

Government of India Ministry of Commerce and Industry Department for Promotion of Industry and Internal Trade



STATES' STARTUP RANKING 2022 ** ASPIRING LEADER

BIHAR

TABLE OF CONTENTS

| States' Startup Ranking 2022 | 5 |
|---|----|
| State Startup Ecosystem | 6 |
| State Startup Policies and Incentives | |
| Highlights of State Startup Ecosystem | 7 |
| Key Initiatives Driving Growth | |
| Institutional Support | 10 |
| Introduction | |
| State Performance | |
| Way Forward | |
| Fostering Innovation & Entrepreneurship | 13 |
| Introduction | 13 |
| State Performance | 13 |
| Way Forward | 15 |
| Access to Market | 16 |
| Introduction | 16 |
| State Performance | 16 |
| Way Forward | 17 |
| Incubation and Mentorship Support | |
| Introduction | |
| State Performance | |
| Way Forward | 19 |
| Funding Support | 20 |
| Introduction | 20 |
| State Performance | 20 |
| Way Forward | 22 |
| Capacity Building of Enablers | 22 |
| Introduction | 22 |
| State Performance | 22 |
| Way Forward | 23 |
| Roadmap to a Sustainable Future | |
| Introduction | |
| State Performance | |
| Way Forward | |
| Annexure | |
| List of Figures | |
| Abbreviations | |

States' Startup Ranking 2022 Results

Bihar participated in 25 Action Points of the Ranking Framework 2022. Bihar performance in each of the Reform Area has been graphically represented. Data presented below is the percentile score, which is the relative performance of the State in each Reform Area as compared to other participating States/UTs.

For example, if Bihar has a score of 100th percentile in the 'Institutional Support' Reform Area, this implies that the State has scored higher than all the participating States/UTs in that Reform Area.

Bihar has been evaluated on seven Reform Areas that have a significant contribution towards propelling the startup ecosystem in the State. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem are discussed in the subsequent sections.



STATE STARTUP ECOSYSTEM

Bihar, a state in eastern India, is the 12th largest State of India, with a population of over 10 Cr (census 2011). During the FY 2022-23, the State contributed close to 3% of India's Gross Domestic Product (GDP)¹. Bihar enjoys a unique geographic advantage because of its proximity to the vast markets of Eastern, Northern and North-eastern India domestically and Nepal as its international neighbour, with easy access to Bangladesh and Bhutan. The state is well connected to the rest of India with 5,421 km dense network of National Highways and a Rail network of 3,794 km.

Government of Bihar formulated and notified Bihar Startup Policy, 2016, to create an independent and transparent ecosystem, where the State shall provide funding, promotion and policy support which was later amended as Bihar Startup Policy 2017. The State has setup a Trust, with an initial corpus of INR 500 Cr, which acts as the nodal agency for implementation of this policy.

In order to further boost the ecosystem and to make it more holistic and beneficial for the youth and entrepreneurs of the State, the Government has approved the Bihar Startup Policy, 2022. This policy also aims to broaden the coverage with an effective and faster implementation process.

Bihar Startup Policies and Incentives

The Bihar Startup Policy, 2022, is a comprehensive framework designed to bolster the State Startup ecosystem by providing a range of incentives and support mechanisms.

- Infrastructure Development: Common infrastructure spaces will be established either by the Government or through PPP models. This support will be available to Startups free of cost and on chargeable basis for specified periods as per the norms decided by the Bihar Startup Fund Trust.
- Assistance to enrol and participate in Acceleration Programs: Assistance up to INR 3 lakhs per Startup to enrol and participate in national/internationally recognised acceleration program.
- **3. Employability Enhancement:** Various skill development programs and Massive Online Open Classrooms (MOOCs) support workforce training and development.
- **4. Incubation Centres and Centres of Excellence (CoEs):** The establishment of these centres and laboratories focuses on emerging technologies and promotes innovation and collaboration between Startups and the private sector.

- **5. Co-Working Spaces:** Shared office spaces are offered to Information Technology (IT) firms in a transparent public-private partnership mode, fostering a professional work environment.
- **6. State Data Centre (SDC):** Ensuring data security, the Government is establishing a primary disaster recovery SDC with substantial capacity.
- **7. Fiscal Incentives:** The Government offers incentives for employment creation like 'work from home,' gig economy support, and quality certifications.
- 8. Startup Ecosystem Development: The State supports Startups with training, access to market reports, plug-and-play office spaces, a dedicated fund of funds, incubation centres, and technology-focused hackathons and workshops.

Highlights of Bihar Startup Ecosystem

Bihar has made huge strides in leading the growth of Startup ecosystem and culture. The following are a glimpse of the statistics claimed by the State during the SRF 2022 period:



350+ Startups provided Market access opportunities through Programs 20+

Programs in Schools and HEIs with ~1000 participating Students

INR 2+ Cr

Funding disbursed supporting Startups

10+ Active policies supporting the Startups

~50

Registered mentors to Support State Startups



20+ State supported Incubators functioning

The State of Bihar has a policy on Circular Economy

Key Initiatives Driving Growth

The Bihar State Government has introduced several key policy initiatives to boost its Startup ecosystem, such as:

- Startup Policy: A comprehensive policy framework that simplifies regulations, reduces compliance burdens, and offers technological incentives for Startups and investors.
- **Training Programs:** Embedded Entrepreneurship modules in high schools and universities, skill training, and vocational training institutes' curriculums/ programs. Education institutes are encouraged to introduce MOOCs as electives and make internships/apprenticeships mandatory.
- **Fund of Funds:** Financial assistance for setting up of new incubators (both physical and virtual) and expanding State supported incubators.
- **Incubation Centres:** Sector-specific incubation centres set up in the areas notified by the State Government.
- Bihar Innovation Hub: Provides- all services of an incubator including shared workspaces, professional business advisory/consultancy, access to funding, and support at the commercialisation stage including with networking, mergers and acquisitions, and valuation advisory.

Institutional Support

Introduction

Institutional Support focuses on the facilitation and execution of the State/UT's Startup policy through a comprehensive user-friendly portal and specific incentives provided by various Government stakeholders. This Reform Area focuses on paving way for easy access of information to Startups and ecosystem stakeholders.

It analyses whether a particular State/UT has a functional Startup portal offering singlewindow solutions for all Startup ecosystem stakeholders. A holistic Startup portal offers services ranging from Startup registration to an efficient grievance redressal mechanism having quick 30 days of query resolution. The Reform Area also emphasises institutionalised support provided to the Startups from various State/UT Government departments including that of government policies that are currently active for support to Startups.

The State Government aims to position Bihar as the most preferred destination for Startups and entrepreneurs by harnessing the potential of local youth through a supportive Startup ecosystem, fostering inclusive growth in the State.



Figure A: QR Code to Startup Bihar Portal

State Performance

10+ Active policies supporting the Startups The State has developed "Startup Bihar" portal (https://startup.bihar.gov.in/) which acts as the official website for all information relating to Startups in the State. Department of Industries is the nodal department for Startups in the State.Startups and entrepreneurs by harnessing the potential of local youth through a supportive Startup ecosystem, fostering inclusive growth in the State.



Figure B: Homepage of Startup Bihar Portal

The Startup Bihar portal offers the following function/ information:

- Bihar Startup Policy 2022
- List of CA Firm to Provide Services to Bihar Startup
- List of IT Companies to Provide Services to Bihar Startup
- Startup Cell and Incubator List
- Startup Recognition Rules
- Benefits and Funding Support
- Stakeholders in Startup Ecosystem
- Events

The State portal also has a dedicated option to capture the grievances of the users. The Startups already registered in Startup Bihar or unregistered Startups can raise such queries. The State Startup portal has complied with 11 out of 12 criteria for evaluation and provides easy access to information such as:

- 1. Details of State level approvals & clearances for Startup registration
- 2. Details of State Nodal Officer, Nodal Department and Dedicated team for Startups
- 3. Details of Dedicated Helpline or call centre number on Startup Portal
- 4. List of Incubators and Accelerators with contact details
- 5. Language Translation and website accessibility in local and official language
- 6. Details of Public Procurement relaxation for Startup on Portal
- 7. Details of availing Funding Support
- 8. Details of departments providing institutional support to Startups
- 9. Details of marketing, outreach, events, webinars in the State
- 10. Tracking of submitted applications
- 11. The portal is also accessible to Persons with Disabilities (PwD)

- 1. The State may include tab with information on the State Startup portal providing with list of mentors in the State along with their contact details
- 2. The State may add the functionality of Chatbot for Query or Grievance resolution on Grievance portal for quick resolution on basic queries or further reduce TAT of resolution.
- 3. The State may address requests or grievances or issues on provision to avail all types of funding, including seed funding, subsidised loans, government grants, sustenance allowance, debt or equity financing through incubators, venture funding, public procurement amongst others.
- 4. The State Government departments apart from Nodal Department may provide institutional support to Startups. The institutional support could be in the form of sustainable programs, hackathons, grand challenges, incubation support, funding support, venture funding, open data APIs, public procurement support and other sustainable programs.

Fostering Innovation & Entrepreneurship

Introduction

Fostering Innovation and Entrepreneurship, as the name of reform area suggests, seeks to encourage the spirit of innovation among aspiring entrepreneurs with a focus on student entrepreneurs, entrepreneurs from higher education institutions (HEIs) and women entrepreneurs. It focuses not only on the assessment of the total number of registered Startups in each State/UT, which is a direct result of the State/UT support but also on the regulatory reforms undertaken to support Startups in diverse sectors.

This Reform Area assesses the extent to which Higher Educational Institutes (HEIs) have been engaged in providing support to student entrepreneurs. It also highlights the value of innovation and entrepreneurship be it students or women. Furthermore, special focus has been drawn towards women-led Startups with specially tailored incentives and schemes to ensure equitable implementation.

The Bihar Startup policy aims to boost entrepreneurship education and careers among the youth and entrepreneurs through diverse programs.

State Performance





Programs undertaken in schools and HEI to encourage ~1000 students

More than 650 Startups from the State have been recognised during the period of consideration. More than 650 The State has conducted 20+ programs in schools and HEIs to support student entrepreneurs. These events were attended by close to 1000 students. Two such program conducted is briefly explained below:

Patna Science College Outreach Program for Students

The purpose of the program was to sensitise the college students about the significance of entrepreneurship and explain the benefits of the Bihar Startup Policy 2022. The State Startup team then conducted an 'On-spot Ideation Challenge', where students were given ten problem statements relevant to today's societal challenges to come up with innovative solutions for, as well as share their unique Startup ideas.

Additionally, the State plans to set up a functional Startup centre at the Science College that will cater to the needs of aspiring Startups in the college.



Figure C: Event picture from Patna Science College outreach program

Chandragupta Institute of Management Patna outreach program for students

The program was conducted with an objective to sensitise the college students about the significance of entrepreneurship and explain them about the Bihar Startup Policy 2022.

The Startup Support Unit (SSU) team conducted 'On-spot Ideation Challenge' for the students, where students were given ten problem statements relevant to today's societal challenge. Students were also opened to come up with their own ideas.

300+ students had appeared for the challenge. SSU team evaluated all the answers and selected top three ideas among them.



Figure D: Event picture from Chandragupta Institute of Management Patna outreach program

- 1. The State may consider analysis of its database of Startups to evaluate the Startups registered for five years and more.
- 2. The State may organise interaction events for students with successful entrepreneurs and industry experts. Students will get a chance to understand the real-world challenges and opportunities that exist in the Startup Ecosystem through these events.
- 3. The State may include the Startups and the students from HEIs in workshops with case studies on the latest rules, regulations, and acts to support the Startups in disruptive sectors and the effect of these rules on the ecosystem. Government departments could also be part of these workshops for effective knowledge dissemination.

4. The State may provide specific incentives to women-led Startups, which could be included in the Startup policy of the State. The incentives could include a monthly sustenance allowance for women-led Startups and others.

Access to Market

Introduction

This Reform Area seeks to encourage the State/UT Government to increase participation in the public procurement process for Startups and become an enabler in providing the opportunities to Startups in the domestic and international market. The States/UTs are evaluated based on their support to Startups through the organisation of showcase opportunities such as Demo-Day, Buyer-Seller Meet, National and International Events, and relaxation in criteria for Government work orders.

The aim is to steadily increase the number of work orders awarded to Startups by helping them be at par with the established players in their respective sectors.

The State Government of Bihar has relaxed Earnest Money Deposit (EMD) criteria to help Startups in the public procurement process. State has provided the facility of 100 percent exemption of EMD to Startups.

The Startup Bihar portal also provides a dedicated section of Market Access under the "Startup Ecosystem" tab. Users can find the information of the latest initiatives on the same.

State Performance



programs conducted to provide market access opportunity to 350+ Startups

► INR 4 Worth of work orders provided to Startups

The State has provided market access and showcase opportunities to 350+ Startups, through ~5 events conducted in form workshops and showcase days. One such event is briefed below:

Handloom Expo

From November-December 2022, the State organised a vibrant Handloom Expo at the Gandhi Maidan in Patna, marking a celebration of traditional artisanship. The event saw the participation from over 80 exhibitors, including innovative Startups eager to showcase their unique creations. The exhibition became a captivating display of creativity, featuring an array of handcrafted products such as sarees, bedsheets, handmade bags, textiles, shawls, suits, and various other apparel. Attendees had an opportunity to explore and appreciate the rich diversity of handloom products, from intricately woven khadi clothes to environmentally conscious sustainable bags.



Figure E: Event Picture from Bihar Handloom Expo

- 1. The State may give mandate to each State Departments and State PSUs to compulsorily procure a certain percentage of required goods or services from registered Startups.
- 2. More number of State Startups may be encouraged to participate in public procurement process by the State Government through sensitisation workshops.
- 3. The State Administration may undertake programs to connect Startups to Government departments as well to present case-wise solutions to the departments and promote procurement activities by them. These programs may be GeM workshops, Demo Days, Grand Challenges, Hackathons, Innovation Zones, Buyer-Seller meets, and corporate innovation programs. The informational programs conducted may be streamed on the Startup portal and online streaming platforms for wider reach.

Incubation and Mentorship Support

Introduction

Incubation and Mentorship support is provided to States/UTs in the form of financial and infrastructural support to Startups and State-supported incubators. The State/ UT Governments are initiating setting up of new incubators or in upgrading existing incubator facilities through various fiscal and non-fiscal incentives including conduction of acceleration programs across State/UTs. This Reform Area also aims at ensuring proportionate utilisation of the incubation capacity of the State-supported incubators.

The support provided by the State/UT to the incubators through programs and incentives will in turn help Startups in scaling up and thereby, contribute to the growth of the State/UT Startup ecosystem. The Reform Area measures efforts by the State/UT Government in facilitating mentorship to Startups. This has been assessed by the number of Startups benefitting from the State/UT network of mentors.

The State understands the importance of Incubation Centers for Startups. The Bihar Startup Policy 2022 lays down the financial assistance for setting up of new incubators (both physical and virtual) and expanding State supported Incubators.

Bihar has also launched Bihar Hub (B-Hub)², which is a premier co-working space in Patna for Startups. It provides access to the latest technology, mentors, investors, customers and Government agencies and also curates online and offline exclusive events for business development. Startups can also register to one-to-one mentorship programs on the B-Hub website.

State Performance





Bihar has a strong incubation process with various incubators and has previously collaborated with various institutions for establishing some of these centres.

Amity University Patna (Amity Innovation & Incubation Centre (AIIC))

The AIIC has more than 3000 square feet of space available for the promotion of innovation and incubation in the brainstorming and research and developments processes.

Incubated companies are provided with industry equivalent office facilities that consists of desks, chairs, PCs with OS and basic software, white boards, pin pads, and industry standard electrical and network connections.

Startups are also provided with state-of-the-art laboratories for electronic system design and prototyping, Printed Circuit Board (PCB) prototyping and assembly, and testing and calibration. They are also provided with state-of-the-art studios and production control rooms for promotional and branding activities, online and digital library access, and access to service providers (legal, audit, IP, etc.).

- 1. The State may set up more incubators to guide young entrepreneurs. The State may also explore the possibility of virtual incubation as well.
- 2. The State may organise acceleration programs and work on increasing the reach of these programs. The State may enhance the reach of workshops by leveraging the virtual format. The State may take advantage of the virtual format to connect with stakeholders outside the State as well as internationally.
- 3. The State may further expand the mentorship network to include experts from the relevant sectors, including industry experts, corporates with experience in the required field, people from the financial sector with funding experience, and successful entrepreneurs.
- 4. The State may maintain a list of sector-wise registered mentors. This information could be available through the State Startup portal.

Funding Support

Introduction

All Startups require timely availability of funding for their growth. This Reform Area encourages various State/UT Governments to establish either new Seed or Venture funds or Fund of Funds for Startups or continue supporting the existing ones. It also focuses on the access to these funds established by the State/UT Government.

A special emphasis has been given to State-supported initiatives and programs to mobilise the private investments into Startup ecosystem by connecting Startups with investors such as workshops, networking events and pitching sessions.

The Government of Bihar has setup the Bihar Startup Fund Trust (BSFT) for various purposes. The State for allocated INR 50+ Cr for the promotion and upliftment of Startups of Bihar.

State Performance



Funding disbursed supporting Startups

Funding support will be provided by State Government to Startups at various stages of their business cycles.

Validation Stage: A seed grant of up to INR 10 lakhs per startup as interest-free loan for 10 years will be provided to startups.

Commercialisation Stage

A. Early-Stage Funding Support

- Free of cost valuation for Startups.
- Facilitate access to angel investors.

- A success fee of 2% of the investment will be provided to Startups for mobilising investments from State-registered angel investors towards early-stage funding.
- Financial assistance up to an amount equal to the one invested in Startups by the Angel Groups and Category- I Alternate Investment Funds may be given as a loan to the Startup. The rate of interest and terms and conditions of the loan will be notified by the Startup Monitoring and Implementation Committee (SMIC) from time to time.
- Assistance of up to INR 3 lakhs per Startup will be extended to enrol and participate in national/international recognised acceleration program.

B. Scale-up Funding Support

- The SMIC may participate in Securities and Exchange Board of India (SEBI) registered AIFs (Alternate Investment Funds) and Venture Capital (VC) Funds. The Venture Capital Fund will invest at least 50% (i.e., equal to twice the contribution made by a trust in the VC Fund) in Startups located in Bihar.
- SMIC will facilitate listing and the public issue of Startups in collaboration with national level stock exchanges such as BSE and NSE.

C. Zero Cost for filing patents - Domestic and Foreign

To encourage the registration of IPRs (Intellectual Property Right) by Startups and provide facilitation support for protection and commercialisation of IPRs the State Government will bear all costs associated towards filing domestic patents and also provide additional financial assistance in form of reimbursement for awarded foreign patents towards filing fees.



Figure F: Additional incentives to SC/ST /Women-led/Differently abled Startups

Way Forward

- The State may ensure that it offers funding assistance to more startups by setting up a dedicated fund or through incentives such as lease rental assistance, utilities tariff assistance, subsidised incubation and patent reimbursement.
- The State may offer the option of applying for the fund from the portal to Startups
- The State Government may maintain an online dashboard by integrating it into the State Startup portal containing details of funding sponsored or supported by the Government.
- The State may organise events, conferences dedicated to outreach related to funding with discussions on funding opportunities and processes and to connect Startups with funds as well as investors.

Capacity Building of Enablers

Introduction

Capacity building of key stakeholders and enablers is essential for driving the growth of the entire Startup ecosystem. It is vital to provide necessary information to the key ecosystem facilitators to enable Startups with the opportunity to contribute to Government initiatives.

This Reform Area assesses sensitisation workshops, programs conducted for Government officials, and workshops conducted to train State-supported incubators. It also focuses on the capacity development of potential private investors to encourage local private investments.

The Government of Bihar has conducted various workshops for the sensitisation of various potential investors on the Startup ecosystem in Bihar and India.

State Performance



Potential investors sensitised through programs

The State has organised programs to sensitise 200+ potential investors about the start ecosystem. On such programs submitted is the Bihar Investors' Meet.

Bihar Investors' Meet 2022 was organised by the State Department of Industries on 29 September 2022 at the Chief Minister's Office in Patna to showcase Bihar as an emerging industrial hub in India.

More than 75+ corporates such as Adani Logistics, Micromax Biofuels, Sun Mobility, ITC, Anmol Feeds, and IDEE, who have interest and intent of investing in Bihar attended the event. During the Meet, a presentation was made on investment opportunities for the potential investors by the Principal Secretary.



Figure G: Bihar Investors Meet 2022

- 1. The State may conduct monthly virtual programs spread across various districts to sensitise potential investors on investment in Startups.
- 2. The State Government may hold quarterly sensitisation workshops for various Government departments and officials to encourage them to interact with Startups and to understand their concerns.
- 3. The State may train State-supported incubators through capacity development workshops by collaborating with incubators from other States to explore mutual learning opportunities.

Roadmap to a Sustainable Future

Introduction

Roadmap to a Sustainable Future sought to encourage the spirit of innovation in rural Startups, and at the same time focus on sectors like renewable energy, sustainability, and climate change with an emphasis given to Startups working on Circular Economy.

The aim is to steadily increase the number of Startups working in the space of renewable energy and sustainability and follow India's direction of attaining a more inclusive and greener world.

State Performance

The Government of Bihar formulated and notified the Ethanol Production Promotion Policy in 2021. This policy aims to make ethanol manufacturing in the State more attractive to potential investors, defining the Government's mission to augment the development of the ethanol manufacturing industry.

Bihar Ethanol Policy³

This policy aims to achieve the following objectives for the overall growth and development of green-field 100% Ethanol manufacturing industries in the state:

- To allow production of Ethanol from all feedstocks permitted under the National Policy on Biofuels 2018 and by the National Biofuel Coordination Committee.
- To promote, facilitate, and financially incentivise investments in fuel-grade standalone green-field Ethanol manufacturing units in Bihar by instituting an enabling environment and offering fiscal incentives.
- To increase incomes of farmers producing feed-stock and raw materials which may be used for Ethanol manufacturing.
- To create local employment opportunities through the promotion of new Ethanol industries.

The quantum of capital subsidy under this policy will be 15\% of the cost of plant to a maximum of INR 5 Cr.

³https://state.bihar.gov.in/industries/cache/26/24-Mar-21/SHOW_DOCS/circular-gov-757-dtd-17-03-21.pdf



- 1. The State may develop a clear definition of Startups which qualify as working in the field of sustainability, renewable energy, climate change and circular economy may be established as an amendment to the Startup Policy.
- 2. The State may develop specific incentives for the Startups working in the field of rural impact, sustainability, renewable energy, climate change and circular economy and consider amending any existing policy or incentive for Startups in the State to support these Startups.
- 3. The State may undertake sensitisation workshops with Startups, Incubators and other stakeholders in the field of sustainability, renewable energy, climate change and circular economy.

4. The State may look at developing a separate parameter for "Social Impact", under which a Startup promotes a product or service that is based in a rural area as well as related to sustainable practices, renewable energy, circular economy and climate change.



Annexure

List of Figures

Figure A: QR Code to Startup Bihar Portal
Figure B: Homepage of Startup Bihar Portal
Figure C: Event picture from Patna Science College outreach program
Figure D: Event picture from Chandragupta Institute of Management Patna outreach program
Figure E: Event Picture from Bihar Handloom Expo
Figure F: Additional incentives to SC/ST /Women-led/Differently abled Startups
Figure G: Bihar Investors Meet 2022
Figure H: Bihar Ethanol Policy Poster

Abbreviations

Gross Domestic Product (GDP) Massive Online Open Classrooms (MOOCs) Centres and Centres of Excellence (CoEs) Information Technology (IT) State Data Centre (SDC) Persons with Disabilities (PwD) Printed Circuit Board (PCB) Startup Support Unit (SSU) Higher Educational Institutes (HEIs) Earnest Money Deposit (EMD) Bihar Hub (B-Hub) Amity Innovation & Incubation Centre (AIIC) Bihar Startup Fund Trust (BSFT) Startup Monitoring and Implementation Committee (SMIC) Securities and Exchange Board of India (SEBI) Alternate Investment Funds (AIFs) Venture Capital (VC)



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24

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