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STATES' STARTUP RANKING 2021

BIHAR

Emerging Startup Ecosystem

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States' Startup Ranking 2021 Results

Bihar has participated in all 26 Action Points under the Startup Ranking Framework 2020. The status of Bihar's performance in each of the Reform Area has been graphically represented below. Data presented 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 19th percentile in 'Institutional Support' Reform Area, this implies that the State has scored higher than 19% of the participating States/UTs in that Reform Area.

19th	2nd	0	0
Institutional Support	**Fostering Innovation and Entrepreneurship***	**Access to Market**	**Incubation Support**

0	0	20th
Funding Support	**Mentorship Support**	**Capacity Building of Enablers**

Bihar has been evaluated across seven Reform Areas that have a significant contribution towards propelling the startup ecosystem in the State. The State has shown improvement in providing 'Institutional Support', and 'Capacity Building of Enablers' to startups. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem are discussed in the subsequent sections.

*The evaluation has been done on submissions made by States/UTs and data available with Startup India, DPIIT.

Bihar Startup Ecosystem

1.1 Introduction

The State of Bihar is rapidly progressing on the track of development by incentivizing sectors such as Information Technology and renewable energy. The State has a large base of cost-effective industrial labour, making it an ideal destination for a wide range of industries (refer to Figure A for some achievements of Bihar startup ecosystem).

The Bihar Startup Policy, 2017 aims to unlock the innovation potential of the State. This has been envisioned to the effect of accelerating Gross State Domestic Product (GSDP) growth, contributing to the creation of jobs, and rejuvenating the next wave of economic growth in the State (refer to Figure B for the pillars of the Bihar Startup Policy 2017).
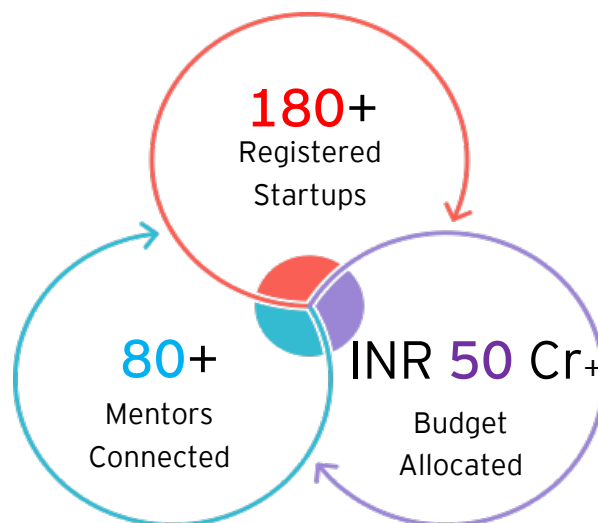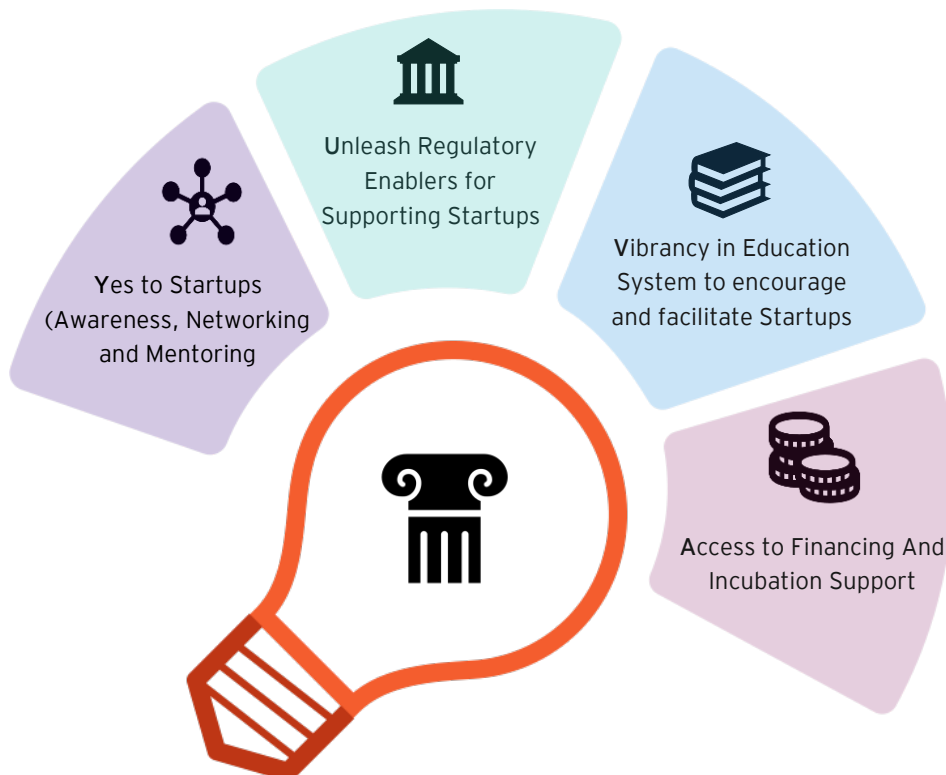
Figure A: Achievements of Bihar Startup Ecosystem

180+
Registered Startups

80+
Mentors Connected

INR 50 Cr+
Budget Allocated

Figure B: YUVA - Pillars Of Bihar Startup Policy 2017

Unleash Regulatory Enablers for Supporting Startups

Yes to Startups (Awareness, Networking and Mentoring

Vibrancy in Education System to encourage and facilitate Startups

Access to Financing And Incubation Support

These pillars aim at promoting the State startup ecosystem in the following manner:

Yes to Startups (Awareness, Networking, and Mentoring Campaign)

- ❖ Promoting awareness programs like "Udyami Bihar, Samridh Bihar Campaign" and facilitating networking platforms for startups
- ❖ Assistance for Idea Development by setting up of Entrepreneurship Development Cells in divisional towns and Nagar Nigam(s), setting up of Entrepreneurship Facilitation Centres at Educational and Professional Institutes

Unleash regulatory enablers for supporting startups

- ❖ Setting up a comprehensive one-stop portal for the startup ecosystem in Bihar
- ❖ Optimizing regulatory framework by minimizing inspection and encouraging self-certifications

Vibrancy in the education system to encourage and facilitate startups

- ❖ Embed entrepreneurship modules across the schools, universities, skill training, and vocational training institutes' curriculums/ programs
- ❖ Creation of Entrepreneurship Facilitation Centres in professional institutions to guide and assist students to pursue entrepreneurship
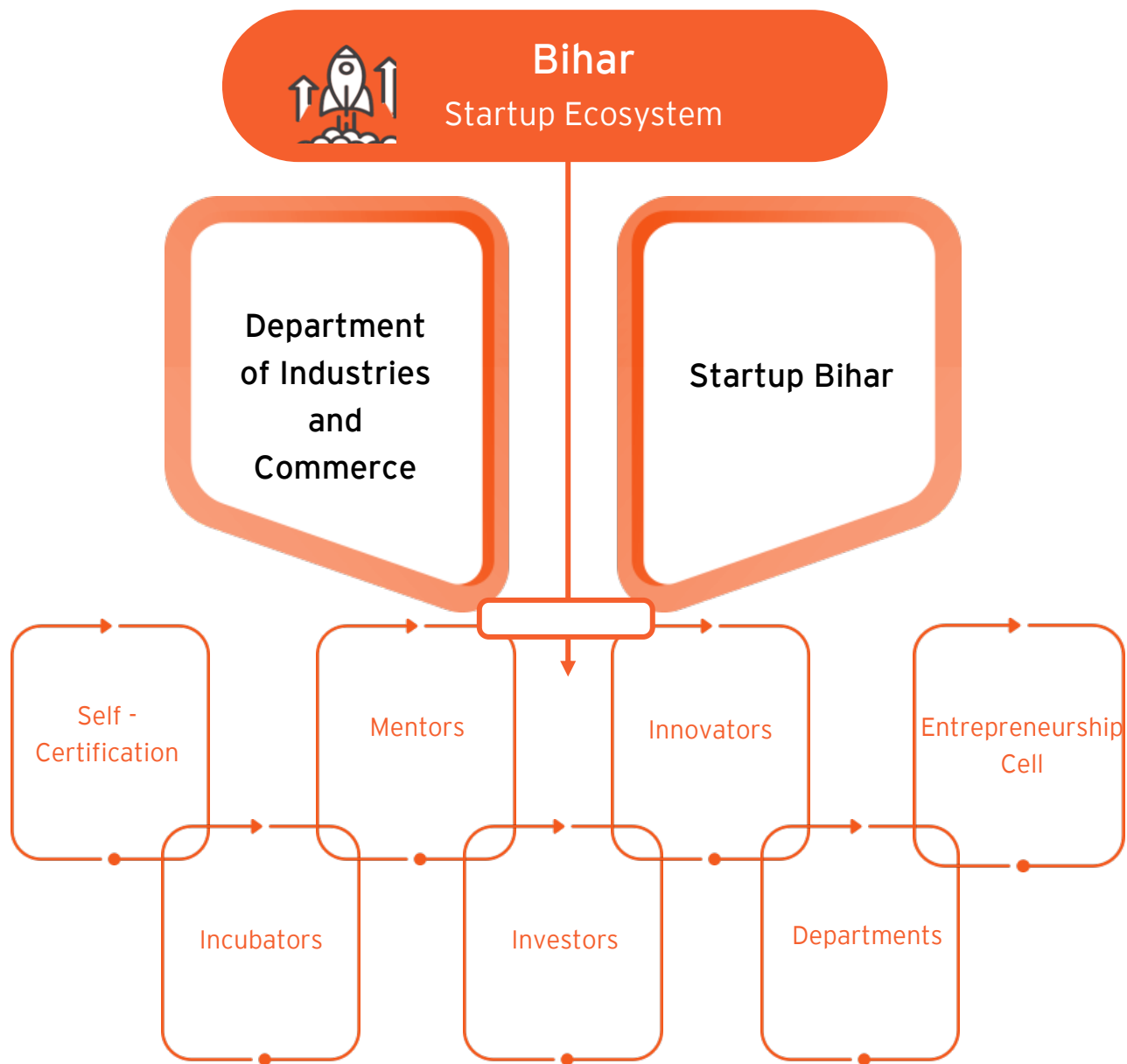
Access to financing and incubation support

- ❖ Facilitating incubation centres for startups through fiscal incentives to State-supported incubators

The nodal department for the startups in Bihar is the Department of Industries and Commerce (refer to Figure C for the key stakeholders of the Bihar Startup Ecosystem).

Figure C: Flowchart of Bihar Startup ecosystem

Bihar | Emerging Startup Ecosystem

1.2 Highlights of Bihar Startup Ecosystem

Bihar is on its way to strengthening the startup ecosystem of the State. The State has conducted workshops as well as introduced schemes to promote startups in the State.

Bihar Entrepreneurship Summit 2020

Bihar Entrepreneurship Summit (BES) is a carnival of entrepreneurs. It is an annual feature organized by the Bihar Entrepreneurs Association, in collaboration with the Department of Industries, Government of Bihar. It is an effort to bring youth to the manufacturing industries and utilize their potential as entrepreneurs in Bihar

Bihar Chief Minister Mahila Udyami Yojana

In the spirit of promoting women entrepreneurs, the Government of Bihar has launched Bihar Chief Minister Mahila Udyami Yojana. Through this scheme, financial assistance of **INR 10 lakh** will be provided to the women entrepreneurs. A budget of **INR 400 Crore** has been allocated to this scheme

Figure D: Snapshot of Bihar Chief Minister Mahila Udyami Yojana on the Department of Industries Website

Reform Area Wise Assessment

2.1 Institutional Support

Institutional Support focuses on the execution and facilitation of the State/UT's startup policy through a comprehensive portal and specific incentives provided by various Government stakeholders. This Reform Area focuses on the access to information for startups on the State-supported initiatives. It analyzes whether a particular State/UT has a functional startup portal offering single window solutions for all startup ecosystem stakeholders. A holistic startup portal offers services ranging from startup registration to an efficient grievance redressal mechanism in making information accessible and inclusive through the functionality of local languages. A special focus has been drawn towards women-led startups with specially tailored incentives and schemes to ensure equitable implementation. The Reform Area also emphasizes institutionalized support provided to the startups from various State/UT Government departments.

2.1.1 Key Initiatives

Startup Bihar (startup.bihar.gov.in) is the official website for all information relating to startups in the State (refer to Figure F). The Department of Industries, Government of Bihar is the nodal department for startups.

Bihar Startup Policy 2017 presents a comprehensive outlook by promoting startups and innovations at the district level. The policy also aims to encourage entrepreneurship through education by introducing learning modules in the university/schools, MOOC (massive open online courses).

Figure E: QR Code for Startup Bihar portal

Figure F: Homepage of the Startup Bihar portal[1]

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[1] "Homepage", *Startup Bihar* http://startup.bihar.gov.in/ accessed 02 March 2022

Startup Bihar, a comprehensive startup portal, includes information such as:

1. State Startup Policy
2. Information on Nodal Department and team
3. Dedicated helpline for startups
4. List of incubators and procedures to connect

The Government of Bihar has supported women-led startups in the State by identifying women entrepreneurs and providing fiscal incentives under the Bihar Startup Policy 2017.

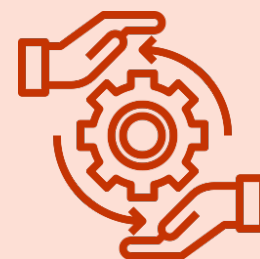Figure G: Snapshot of a meeting on Women Entrepreneurs in Bihar

More than **20 women entrepreneurs** supported by Startup Bihar

The Government of Bihar has collaborated with Bihar State Electronics Development Corporation Ltd. to provide incubation support in terms of free office space to startups under Startup Hub.

Invest IT Bihar

This campaign aims at encouraging investors and entrepreneurs to invest in the IT sector of the State. The Government will provide rent-free IT/ITeS and ESDM-based office space with the goal of creating jobs for the youth of the State. Under this campaign, world-class facilities and state-of-the-art infrastructure will be provided to the entrepreneurs.

2.1.2 Way Forward

The State may prioritize actions in four categories viz. Policy Intervention, Digital Infrastructure, Handholding Support, and Capacity Development to further strengthen the startup ecosystem.

The State may undertake actions in the following manner:

Policy Intervention[2]

❖ The State may conduct startup-specific awareness programs and design policies and schemes along with relevant orders to encourage other departments to provide institutional support to startups.

❖ The other departments of the State may notify the important and recurring events for startups from their departments on the State startup portal. This engagement can encourage increased participation from startups and leverage the collaborated efforts of the entire startup ecosystem.

Digital Intervention[3]

❖ Startup Bihar provides information on the startup ecosystem of the State. The State may provide details of State-level approvals and clearances mandated for a startup to make the startup portal holistic. The startup portal may also include rules the State might have introduced or amended to provide support to startups.

❖ Further, the State may provide a step-by-step manual to help startups understand the startup policy of the State as well as how to register on the portal. The State startup portal can provide important information on funding and public procurement, explaining the eligibility requirements and procedure for key topics such as reimbursement of patent registration expenses and incentives for startups with grassroot/rural impact.

❖ In the spirit of inclusivity, the State may explore the provision of language translation of the State startup portal. The State startup portal may be available in a local language such as Hindi to expand its reach.

❖ The State startup portal includes the provision for grievance redressal. The State may provide details on the procedure or mechanism for startups to raise grievances on the portal. The State may develop a web page for issue-based support and handholding of startups and entrepreneurs.

❖ The State startup portal can be developed to include a mechanism for startups to submit requests or grievances on topics such as incubation support, intellectual property rights, and regulatory issues.

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[2] *Policy Intervention – Actions that involve policy-related engagement by the State*
[3] *Digital Infrastructure – Actions that involve improvement or enhancement for access to information by the State on the public domain to support startups*

2.2 Fostering Innovation and Entrepreneurship

Fostering Innovation and Entrepreneurship seeks to encourage the spirit of innovation among aspiring students and rural 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 disruptive 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 through disruption and promotes State-supported technological disruption to help drive innovation.

2.2.1 Key Initiatives

Bihar has conducted close to 30 programs in HEIs to promote entrepreneurial spirit and support student entrepreneurs. Some of these programs are:

More than **700 students** received support through these programs

- **Knowledge sharing** for budding entrepreneurs with **YEN 2020**
- **Design Thinking, Human centred Innovation and Sustainable Development**
- Youth & Entrepreneurship - **An Approach for Self-Reliance**
- **eYouthscape** - Startup Bihar

2.2.2 Way Forward

The Government of Bihar may prioritize the following actions to further strengthen the startup ecosystem in the State.

Policy Intervention

- ❖ The State Government departments may formulate policies to support disruptive technologies to promote the startup ecosystem. The State can work on the inclusion of disruptive areas such as the Internet of Things, Artificial Intelligence, robotics, Machine Learning, blockchain, etc. in its policy development.

- ❖ Further, to facilitate startups with the adoption of disruptive technologies the State can look at providing a "digital upscaling subsidy" where the State can provide a one-time subsidy for the procurement and up-gradation of high-end electronic equipment.

- ❖ The Bihar Startup Policy 2017 emphasizes establishing Entrepreneurship Development Cells in divisional towns and Nagar Nigams. This can be achieved by steering focus on grassroot and local innovation. The State may formulate a policy or intervention targeted to identify and incentivize these innovations.

- ❖ The State can look at developing a separate parameter for "Social Impact", under which a startup either promotes a product that relates to the State's ethnicity or promotes a product or service that is based in a rural area. A dedicated grant-in-aid scheme for such entrepreneurs can be curated with an emphasis on creating a platform for constantly innovating and encouraging newer ideas.
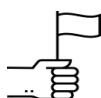
Digital Infrastructure

- ❖ The State may consider designing an effective online mechanism for registering startups either at the State level or through DPIIT to help the startups in availing relaxations/benefits available at the State and the Central level.

- ❖ The State may maintain documentary details of programs conducted to promote the startup ecosystem. This can be showcased on the State startup portal for knowledge dissemination.

2.3 Access to Market

This Reform Area seeks to encourage the State/UT Government to ease participation in the public procurement process for startups and become an enabler in connecting startups with private stakeholders. The States/UTs are evaluated based on the support provided by them to startups through the organization of showcase opportunities such as Demo-Day, Buyer-Seller Meet, National and International Events, and relaxation in rules 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.

2.3.1 Key Initiatives

The State has conducted several programs to increase the participation of startups in the public procurement process. Some of these programs are -

Convergence India Expo	Webinar on Public Procurement

Convergence India Expo

The expo brings together the latest technology innovations and trends from the telecom and mobile industry, information technology and security, broadcast and digital media, as well as emerging technologies and enterprise solutions under one roof. Conducted on March 2021, this expo provided an opportunity for industry leaders and influencers to discuss the latest trends and disruptions impacting various industry verticals.

2.3.2 Way Forward

The Government of Bihar may prioritize the following actions to further strengthen the startup ecosystem in the State.

Policy Intervention

❖ In order to encourage startups to participate in public procurement, the State can introduce policy measures providing relaxation to startups. To this effect, the State may explore the possibility of introducing relaxations in connection with procurements from startups registered in the State wherein a certain percentage of the total procurement by the State Government departments is reserved for startups**.**

❖ The State may exempt startups from the criteria of minimum turnover requirement while participating in the public procurement process. Relaxation of the condition of prior turnover and prior experience can be given, subject to the meeting of quality and technical specifications. Furthermore, exemptions can be extended to startups from submission of Earnest Money Deposits (EMD) while participating in Government tenders.

❖ The State may connect startups to the Government e-Marketplace (GeM) portal to increase market access.

Capacity Building[4]

❖ For connecting startups with relevant Government departments, the Government can conduct programs across the State. The different kinds of programs can be GeM workshops, demo days, grand challenges, hackathons, innovation zones, buyer-seller meets, and corporate innovation programs.

❖ The State may conduct programs to include local entrepreneurs and focus on local solutions to resolve State-specific challenges. The scope of such programs can be extended to include market access opportunities for local products. All such informational programs conducted can be recorded and made available on the Startup Bihar website for knowledge dissemination.

❖ The startups can be given a product showcase opportunity where the startup can demonstrate their offerings to various national and international buyers. The State may conduct events like the 'Bihar Innovation Fair', which showcases products made by private craftsmen and local entrepreneurs. Such programs specifically meant for startups can be conducted.

❖ In order to extend the reach of its programs, the State may leverage virtual format for holding seminars and discussions. To this effect, the State can connect with stakeholders outside the State as well as outside the country.

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[4] *Capacity Development – Actions that involve support extended by the State to conduct programs and workshops for ecosystem stakeholders.*

2.4 Incubation Support

Incubation support is provided in the form of financial and infrastructural support to startups and State-supported incubators. The State/UT Governments have been supporting incubators to set up or upgrade existing facilities through funds and incentives to enhance the incubation infrastructure. This Reform Area also aims at ensuring proportionate utilization 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.

2.4.1 Key Initiatives

Bihar has a strong incubation process with close to 15 active incubators with a total capacity to accommodate more than 150 startups. The State has provided monetary support to set up new incubation centres across the State.

2.4.2 Way Forward

The State may prioritize the following actions to further strengthen the startup ecosystem in the State.

Handholding Support[5]

❖ The possibility of virtual incubation in existing incubators can be explored by the State and new virtual incubators can be set up across the various districts of the State. This will help in addressing the need for incubation of startups from different sectors across the State.

❖ Additionally, support to new incubators can be provided in the form of (a) one-time capital assistance (b) 100% reimbursement of Stamp Duty and Registration Fee paid (c) Power tariff subsidy (d) 100% reimbursement for electricity duty paid for 5 years continuously with power tariff subsidy.

❖ Further, the State can explore the possibility of developing its State startup portal in a way that startups could connect with incubators through a dedicated incubator dashboard.

❖ Framing Key Performing Indicators for incubators enables them to make better decisions and gives them direction. Capacity utilization is an important metric for assessing the performance of the incubators. The existing incubators can be upgraded to further increase their capacity.

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[5] *Handholding Support – Actions that involve States to improve provisions under access to market, incubation support, mentorship support for startups.*

Capacity Building

❖ The State may conduct acceleration programs across districts within the State in a phased manner. In order to extend the reach of its programs, the State can leverage virtual format for holding seminars and discussions. In this way, the State could connect with stakeholders outside the State as well as outside the country.

2.5 Funding Support

All startups require timely availability of funding for their growth. This Reform Area encourages various State/UT Governments to establish either Seed or Venture funds or Fund of Funds for startups. It also focuses on the access to these funds established by the State/UT Government. A special focus has been given to initiatives and programs undertaken for connecting startups with private investors through workshops, networking events, pitching sessions, and investor networking events.

2.5.1 Key Initiatives

Under the Bihar Startup Policy 2017, the State has established a Seed Fund to provide financial assistance to startups.

Seed Fund

- ❖ The Fund is sponsored by the Department of Industries. Seed Funding is financial assistance provided to startups to develop a prototype product and generate sufficient investor interest for subsequent rounds of funding.

- ❖ A Seed Grant up to **INR 10 Lakhs** per startup as interest-free loan for 10 years shall be provided to startups. Funding to startups is approved by Bihar Startup Trust Fund.

- ❖ An amount equal to 5% of the seed grant is contributed by the Incubatee into the startup.

Close to **INR 50 Crore** has been allocated to the Seed Fund

The State has conducted several programs to connect startups with private funds or investors. One such program is:

Demo Day

VenturePark, a business incubator under the aegis of the Bihar Industries Association organized this program for its select incubatees so that they may receive funding support. This program was attended by more than **10 investors** and **startups**. Startups got the opportunity to present their entrepreneurial ideas.

2.5.2 Way Forward

The State may prioritize the following actions to further strengthen the startup ecosystem in the State.

Digital Infrastructure

❖ The State may develop an online mechanism for the disbursement of funds ensuring transparency and easing the process of tracking the transactions.

❖ The State Government may maintain an online dashboard by integrating it with the State startup portal containing details of funding sponsored or supported by the Government.

Capacity Building

❖ The State may conduct quarterly events and programs to spread awareness of the funding opportunities available to startups. These programs can become the platform for connecting with angel investors and High Net worth Individuals. These programs can also guide startups on pitch presentations and the various kinds of fundraising options available.

2.6 Mentorship Support

Mentorship support provided by States/UTs is a crucial factor in the growth of startups that do not have the means and network to find such guidance on their own. Mentors can be from business schools providing support in terms of marketing, finances, product, international expansion, fundraising, legal, etc. They can also be founders of established businesses or academic researchers. 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's/UT's network of mentors and the time spent by the startups with mentors.

2.6.1 Key Initiatives

One of the key objectives, as highlighted in the Bihar Startup Policy 2017, is to provide startups access to a mentorship network. The State has provisions to connect startups with mentors through the State startup portal. Any startup founder or entrepreneur can connect with the respective mentors with the contact details displayed on the portal.

Figure H: Details of Mentors available on the Startup Bihar website[6]

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[6] "Mentors", *Startup Bihar website* http://startup.bihar.gov.in/Mentors.aspx accessed 02 March 2022
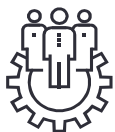
2.6.2 Way Forward

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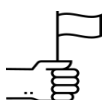
Handholding Support

❖ The State has an established network of mentors. The State may further engage and connect with mentors outside the State, at the national as well as the international level.

❖ The option for virtual mentorship through video calls may be explored to learn from other national and international experiences.
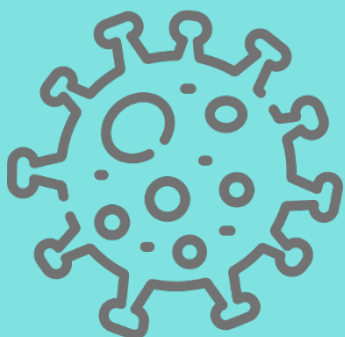
2.7 Capacity Building of Enablers

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 sensitization 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.

2.7.1 Key Initiatives

The Government of Bihar has conducted close to 20 workshops for sensitization of officials of State Government departments on the startup ecosystem of India. Various Government departments have participated in these workshops including the Department of Agriculture, the Department of Information Technology and many others. One such workshop was:

More than **700 Government officials were sensitised** on the startup landscape in the State

COVID care for children and mothers during COVID 19

The workshop was about care, precautions and steps to be taken during COVID 19 to prevent it. This session was organised by AIC-Bihar Vidyapeeth. This one-day session was conducted physically and was attended by close to **80 Government officials** from the Department of Agriculture.

The State may prioritize the following actions to further strengthen the startup ecosystem in the State.

Capacity Building

❖ The State may increase the reach of the various workshops in terms of the number of districts covered. With the pandemic offering the opportunity for virtual programs, this route can be explored by the State to reach out to all the districts of the State.

❖ The State may train State-supported incubators through capacity development workshops by collaborating with incubators from other States to explore mutual learning opportunities. This training can be conducted by industry experts to mitigate operational and functional impediments.

❖ For capacity development of incubators, the State may cover topics related to Intellectual Property Rights, business incubation models (which can be sector-specific), designing programs for startups, setting up virtual incubation services, and incubator management training.

❖ The State may conduct monthly virtual programs spread across various districts to sensitize potential investors on investment in startups. These programs can be knowledge sharing sessions, one-on-one interactions to facilitate investor connect, basics of angel investment, and exit opportunities for angel investors. With the pandemic affecting investment spirit, these programs may be designed to channel investment from within the community.

❖ The State may document the details of the workshops and programs conducted in terms of the record of discussion and detailed participation records of the stakeholders. This might aid the process of record-keeping and documentation of the number of initiatives undertaken by the government in an endeavour to showcase efforts on the official website.

List of Figures

List of Abbreviations

BES — Bihar Entrepreneurship Summit

EMD — Earnest Money Deposit

ESDM — Electronic System Design and Manufacturing

GeM — Government e-Marketplace

GSDP — Gross State Domestic Product

HEI — Higher Education Institute

IT/ITeS — Information Technology/Information Technology enabled Services

MOOC — Massive Open Online Courses

QR — Quick Response

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