

# Rise of Startups in West Bengal

Yogendra Kumar Prasad

*Dept. of Commerce, Kalimpong College*

**Abstract-** This study examines the rise of the startup ecosystem in West Bengal, analyzing its growth, contributing factors, and the challenges faced by entrepreneurs. The research aims to understand the dynamics of this emerging ecosystem, providing insights into its current state and future potential. It utilizes a mixed-method approach, combining a review of existing literature, statistical data analysis, and an overview of key government and private initiatives. The findings indicate a significant increase in the number of startups, particularly in Kolkata, fueled by government policies and a growing pool of skilled talent. However, the ecosystem continues to face obstacles such as limited access to funding and a need for further infrastructural development. The study concludes with suggestions for fostering a more robust and sustainable startup environment in the state.

## INTRODUCTION

West Bengal, once a bastion of traditional industries, is now witnessing a remarkable transformation with the burgeoning of a vibrant startup ecosystem. This shift is driven by a new generation of entrepreneurs who are leveraging technology and innovation to address market gaps and create new business opportunities. The state's strategic location, a large talent pool from reputable educational institutions, and a supportive government policy framework are key drivers of this growth. This paper explores the journey of this ecosystem, its current status, and the road ahead.

## REVIEW OF LITERATURE

Narendra Modi (2016) [1] stated that, the Startup India is a revolutionary scheme that has been started to help the people who wish to start their own business. These people have ideas and capability, so the government will give them support to make sure they can implement their ideas and grow. Success of this scheme will eventually make India, a better economy and a strong nation. Grant Thornton (2016) [2] define, the startup business as an organization which is an entrepreneurial venture/a partnership or a temporary business organization engages in development, production or distribution of new

products/services or processes. Institute for Business Value (IBV) (2018) [3], India is booming with young entrepreneurs and start-ups but more than 90 per cent of start-ups in the country are failed because of, lack of innovation, non-availability of skilled workforce and insufficient funding are the main reasons for the high rate of failure. Nipun Mehrotra (2018) [4], "The Indian start-up community, ranked third globally in terms of number of start-ups, has been creating new job opportunities and attracting capital investment. We believe that start-ups need to focus on societal problems, including healthcare, sanitation, education, transportation, alternate energy management and others, which would help deal with the issues that India and the world face. These require investments in deep technology and products which are built to scale globally.

## STATEMENT OF THE PROBLEM

Despite the notable growth in recent years, the startup ecosystem in West Bengal, particularly in Kolkata, still lags behind other major Indian startup hubs. The core problems are:

- **Limited Access to Funding:** While some startups have secured funding, the overall investment landscape is not as mature as in cities like Bengaluru or Gurugram.
- **Brain Drain:** The perception of better opportunities in other cities often leads to a migration of skilled talent, which can hinder the growth of local startups.
- **Infrastructural and Regulatory Hurdles:** Startups may face challenges related to inadequate infrastructure and complex bureaucratic processes.

## OBJECTIVES OF THE STUDY

The primary objectives of this study are:

1. To analyze the growth trajectory of startups in West Bengal from 2019 to the present.
2. To identify the key drivers contributing to the rise of the startup ecosystem in the state.

3. To examine the major challenges and obstacles faced by entrepreneurs.
4. To evaluate the effectiveness of government policies and institutional support in promoting startups.
5. To provide actionable suggestions for further strengthening the ecosystem.

## RESEARCH DESIGN & METHODOLOGY

This study adopts a descriptive research design to provide a comprehensive overview of the startup ecosystem in West Bengal. The research is based on a mixed-method approach, combining:

- **Secondary Data Analysis:** Data was collected from various sources, including government reports (DPIIT), startup ecosystem indices (StartupBlink), academic journals, and reputable news articles. This data includes the number of registered startups, funding statistics, and sectoral distribution.
- **Review of Literature:** A systematic review of existing academic papers, research reports, and policy documents was conducted to establish a theoretical framework and understand the historical context.

The data and information gathered are used to paint a detailed picture of the current startup landscape, identify trends, and formulate a well-rounded analysis.

## MAIN STUDY

The West Bengal startup ecosystem has been on a positive growth trajectory, largely centered around Kolkata. According to a recent report, Kolkata ranks among the global top 200 startup cities, with a significant annual growth rate. The number of DPIIT-recognized startups in West Bengal has seen a fourfold increase since 2019, with over 5,240 recognized startups as of early 2024. This growth is not uniform across all sectors, with industries like foodtech, fintech, e-commerce, and healthtech showing particular promise.

Notable startups that have emerged from the state include Wow! Momo, Arohan Financial Services, and Sasta Sundar. These companies demonstrate the potential for scalability and innovation within the state.

**Main Study: A Deeper Look into West Bengal's Startup Ecosystem**

The startup ecosystem in West Bengal is a dynamic and evolving landscape, with its nerve center in Kolkata. The state has made significant strides, moving up in national and global rankings. This growth is driven by a combination of key factors: a burgeoning talent pool, supportive government policies, and a shift in entrepreneurial mindset.<sup>1</sup>

## Growth Trajectory and Key Sectors

West Bengal's startup scene has seen remarkable growth in recent years.<sup>2</sup> Kolkata, in particular, has been ranked among the top 200 startup cities globally, with a significant annual growth rate.<sup>3</sup> Data from government bodies like DPIIT and other reports indicate a rapid increase in the number of recognized startups, with figures showing a multi-fold jump since 2019. This momentum is evident across several key sectors:

- **Fintech:** The state is witnessing a surge in fintech startups that are addressing financial inclusion and providing innovative solutions for microfinance and digital payments.
- **Foodtech:** Known for its culinary heritage, West Bengal has become a hub for food-related startups. Companies in this sector focus on everything from food delivery to unique restaurant chains and innovative food products.
- **E-commerce and Retail:** The rise of online shopping and a large consumer base have fueled the growth of e-commerce and retail startups, which are leveraging technology to optimize supply chains and enhance the customer experience.
- **Healthtech:** Startups in this sector are working on solutions to improve healthcare accessibility, diagnostics, and patient care, particularly in remote areas.<sup>4</sup>

## NOTABLE STARTUPS AND SUCCESS STORIES

The success of a few homegrown startups has inspired a new generation of entrepreneurs in West Bengal. Companies that have successfully scaled and secured significant funding include:

- **Wow! Momo:** A foodtech chain that started in Kolkata and has grown into a national brand with a multi-crore valuation.<sup>5</sup> It is a prime example of a local idea with global potential.
- **Arohan Financial Services:** A microfinance institution that provides financial services to underserved communities, demonstrating the

state's strength in the fintech and social impact sectors.<sup>6</sup>

- Sasta Sundar: A healthtech platform that operates an online pharmacy and provides a range of healthcare services.<sup>7</sup>

These companies not only highlight the potential of the ecosystem but also attract investor attention and talent.

#### THE ROLE OF GOVERNMENT AND INSTITUTIONS

The Government of West Bengal has been a critical enabler of this growth.<sup>8</sup> Its policies and initiatives are designed to create a conducive environment for startups. Key government-led efforts include:

- Startup Bengal Initiative: A dedicated platform for startup registration, mentorship, and access to government schemes and incentives.
- Fiscal Incentives: The state provides financial support, including seed funding, subsidies on patent filing, and reimbursements for participation in national and international events.<sup>9</sup>
- Incubation and Mentoring: Collaboration with premier educational institutions like IIM Calcutta and IIT Kharagpur has led to the establishment of incubators and a strong mentor network.<sup>10</sup> Programs like the "Egiye Bangla" TV reality show have also helped to popularize entrepreneurship.<sup>11</sup>

#### CHALLENGES AND THE PATH FORWARD

Despite the positive momentum, the West Bengal startup ecosystem faces significant challenges, particularly in funding and talent retention.<sup>12</sup> While there's a growing number of angel investors, the ecosystem lacks a robust venture capital presence, forcing many startups to seek funding in other cities. This "brain drain" is a major concern, as skilled professionals often migrate to more established hubs for better opportunities and higher salaries.<sup>13</sup>

Addressing these challenges is crucial for the sustainable growth of the ecosystem. The path forward involves:

- Creating more funding avenues: Encouraging the establishment of local VC firms and angel networks.
- Focusing on talent retention: Offering competitive compensation, promoting a strong

work culture, and creating clear career paths to keep skilled professionals within the state.

- Strengthening infrastructure: Expanding digital and physical infrastructure beyond Kolkata to decentralize the ecosystem and foster growth in Tier-II cities.

#### CHALLENGES

Despite the positive momentum, startups in West Bengal face several significant hurdles:

- Funding Gap: While the state has seen an increase in funding, it still has a limited number of active angel investors and venture capital firms compared to other major hubs. This often forces promising startups to seek funding elsewhere.
- Talent Acquisition & Retention: Attracting and retaining top talent remains a challenge, as many skilled professionals opt for jobs in cities with more established tech and corporate sectors.
- Infrastructure & Connectivity: While improving, infrastructure, particularly in Tier-II and Tier-III cities, needs further development to support a decentralized ecosystem.
- Market Perceptions: There is a lingering perception that West Bengal is not as "business-friendly" as other states, which can deter external investors and entrepreneurs.

#### CONCLUSION

The rise of the startup ecosystem in West Bengal is a testament to the state's potential and the entrepreneurial spirit of its people. The government's proactive policies, combined with a rich pool of human capital, have created a fertile ground for new ventures. The growth is evident in the increasing number of recognized startups and the emergence of successful homegrown companies. However, for West Bengal to truly become a leading startup hub, it must address the key challenges of funding, talent retention, and infrastructure.

#### SUGGESTION

To further accelerate the growth of the startup ecosystem, the following suggestions are offered:

- Enhance Funding Mechanisms: The government, in partnership with private entities, should create more robust seed and early-stage

funding programs specifically for West Bengal-based startups.

- **Promote Talent Retention:** Encourage a culture of innovation and offer competitive salaries and incentives to retain local talent. Collaborative initiatives between universities and startups can also help.
- **Strengthen Infrastructure:** Continue to develop co-working spaces, incubation centers, and a reliable digital infrastructure, particularly outside of Kolkata, to decentralize growth.
- **Branding & Promotion:** Launch campaigns to change the narrative and promote West Bengal as a top destination for startups, highlighting success stories and available resources.

#### REFERENCE

- [1] StartupBlink. (2025). *Kolkata Startup Ecosystem Report*.
- [2] Department for Promotion of Industry and Internal Trade (DPIIT), Government of India. (Various Years). *Startup India Reports*.
- [3] Gupta, R. K. (2024). *Entrepreneurship Policy in Promoting Startup in Darjeeling District in West Bengal*. NOLEGEIN- Journal of Entrepreneurship Planning, Development and Management.
- [4] Roy, S. (2023). *Analysis of Women Entrepreneurship in West Bengal*. Journal of Informatics Education and Research.
- [5] The Times of India. (2023, October). *State Govt Ties Up With Nasscom, Boosts 15 Startups*.