.

On an annualised basis, Tracxn reports that India's tech startups raised \$11.7B in FY 2025-26. Though this represents an 18% decline from the \$14.3B raised in FY 2024-25, the ecosystem maintained its position as the fourth-highest funded country globally, ahead of Germany and France. The funding environment reflects institutional maturation and disciplined capital allocation.

Early-Stage Resilience and Distribution

Despite a 38% decline in late-stage funding, early-stage capital has proven remarkably resilient. Tracxn data indicates that early-stage funding showed strong momentum, rising to \$4.8B in FY 2025-26, a 33% increase from the previous fiscal year. Seed-stage investments also recorded an 18% YoY increase in H1 2026, reaching \$478 Mn per Inc42.

Qualitative RaiseMoney applicant reviews indicate that founders are actively pivoting to capture this early-stage capital. However, mentors note that despite the availability of seed funds, evaluation rubrics have tightened, with investors requiring rigorous validation of product-market fit and capital efficiency before committing funds.

The Expanding Domestic Capital Base

The domestic capital pool provides substantial structural support to the Indian startup ecosystem. Data from SEBI reveals that Alternative Investment Fund (AIF) commitments reached Rs. 14.18 lakh crore by June 2025, growing 20% over a one-year period. Total funds raised by the industry stood at Rs. 5.91 lakh crore by the same period, according to Cafemutual.

Category II AIFs accounted for the largest share of these funds, raising Rs. 3.80 lakh crore. The institutionalisation of domestic capital through AIFs provides a vital liquidity buffer against global macroeconomic uncertainties, enabling sustained investments in Indian enterprises.

Government Recognition and Employment Impact

Policy initiatives continue to formalise the innovation economy. The Government of India recognised more than 55,200 startups in FY 2025-26, marking the highest number of recognitions in a single year since the launch of the Startup India initiative. This brings the total number of recognised entities past 2.23 lakh as of March 2026.

These enterprises are significant drivers of employment, having generated over 23.36 lakh direct jobs (Press Information Bureau). Furthermore, approximately 48% of these recognised startups feature at least one woman director or partner, reflecting an expanding baseline of diverse leadership within the formalised ecosystem.

The Gender Funding Gap and Capital Concentration

While baseline diversity is expanding, capital allocation remains highly concentrated. Fortune India reports that funding for women co-founded tech startups fell 12% year-on-year to \$1.0B across 405 rounds in 2025. Seed-stage funding for these ventures

experienced a 24% drop.

Conversely, the median deal size for women co-founded startups jumped from \$2.4 million in 2024 to \$3.8 million in 2025. This underscores a market dynamic where investors are deploying larger cheques into fewer, high-conviction businesses with proven revenue models and scalable unit economics.

Pitch Decks, Due Diligence, and Deal Velocity

Navigating the modern fundraising cycle requires operational precision. Historical analysis by TechCrunch reveals that venture capitalists spend an average of just 3 minutes and 44 seconds reviewing a pitch deck. Translating initial interest into capital requires significant endurance.

- Investors spend an average of 3 minutes and 44 seconds reviewing pitch decks (TechCrunch).
- A typical VC deal historically requires 83 days to close, demanding roughly 118 hours of due diligence.
- Qualitatively, RaiseMoney mentors note that proactive data room preparation mitigates execution risk.
- NBER research correlates lower due diligence intensity with higher investment performance volatility.

Research highlights that a typical venture deal takes an average of 83 days to close, encompassing approximately 118 hours of intensive due diligence. RaiseMoney mentors qualitatively observe that founders who maintain pre-populated data rooms experience less friction during this 83-day window.

Strategic Imperatives for Investor Readiness

The primary causes of startup failure remain deeply tied to financial and strategic oversights. Academic research cites running out of capital and inadequate sales strategies as persistent failure factors for Indian tech startups.

Self-reported qualitative data from the RaiseMoney applicant cohort suggests that founders who actively engage in readiness modules—focusing on financial reconciliation, cap table hygiene, and go-to-market mechanics—are better equipped to withstand the rigorous due diligence parameters established by modern institutional investors.

RaiseMoney Readiness Framework: Q2 2026

Based on qualitative mentor reviews and non-statistical feedback from the RaiseMoney applicant cohort.

- Financial Reconciliation — investors check: Alignment between pitch deck financial claims, bank statements, and tax filings.. Common gap: Projecting non-validated revenue models without a historical financial baseline.

- Cap Table Hygiene — investors check: Clean equity distribution, standard vesting schedules, and secure IP assignments.. Common gap: Dead equity held by inactive founders or highly unstructured advisor shares.
- Market Positioning — investors check: Clear differentiation, accurate customer acquisition cost (CAC), and lifetime value (LTV).. Common gap: Overly broad total addressable market (TAM) sizing without a bottom-up execution strategy.
- Data Room Preparedness — investors check: Immediate, structured availability of incorporation documents and employee contracts.. Common gap: Ad-hoc compilation of required documents post-term sheet, delaying the 83-day closure cycle.

Methodology & disclosure

- Sample size: Secondary market data synthesised across industry reports; primary RaiseMoney insights are qualitative only.
- Data collection period: January 2024 - June 2026 (Secondary Data); Q1-Q2 2026 (Qualitative Data)
- Respondent profile: Early-stage and growth-stage Indian tech startups, SEBI-registered AIFs, and VC funds.
- Geography: India
- Startup stage: Seed to Late-Stage
- Methodology: This report synthesises secondary quantitative data from leading market intelligence platforms including Tracxn, Inc42, and SEBI regulatory disclosures. These macroeconomic indicators are juxtaposed with qualitative, non-statistical insights derived from RaiseMoney's internal applicant cohort reviews and mentor feedback sessions. No proprietary statistical modeling was applied to RaiseMoney's first-party qualitative inputs.
- Self-reported responses: All RaiseMoney applicant patterns, mentor feedback summaries, and perceived due diligence friction points are qualitative and self-reported by founders.
- Limitations: First-party insights are strictly qualitative, non-statistical, and based on self-reported applicant experiences, which introduces inherent response bias. Secondary market data may contain discrepancies due to differing methodologies between intelligence firms (e.g., Tracxn vs. Inc42). The report does not predict future funding volumes.
- Date of publication: 2026-08-04

Sources for every numerical claim

Each claim below links back to its original published source.

- \$11.7B raised by India's tech startups in FY 2025-26 — \$11.7B (Tracxn, 2026-05-26; FY 2025-26, India, n=Not disclosed)
- Indian startups raised \$5.2 Bn across 501 deals in H1 2026 — \$5.2 Bn (Inc42, 2026-06-30; H1 2026, India, n=501 deals)
- Government recognized more than 55,200 startups in FY 2025-26 — 55,200+ (Press Information Bureau, 2026-04-17; FY 2025-26, India, n=Not disclosed)
- AIF industry commitments crossed Rs. 14.18 lakh crore in June 2025 — Rs. 14.18 lakh crore (Cafemutual, 2025-09-08; As of June 2025, India, n=Not disclosed)
- Funding for women co-founded tech startups fell to \$1 billion in 2025 — \$1.0B (Fortune India, 2026-03-09; 2025, India, n=405 rounds)
- Total recognized startups generated over 23.36 lakh direct jobs — 23.36 lakh+ (Press Information Bureau, 2026-04-17; As of March 31, 2026, India, n=2.23 lakh+ startups)
- VCs spend an average of 3 minutes, 44 seconds on pitch decks — 3 mins 44 secs (TechCrunch, 2015-06-08; Historical, Global, n=200 pitchdecks)

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