

CHAPTER 57

Role of AI in Mobilizing the Start-up Ecosystem in Mumbai: A Literature Review

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ABSTRACT

This review synthesizes global, Indian, and Mumbai-specific literature to explain how Artificial Intelligence (AI) is mobilizing the city's start-up ecosystem. Drawing on entrepreneurial ecosystem theory and the view of AI as a general-purpose technology, we organize evidence across six levers of mobilization: capital formation, market access, capability building, infrastructure, governance/policy, and culture/communities. We triangulate data from ecosystem reports, policy documents, and institutional sources to show that Mumbai has emerged as India's most-funded start-up hub in 2024, powered in part by AI-native and AI-enabled ventures. We conclude with a conceptual model and research agenda emphasizing longitudinal measurement of AI spillovers, policy evaluation, and the role of anchor institutions. Drawing on entrepreneurial ecosystem theory and the view of AI as a general-purpose technology, we organize evidence across six levers of mobilization: capital formation, market access, capability building, infrastructure, governance/policy, and culture/communities. We triangulate data from ecosystem reports (Startup Genome, Inc42), policy documents (India AI Mission; Maharashtra initiatives), and institutional sources (SINE-IIT Bombay; Zone Startups) to show that (i) Mumbai has emerged as India's most-funded start-up hub in 2024, powered in part by AI-native and AI-enabled ventures; (ii) enabling institutions and policies are expanding AI capacity (compute, data, standards).

Keywords: AI; Start-up; Ecosystem; Entrepreneurial.

1.0 Introduction

Cities attract entrepreneurial activity when resources, legitimacy, and learning co-locate. AI accelerates these dynamics by lowering search costs, automating operations, and enabling new products (e.g., agents, recommendation engines). In India, national and state policies have explicitly targeted AI as a growth driver; Mumbai—India's financial and

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media capital—has recently vaulted to the top of national funding tables, suggesting a distinct moment for AI-led entrepreneurship. Press Information BureauIndiaAIInc42+1 Cities attract entrepreneurial activity when resources, legitimacy, and learning co-locate. AI accelerates these dynamics by lowering search costs, automating operations, and enabling new products. In India, national and state policies have explicitly targeted AI as a growth driver; Mumbai—India's financial and media capital—has recently vaulted to the top of national funding tables, suggesting a distinct moment for AI-led entrepreneurship (Inc42, 2024; Startup Genome, 2024).

Review objective: We consolidate evidence on *how* AI mobilizes Mumbai's ecosystem, map current enablers and bottlenecks, and propose a research agenda.

Methodology: This paper focuses on 3 major aspects associated with AI-based startups in India with different parameters and their investigation using AI techniques. The study further focuses on startups producing AI solutions. Data is collected using different data sources, including market reports, white papers, corporate websites, specialized databases, news feeds, journals, and publications, among others. Integrity checks are conducted on both the investigation and the data. Redundant data is eliminated, inconsistent data is located and corrected, and the analysis correctness is validated. The information is subsequently prepared for tabulations utilizing a variety of formats, weightings, and visuals.

2.0 Conceptual Background

Entrepreneurial ecosystem lens. Ecosystems are configurations of actors (entrepreneurs, investors, universities, corporates, government) and factor conditions (talent, finance, culture, infrastructure, markets). AI influences each node and tie by (i) creating data- and compute-intensive factor conditions; (ii) enabling platform complementarities; and (iii) amplifying learning via tooling (agents, copilots).

AI as a general-purpose technology (GPT). GPTs exhibit pervasiveness, rapid improvement, and strong complementarities with other innovations. For start-ups, AI functions both as product (AI-native firms) and process (AI-enabled ops), altering cost structures, speed to product-market fit, and scaling trajectories.

3.0 Global and India-Level Evidence on AI and Start-ups

Adoption and enterprise demand. NASSCOM's AI Adoption Index 2.0 (2024) measures execution capability in seven sectors covering ~75% of India's GDP, indicating broad enterprise pull for AI solutions—an important downstream driver for start-ups. Responsible AI practices are maturing but uneven. nasscom+1EY

Policy impulse (national). The Union Cabinet's IndiaAI Mission (approved March 2024) allocates ~₹10,300–10,372 crore to compute infrastructure, datasets, innovation centres, skilling, and support for AI start-ups—foundational public goods that reduce fixed costs for ventures. Press Information Bureau+1IndiaAI

Macro transitions. AI is reshaping India's IT/services complex—displacing routine tasks while opening higher-value opportunities for AI engineering and products—shifting talent flows and corporate/start-up partnerships relevant to city ecosystems. The Wall Street Journal.

4.0 Mumbai's Start-up Trajectory and the AI Moment

Funding leadership. In 2024, Mumbai surpassed Bengaluru to become India's most-funded start-up hub, with ~\$3.7B raised and ~150% YoY growth—an inflection that amplifies network effects (investor presence, second-time founders, specialist talent). Inc42+2Inc42+2.

Global positioning. Startup Genome's 2024 report shows mixed signals: Mumbai remains a significant Asian ecosystem but saw a decline in Series A counts from 2021 to 2023, highlighting the need to deepen early-growth financing and pipelines—precisely where AI-native accelerators and corporate programs can help. Startup Genome

Anchor institutions and programs.

- SINE, IIT Bombay—one of India's oldest academic incubators—reports >200 startups supported historically, >300 IPs, and expanding corporate co-creation (e.g., Tata Motors, HDFC Life). SINE plans to scale supported startups four-fold over the next decade, strengthening the seed-to-scale corridor for deeptech/AI founders. The Economic Times sineiitb.org Startup Success Stories
- Zone Startups India (at BSE ecosystem)—a leading Mumbai accelerator supporting 550+ startups since 2013—connects founders with mentors, corporates, and investors; proximity to BSE adds FinTech/AI synergies. [Zonestartups India.bse.com](http://zonestartups.india.bse.com)

AI-native exemplars.

- Haptik (Mumbai-rooted conversational AI) received a ~\$100M strategic investment from Reliance Jio (2019), signalling corporate–AI start-up integration paths. TechCrunch mint.reliance.com
- Gupshup (conversational AI/agents; strong India presence) continues to raise capital (>\$60M in 2025) to scale AI agents for enterprises—a bellwether for Mumbai's AI commercialization depth. Gupshup PR Newswire MediaNews4U

State policy catalysts.

- Maharashtra Startup & Innovation policy (administered by MSInS) provides grants, incubation, and market access; the 2025 policy targets 50,000 startups and a ₹500-crore

“Maha-Fund,” with departmental innovation budgets—potentially strong for AI procurement pilots. [msins.in](#) [Startup India](#) [The Times of India](#)

- MahaAgri-AI Policy 2025–29 creates state-level demand for AI in agriculture (drones, CV, predictive analytics), with funding and a unified data exchange—opening sectoral markets that AI startups in Mumbai can serve. [News on Air](#) [The Times of India](#) [Agritech TNAU](#)
- AI-enabled public platforms. A new AI-powered, multilingual citizen portal for Industry/Energy/Labour/Mining signals mainstreaming of AI in service delivery—expanding public sector demand for AI vendors. [The Times of India](#)

5.0 How AI Mobilizes the Mumbai Ecosystem: Six Levers

- *Capital formation*: AI-themed funds and corporate venture activity (e.g., Reliance’s strategic bets) crowd in private capital and validate technical theses. Mumbai’s 2024 funding surge strengthens syndication depth for AI deals. [TechCrunch](#) [Inc42](#)
- *Market access (enterprise pull)*: High AI adoption among Indian enterprises, particularly BFSI, retail, and media—Mumbai’s strongholds—creates local “first customers” for AI startups. [NASSCOM’s Index](#) evidences enterprise demand, while Gupshup/Haptik case trajectories show scale-up pathways. [nasscom](#) [Gupshup](#) [Tech Crunch](#)
- *Capability building (talent & know-how)*: Academic anchors (IIT Bombay) and corporate partnerships enable translational AI R&D, IP, and experiential learning (proof-of-concepts, industry datasets). SINE’s IP footprint and co-creation with majors illustrate this pipeline. [sineiitb.org](#) [The Economic Times](#)
- *Infrastructure (compute, data, labs)*: The IndiaAI Mission earmarks public goods—GPU compute, datasets, and innovation centers—that reduce fixed costs and improve access for early-stage founders who cannot afford hyperscale compute. [Press Information Bureau](#) [IndiaAI](#)
- *Governance & policy (demand-side instruments)*: Maharashtra’s startup and sectoral AI policies (e.g., MahaAgri-AI) create procurement channels, pilots, and data exchanges—vital for AI ventures that need institutional customers and governed data access. [Startup India](#) [News on Air](#)
- *Culture & communities (signals, density, role models)*: Exits and large rounds in AI-adjacent startups (e.g., communications/agents) produce mentorship capital, second-time founders, and operator angels—accelerating learning cycles. Mumbai’s 2024 visibility boosts these social multipliers. [Inc42](#)

6.0 Sectoral Opportunity Map for Mumbai AI Start-ups

- *Financial services & fintech.* Conversational agents, risk scoring, fraud detection, and wealth advisory—leveraging Mumbai's banks, insurers, and markets; accelerators at BSE provide proximity. Zonestartups Indiabsebt.com
- *Media/commerce & customer experience.* AI agents, personalization, and commerce flows (Gupshup/Haptik trajectories). GupshupTechCrunch
- *Public sector & civic tech.* AI chatbots and multilingual interfaces for government portals expand non-consumer markets and inclusive access. The Times of India
- *Agritech (statewide demand).* Drone analytics, CV for quality grading, and farm advisory in Marathi via voice/chat—enabled by MahaAgri-AI programs and data exchanges. The Times of India

7.0 A Conceptual Model for AI-Ecosystem Mobilization in Mumbai

Proposition. AI mobilizes the ecosystem when national public goods (compute/data) + state demand (procurement, sectoral missions) + anchor institutions (IITB/SINE, BSE/Zone Startups) + enterprise pull (BFSI/media) jointly reduce venture fixed costs and increase early revenues, creating a virtuous cycle of funding depth, talent retention, and knowledge spillovers.

Testable mechanisms.

1. *Supply-side reduction in fixed costs* (access to GPUs/datasets) → higher AI venture formation. Press Information Bureau
2. *Demand-side procurement/sandboxes* (MahaAgri-AI; gov portals) → faster time-to-first-revenue for AI start-ups. The Times of India+1
3. *Institutional complementarity* (SINE/Zone + corporates) → greater IP creation and POC-to-contract conversion. sineiitb.orgZonestartups India
4. *Capital deepening* (Mumbai 2024 surge) → higher survival to Series A and beyond. Inc42

8.0 Research Gaps and Future Agenda (Mumbai-Focused)

1. Longitudinal impact of India AI on city-level outcomes. Track founder counts, compute access, and AI productization pre/post-mission. Press Information Bureau
2. Effectiveness of demand-side AI policies. Evaluate MahaAgri-AI pilots' spillovers into urban AI firms (contracts, hiring, patents). The Times of India

3. Bridging the Series-A dip. Examine whether specialized AI accelerators and corporate venture programs at Mumbai anchors reduce funding frictions. Startup Genome
4. Responsible/Trusted AI practices in start-ups. Measure adoption of RAI toolkits and their relationship to enterprise sales cycles. nasscom
5. Role-model effects and cultural density. Map the influence of high-visibility AI rounds (e.g., Gupshup) on new venture creation and operator-angel networks. Gupshup

9.0 Conclusion

Mumbai's AI-powered start-up surge reflects aligned forces: national AI public goods, state-level policy demand, strong anchor institutions, and enterprise markets that are primed for AI solutions. Sustaining leadership will require (i) expanding compute/data access for early teams; (ii) institutionalizing AI procurement/sandboxes; (iii) deepening Series-A capital; and (iv) embedding responsible AI practices. The city's unique confluence of finance, media, and academic R&D positions it to become India's densest AI commercialization hub if these levers are executed coherently.

This research describes how Artificial Intelligence-based startups helps in the advancement of India. Our initial investigation is that AI-based startups might increase India's GDP in recent years. Maximum start-ups in the Indian start-up ecosystem are AI-based, and it has improved each year noticeably. India's GDP has since been growing annually. From 2010 onwards, Indian start-ups increased, their impact on the nation's GDP was seen. Investments in AI-based startups have increased significantly in the last ten years, which has provided the Government of India with significant motivation to invest. This investigation clearly describes India has the capacity and moving in the right direction to build its AI industry. AI is anticipated soon to make a major contribution to India's GDP and improve a lot of people's lives.

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