Where technology ambition meets capital crunch

Staff Writer
feedback@livemint.com

India's technology sector stands at a critical inflection point—flush with talent, buzzing with innovation, but still searching for the capital and policy vision to match its ambition. These themes came alive at the Bengaluru chapter of the Mint Leadership Dialogues 2025, where a panel of industry veterans, investors, and technologists debated on India's tech moment.

Asked to describe India's technology moment in a single word—breakout, balancing act, or crossroads—the answers reflected both optimism and frustration.

T.V. Mohandas Pai, chairman of Aarin Capital Partners, chose crossroads. "There are three things required to be a great tech power—human capital, physical capital, financial capital," he said. "We have the human capital. We have the physical capital in terms of data centres coming up. We don't have the financial capital."

He reeled off the numbers. "In the last 10 years—2014 to 2024—the US invested $2.35 trillion in venture and startups. China put in $845 billion, we did only $160 billion, out of which maybe 70% came from overseas. So, where is the capital? We have a lot of exciting innovations happening on the edge, but they need dollops of capital to grow and tackle the global markets."

Sudhir Sethi, founder and chairman of Chiratae Ventures, agreed. "We see a lot of people... these are in AI, semiconductor, space, electronics etc. They have new product, new technology, new GTM—everything is new," he said. "But if I look at the amount of capital which goes into this—and this is risk capital—we are still dependent on international capital. In the last five years, we have seen $300 billion invested, and I don't believe more than 10% is from India."

For Sethi, that dependence is the real bottleneck. "If that's the case, then we ourselves as Indians are not taking enough risk in funding these products," he said, pointing to the top five IT services companies spending a lot on share buybacks and dividends.

KEY TAKEAWAYS

- **INDIA'S** tech boom has hit a funding wall.
- **TALENT** thrives, but risk capital is missing.
- **DOMESTIC** money avoids bold, innovation-led bets.
- **GLOBAL** investors still bankroll India's tech dreams.
- **POLICY** gaps stall a national innovation push.
- **STARTUPS** shift overseas for IP and funding.
- **WEAK** patent laws drive brain and IP drain.
- **SERVICES**-heavy tech needs massive reskilling for the AI era.
- **NEW** disruptors, not incumbents, will drive transformation.
- **INDIA'S** opportunity: unlock capital, scale globally.

"There is corporate money, family offices, institutions, banks, insurance, etc. It is imperative for the growth of innovation, which is really paralyzed right now," Sethi said.

Deepak N.G., managing director of Dassault Systèmes India, offered a conciliatory view, calling the capital challenge an advantage as well. "Each state is competing—it can be a healthy competition – the policies are also different." He also spoke of the possibility of a common policy across the country for funds to be diverted to R&D.

Faiz Shakir, vice-president and managing director, Nutanix for India and APJ, pointed to a worrying trend. "There is capital, but that capital says this (India) is not the right place to put it, why don't you move there (US), we'll also get a lot of local support, you can probably create a hub and spoke model, have engineering staff in Bangalore but move your business in your headquarters," he said.

Sajai Singh, partner at JSA Advocates & Solicitors, added another layer. "That move can also be IP related," he said. "If you are creating IP, code cannot be patented in India. It can be patented in the US. So a lot of times when a product is being developed or you're reaching that level, you move the headquarters to the US while the development may continue to happen in India."

Drawing a historical parallel with World War II, Manish Gupta, chairman and CEO of Indegene, said a lot of skilled people migrated to the US at that time and helped develop cutting-edge tech.

"India today has that opportunity. There are enough people who, because of what's happening especially in the US, want to come back," he said. "And these are cutting-edge people who are doing really high-end work in those places."

For Venkatraman Narayanan, managing director of IT services company Happiest Minds, the human dimension remains key. "Today the tech landscape of India is 90–95% services," he said. "If you're talking about a transformation, bringing in capital, getting those experts, and starting down the AI path, you're going to leave 98 or even 100% of the people behind."

He suggested that large IT firms can play a bigger role. "There's so much money paid out as dividends or buybacks. You need to start ploughing that into companies. Keep away from quarter-on-quarter profitability pressures... free up capital from there, help to transform the set of people that are today there. We are missing the bus on the transformation."

Pai's argument was that India needs new companies. "Every tectonic shift in technology is led by new companies, not incumbents," he said. "The old companies cannot do it. So, new companies have come up. Now you must scale them up. They must grow 100% year-on-year."

Turning to a 'new' company, he asked Narendra Sen, founder and CEO of RackBank Datacentres: "Somebody gives you $5 billion—what will you do?"

Sen's answer was immediate. "Give me $5 billion and I'll build the world's fastest supercomputer in the country," he said. "Our research scientists should not be dependent on US technology and share patents. The capital is constrained and that's why I mentioned the balancing, because the world after China every company started coming to India. But capital is a big constraint, policies are also equally important. We have talent."

G.N.V. Subba Rao, global head of operation centres at ABB India, ended on a pragmatic note. "Capital will remain a matter of debate for a long time," he said. "There are many things which Europe either doesn't want to do on the manufacturing side or can't do due to various reasons, including the talent constraint they have. For a lot of us in India, that is a golden opportunity. It's an opportunity for us to bring in more and more manufacturing, while others are not too eager for it."

He added, "We'll have to take some hard decisions. Do we continue to invest in the services sector and develop it further? Or do we think in the future we'll also need an equally vibrant manufacturing sector? For a lot of us in India, that is a golden opportunity."

For an extended version of this story, go to livemint.com.

Three things required to be a tech power. We have human and physical capital, not financial capital.

T.V. MOHANDAS PAI
CHAIRMAN, AARIN CAPITAL PARTNERS

If I look at the capital which goes into new tech—AI, chips, space—we are still dependent on international capital.

SUDHIR SETHI
FOUNDER & CHAIRMAN, CHIRATAE VENTURES

Each state is competing — it can be a healthy competition. But we need higher R&D spend.

DEEPAK N.G.
MANAGING DIRECTOR, DASSAULT SYSTÈMES INDIA

There is capital, but that capital says this is not the right place — why don't you move there, to Silicon Valley?

FAIZ SHAKIR
VICE PRESIDENT & MD, NUTANIX INDIA & APJ

Code cannot be patented in India. It can be patented in the US — that's why many companies move base there.

SAJAI SINGH
PARTNER, JSA ADVOCATES & SOLICITORS

India's moment is both at crossroads and breakout — all the forces are converging to give us an amazing opportunity.

MANISH GUPTA
CHAIRMAN & CEO, INDEGENE

The tech landscape of India is 90-95% services. If we start down the AI path without reskilling, we'll leave most people behind.

V. NARAYANAN
MD, HAPPIEST MINDS

India has the talent, but capital and policy remain the real constraints to building world-class tech infrastructure.

NARENDRA SEN
FOUNDER & CEO, RACKBANK DATACENTRES

Europe does not want to do many things on the manufacturing side. For India, that is a golden opportunity.

G.N.V. SUBBA RAO
GLOBAL HEAD OF OPERATION CENTRES, ABB INDIA