STARTUPS

Startup funding falls 17% to $10.5 billion in 2025, but early-stage deals hold up

Investors became more selective with large cheques this year, while funding for young companies with early traction rose, according to Tracxn.

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Startup funding rebounds to a two-year high as AI and climate tech draw investors

In 60 seconds

1. Indian tech startups raised about $10.5 billion in 2025, down 17% from $12.7 billion in 2024.
2. Late-stage funding fell 26% to $5.5 billion; seed funding fell 30% to $1.1 billion.
3. Early-stage funding rose 7% to $3.9 billion.
4. India remained the world's third-largest startup funding market, after the US and UK.

Indian technology startups raised about $10.5 billion in 2025, 17% less than the $12.7 billion raised in 2024, according to data platform Tracxn's annual report, which covers funding up to mid-December.

Fewer big cheques

The biggest fall was in late-stage funding, the large rounds raised by mature startups, which dropped 26% to $5.5 billion. Seed funding for the very youngest companies fell 30% to $1.1 billion.

A bright spot

Early-stage funding, for startups that have a product and some customers, rose 7% to $3.9 billion. Investors said they were still keen to back companies with clear paths to profit, even as they became more cautious with very large bets.

> *The funding winter has thawed into a funding filter: money is available, but for fewer, stronger companies.*

Still in the top three

Despite the slowdown, India kept its position as the third-largest market for tech startup funding in the world, behind the United States and the United Kingdom, and ahead of China and Germany. Fintech remained one of the most active sectors, raising about $2.4 billion.

Listing over raising

2025 was also a strong year for startup stock market listings, with several well-known companies going public. A healthier IPO market gives investors a way to cash out, which could encourage more funding in future.