



सत्यमेव जयते

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

#startupindia

➤ STATES' STARTUP RANKING 2022 ➤
BEST PERFORMER



KERALA



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States' Startup Ranking 2022 Results

Kerala participated in all 7 Reform Areas and 25 Action Points of the Ranking Framework 2022. Kerala's 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 Kerala 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.

Kerala 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.

For all 7 Reform Areas, Kerala is in the topmost percentile of 75 to 100, details of which is represented below:



STATE STARTUP ECOSYSTEM

Kerala is a State located on the Malabar Coast of India. The economy of Kerala is the eight largest in India with **INR 8.55 Tn** in Gross State Domestic Product (GSDP). It contributes to roughly **4%** of India's GDP.¹ The tertiary sector contributes around **65%** to the State's Gross State Value Addition (GSVA), while the primary sector contributes only **8%**.

The Startup movement in the State is led by the Kerala Startup Mission (KSUM), which offers support to entrepreneurs and Startups through multiple incubators, innovation zones, and accelerators.

The Government of Kerala declared the year 2022 as the "Year of Entrepreneurs" and set a goal of creating **15,000** Startups by the year 2027.

State Startup Policies and Incentives

The Kerala Startup Policy 2022 is a comprehensive framework designed to bolster the State's Startup ecosystem by providing a range of incentives and support mechanisms:

1. Funding and Financial Support

- a. Dedicated fund for early-stage Startups
- b. Tax breaks to mobilise private investors

2. Simplified Regulatory Environment

- a. Streamlined and fast-track approvals for licenses and approvals
- b. Creation of Innovation and Entrepreneurship Development Centres (IEDCs)

3. Skill Development and Talent Nurturing

- a. Creation of awareness regarding entrepreneurship opportunities and inculcates the scientific spirit among young minds
- b. Organisation of zonal meetups across campuses

4. Sector-Specific Clusters

- a. Development of sector-specific innovation hubs and clusters, such as the Aerospace and Defence Innovation Hub and Health Innovation Hub

5. Market Access and Procurement

- a. Implementation of the Startup Procurement Policy to facilitate Startups' access to Government contracts

¹Based on RBI Statistics

- b. Support for Startups to participate in trade exhibitions and global market access programs

6. Networking and Collaboration

- a. Organization of networking events, conclaves, and conferences to facilitate collaboration between Startups, investors, and industry experts
- b. Promotion of international partnerships and collaborations to expand market reach

The Kerala Startup Policy 2022 underscores the Government's commitment to fostering innovation and entrepreneurship, positioning Kerala as a thriving hub for Startups and driving economic growth in the State.

Highlights of State Startup Ecosystem²

Kerala is making huge strides in leading the growth of Startup ecosystem and culture. Following is a glimpse of the achievements by the State during the period of consideration of States' Startup Ranking Framework 2022 (SRF):

1700+

Startups Registered

100+

Women led Startups supported

240+

Startups offered access to market

50+

Functioning Incubators across 14 districts

²Based on SRF 2022 submission



>5

Sensitisation programs for Government officials

40+

Startups working on renewable energy, sustainability, and climate change

15+

Programs conducted to sensitise potential investors

40+

Startups with rural impact supported

Key Initiatives Driving Growth

The Kerala State Government has introduced several key policy initiatives to boost its Startup ecosystem, making it one of India's premier Startup hubs. Some of the notable policy initiatives include:

- 1. Soft Loan Scheme for Women Entrepreneur:** This scheme has been introduced by the KSUM to support potential women entrepreneurs in the State. Under this scheme, the State Government offers a soft loan of **INR 15 L** in the form of working capital.
- 2. International Exchange Program:** The Kerala Government encourages Startups to participate in various programs that take place worldwide.
- 3. Innovation and Entrepreneurship Development:** Under this scheme, assistance and aid are offered to entrepreneurs and Startups with innovative ideas to succeed in the landscape. Such platforms are set up in Management, Engineering, Polytechnic, Arts, and Science colleges.
- 4. Support to the rural innovators:** The Kerala Government introduced this innovation grant scheme to offer assistance to Startups and entrepreneurs that operate in the rural landscape.
- 5. Innovation Grant:** The Government of Kerala introduced an innovation grant scheme for small and medium-scale businesses to thrive in the industry. Within this scheme, financial support is offered to businesses and entrepreneurs so that they can easily convert their ideas into real products.

6. **Startup Communities Development and Partnership Programmes:** This is a community program started by the Kerala Government to identify and pool all potential Startups that can venture into Kerala.
7. **Entrepreneur Support Scheme:** Under this scheme, the entrepreneurs are offered all necessary support to make sure they face no difficulty in their operations. The main aim of this scheme is to offer assistance to small, micro, and medium-scale enterprises.

Institutional Support

Introduction

Institutional Support focuses on the facilitation and execution of the State or 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 or 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 having quick **30** days of query resolution.

The Reform Area also emphasizes institutionalised support provided to the Startups from various State or UT Government departments including through government policies that are currently active for support to Startups.

State Performance

The State of Kerala has created a comprehensive Startup portal, while keeping the users' needs in perspective. It has fulfilled all the pre-requisites of a robust Startup portal as per the States' Startup Ranking Framework 2022 (SRF 2022).



Figure A: Kerala Startup Mission Portal URL

These pre-requisites include:

1. State Startup Policy and details of all state level approvals and clearances required for registering and operating a Startup in the State
2. Details of State Nodal Officer, Nodal Department, and dedicated team for Startups
3. Dedicated helpline or call centre for Startups
4. Startup registration, including API integration with Startup India
5. List of state-supported incubators and accelerators, including incubation support
6. Mentorship support
7. Public procurement support
8. Funding support
9. Details of departments providing institutional support to Startups
10. Accessibility of all pages of the website in local/official languages
11. Accessibility of website for Persons with Disabilities (PwD)
12. Section regarding marketing and outreach including events, webinars, and mentorship sessions

Kerala has an active tracking mechanism for query resolution within the Portal. The State has maintained a record of all the queries or requests that have been received during the period of consideration of SRF 2022. Besides this, the State Startup Portal also has an interactive Chatbot, which helps website visitors resolve basic information related queries in real time. The State has handled more than nine queries for the period of consideration of SRF 2022. The average query resolution period being five days.

30 days

Resolution Timeframe of the State is below 30 days

100+

Startups were provided institutional support with 5+ Departments

5+

Active Policies supporting Startups

The Government of Kerala published one of the first Startup policies in the country in 2014 - the Kerala Technology Startup Policy 2014. The KSUM has been designated to implement the schemes and programmes in the policy.

Within two years of operation, the KSUM was able to accomplish most of the schemes as mentioned in the Kerala Technology Startup Policy and in 2017 the Startup Policy was published with more programs and schemes as part of the Kerala IT Policy.

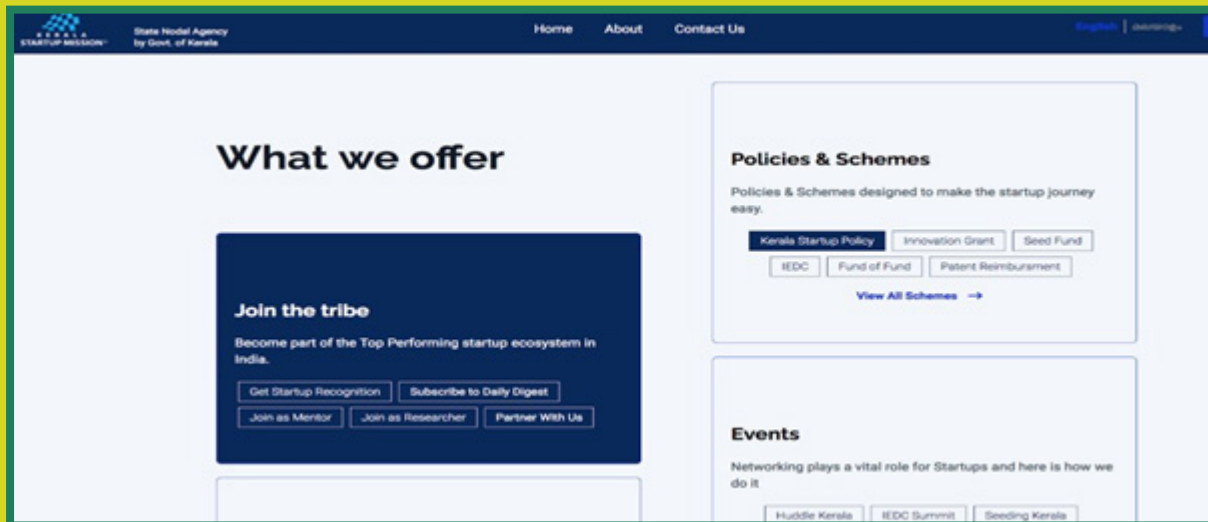


Figure B: Kerala State Startup Policies & Schemes Portal

In an effort to transform the State into a Knowledge Economy, the Government of Kerala introduced the "Knowledge Economy Mission," which aims at providing jobs for at least 20 lakh people. The Kerala Development and Innovation Strategic Council (K-DISC) was entrusted with the implementation of the scheme. Subsequently, Vide G.O. read as 1st paper above, the Kerala Government had approved the Strategy Paper developed under the Kerala Knowledge Economy Mission (KKEM).

The KSUM Startup Hub is a robust and comprehensive portal which has elements suggested in the States Startup Ranking Framework 2022. Additionally, it offers specific information for student and women entrepreneurs on the portal.

Apart from the Grievance Redressal portal, KSUM also maintains an account in the TESZ, a platform wherein it offers a service for the public to address its grievances addressed by Government officials or experts within the organization.

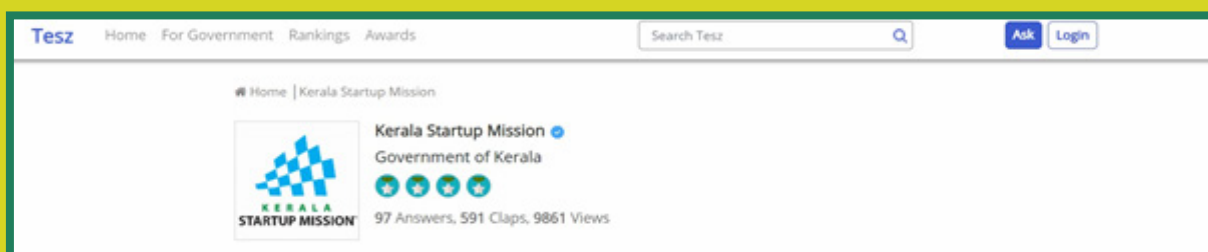


Figure C: Tesz - Kerala Grievance Redressal Portal



Figure D: K-SWIFT Kerala State Single Window Clearance System



Figure E: Invest Kerala Helpdesk Portal

Way Forward

- State may provide informative virtual tour, walk through or video manuals on home page specific to Startup portal for proper information dissemination.
- State may provide maximum functionality for accessibility to PWD on portal and multiple language support for easy understanding of local people.
- The functionality of Chatbot for Query or Grievance resolution may be included on Grievance portal for quick resolution on basic queries or Grievances further reducing TAT of resolution.
- More number of State Government departments (excluding nodal department) may be added for providing institutional support to Startups. Other avenues such as periodically capacity building support, mentorship or public procurement support may be provided to further strengthening the Startup ecosystem.
- Specific departments of the State may come up with Startup or incubator related incentives and relaxations to support the State Startup ecosystem.

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, which is a direct result of the State support but also on the regulatory reforms undertaken to support Startups in diverse sectors.

This Reform Area assesses the extent to which 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.

State Performance

1,700+

Registered Startups

100+

Women-led Startups receiving special incentives

~6000

Students attended 25+ events

35+

Events held at HEIs

Kerala is home to a thriving Startup ecosystem, with over **1,700** Startups operating in the State. The Government of Kerala is committed to fostering innovation and entrepreneurship, and the Startup Mission plays a key role in this effort.

Kerala holds the top position among Indian states in both the Human Development Index (HDI) and Gender Development Index (GDI). Focusing on Women in entrepreneurship, the KSUM has been building a collaborative ecosystem in the State and promoting women entrepreneurs in the technology domain by providing technical, financial, business connect, and intervening policies for the enterprise to start, scale, and accelerate in Kerala.

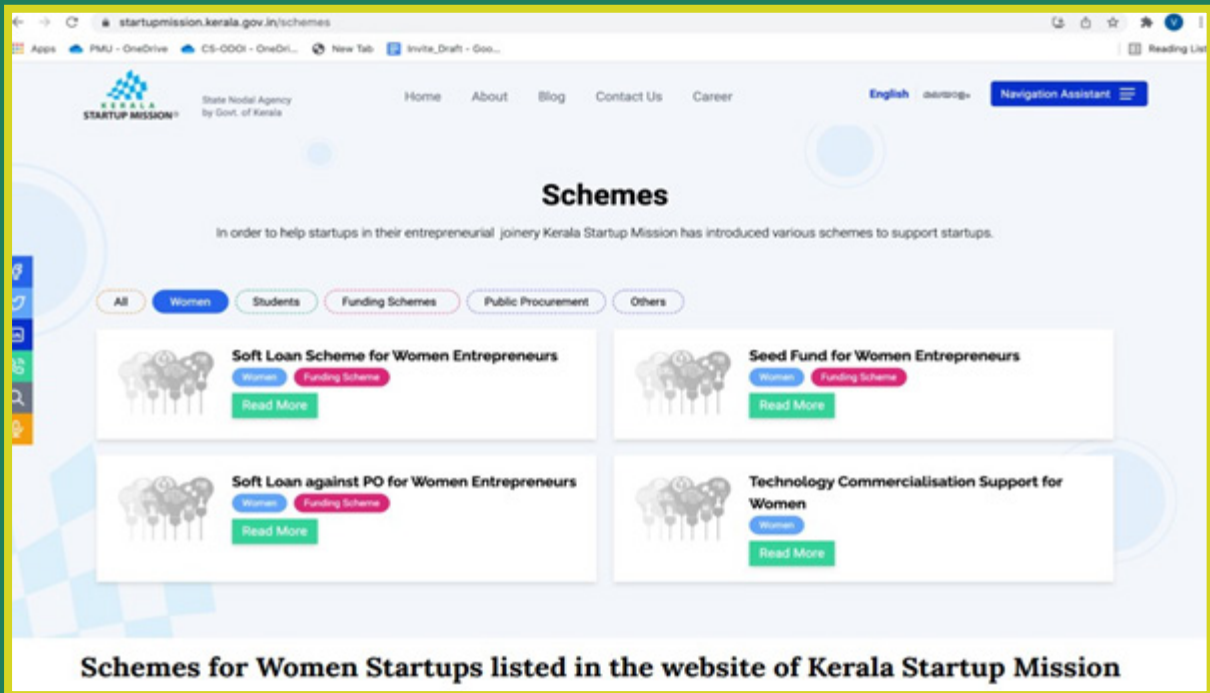


Figure F: Kerala Schemes Portal for Women Entrepreneurs

Today, Kerala stands as the preeminent Startup ecosystem in the country, marked by significant milestones, including the presence of **60+** incubators, the establishment of **450** innovation centres, and the allocation of 10 lakh square feet for entrepreneurial endeavours. Kerala has proudly pioneered the introduction of a Startup policy within its State budget.

The KSUM has initiated programmes to identify young minds to spread the entrepreneurial interest and culture in the State. KSUM has **340+** IEDCs across the State which are the first-level nodal hubs which sparks innovation among the student community. Events and activities are carried out through IEDCs under Innovation, technology, and entrepreneurship to give access to the students to test and trail their entrepreneurial journey and thereby creating a pipeline of Startups.



Figure G: Snapshot of programme held by Kerala Startup Mission

Way Forward

- State may consider analysis of its database of Startups to evaluate the Startups registered for five years and more.
- The Startups and the students from HEIs may be included 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 may also be part of these workshops for effective knowledge dissemination.

Access to Market

Introduction

This Reform Area seeks to encourage State Governments to ease participation in the public procurement process for Startups and become an enabler in connecting Startups with private stakeholders. The States are evaluated based on the support provided by them to Startups through the organisation of showcase opportunities such as Demo-Days, Buyer-Seller Meets, 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 helping them be at par with the established players in their respective sectors.

The Government of Kerala has introduced three relaxations in the criteria to increase participation of Startups in public procurement. State has ensured **100%** relaxations on Prior Experience, Prior Turn Over, and Earnest Money Deposit (EMD) submission to increase participation of Startups in public procurement activities.

State Performance

30+

Startups received work orders for public procurement

INR 3 Cr+

Worth work order given to Startups

Kerala State has a dedicated webpage for corporate innovation program.

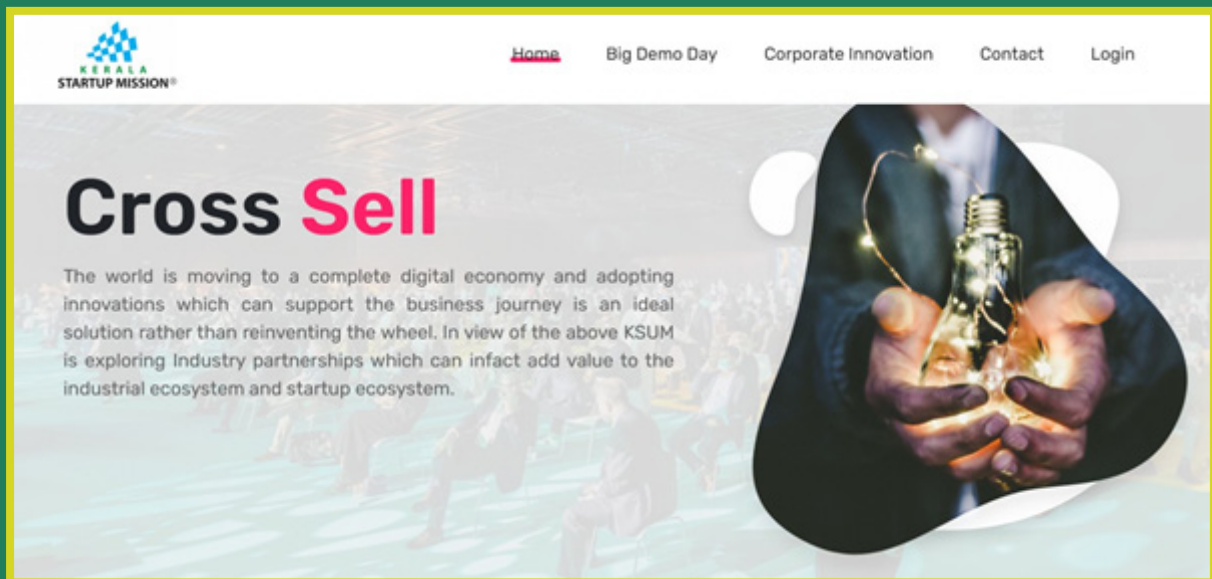


Figure H: Kerala State Portal for Corporate Innovation Programs

KSUM's Corporate Innovation Programs are designed to create a mechanism of bringing outside innovation to corporates. This program will be a network of corporates collaborating with a Kerala Startup to build a joint solution or product) for:

- **Corporate client projects**
- **Prevalent industry problem Statements**
- **Corporate challenge areas (product or process challenges)**

As part of Startup facilitation, KSUM initiated the Big Demo Day programme, where Startups can pitch their products to corporates and medium, small, and micro enterprises (MSMEs). KSUM have been regularly providing market access to State Startups bringing in more business to the Startup ecosystem through multiple stakeholders.



Figure I: Snapshots of Fintech Summit 2022

Way Forward

- In addition to events organized by the State for creating market access for the Startups, the State Government may organize additional events or programs with a focus on international markets and opportunities.
- The State may also specifically specify the percentage of each relaxation they are providing in the State.
- In addition to events organised by the State for creating market access for the Startups, the State Government may organise additional events or programs with a focus on international markets and opportunities.

Incubation and Mentorship Support

Introduction

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

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

The State government understands that the State-supported incubators play a crucial role in the development of the Startups across the State as they get incubation support in varied forms. This support helps them understand and better direct their businesses ecosystem.

State Performance

50+

New incubators setup

50+

Startups in acceleration programs

350+

Startups incubated under SRF 2022

100+

Startups connected with 270+ State-registered mentors

KSUM has been paving the way in supporting Startups and entrepreneurs in Kerala through its incubation centres. It is now planning to transform its incubation centres, partner incubation centres, and IEDC-owned incubation centres into a vibrant coworking space called LEAP Co-works. LEAP, which stands for Launch Empower Accelerate Prosper, embodies its commitment to fostering innovation, collaboration, and success in the Startup ecosystem.

Over the years, many programmatic interventions have been introduced in the Kerala Startup ecosystem and is serving as intermediaries between the Startups and the complex landscape of resources in the ecosystem. On a broad level, these intermediaries support Startups by linking them to the resources embedded in the local ecosystems like education, mentoring, networking, physical infrastructure, funds, beachhead market, etc. The most popular examples of these are Startup challenges, venture studios, Startup showcasing, incubators, and accelerators.

Most Government-led accelerators typically have one of two main goals:

- **To bring new entrepreneurs into an area**
- **To retain skilled entrepreneurs by helping them scale up**

KSUM has launched accelerator programs since 2017 in India on multiple thematic verticals with support and patronage of various partners.



Figure J: Acceleration Programs held in the State

Way Forward

- The State may set up more incubators to guide young entrepreneurs. The State may explore the possibility of virtual incubation as well.
- To create a strong network of mentors for providing sector-specific knowledge and real-world practical guidance to the Startups, the State may further look to engage and connect with mentors outside the State, at the national as well as international level. The possibility for virtual mentorship through video calls may be explored to learn from other national and international experiences.
- The Government may also guide the departments to conduct cross-mentoring sessions where Startups with their respective mentors engage in a brainstorming session. These sessions may help in creating a connection between the Startups and mentors at the early stages and help multiply the growth rate of several Startups.

Funding Support

Introduction

All Startups require timely availability of funding for their growth. This Reform Area encourages various State 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 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 State of Kerala understands the crucial role of funds for Startups of different lifecycle. The has established different funding options which can be availed by such Startups.

State Performance

INR 24 Cr+

Funds disbursed to
150+ startups

INR 7 Cr+

funds disbursed from 3
State-supported funds

~10

Programs undertaken to
connect Startups with
private funds or investors

Early-stage funding is challenging for innovators as Angel Investors and Venture Capitals (VCs) consider investing at this stage to be very risky. It is not easy for innovators to get business loans from financial institutions either. The Government of Kerala has, therefore, introduced the Innovation Grant Scheme to solve this challenge faced by entrepreneurs and Startups.

The following types of grants are available to innovators under the scheme provided by Government of Kerala:

1. **Idea Grant** is for Startups and students who have a prototype or minimum viable product (MVP) to develop the final version of MVP and is limited to **INR 2 L** per idea.
2. **Productization Grant** is made available to Startups to launch their products and is limited to **INR 7 L** per idea
3. **Scale-up Grant** is to help Startups ramp up their products as well as sales and is limited to **INR 12 L** per idea.

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 Kerala Government has introduced Circular Economy Startup Scheme to support Startups working in Circular Economy. These policies will help in envisioning a sustainable future by adopting of sustainable and clean mobility solutions.

State Performance

5+

Sensitisation workshops for government officials

250+

Government officials sensitised on Startup landscape

35+

Incubators provided capacity building support

15+

Programmes conducted to sensitise potential investors

Kerala Startup Mission has conducted more than five workshops with various Government departments and officials on the Startup ecosystem.

Various workshops have been undertaken by the State on Startup ecosystem and its development. The meetings were followed by interaction with the Startups wherein opportunity was given for Department officials to see product demos of Startups. The workshops included discussions on problem Statements with the Startups directly.

The IGNITE workshop for Potential Investors and High Net-worth Individuals (HNIs) was also organised to create more awareness about Angel Investing in Startup and the various aspects related to it.



Figure L: Snapshots of the IGNITE workshop held for potential investors and HNIs

(The programme was organised in association with the International Promoters Association (IPA), a community of High-Net-Worth Malayali Entrepreneurs based in the UAE.

The Masterclass on Angel Investment involved discussions on the following points:

- **Trends in angel investing in Startups**
- **The various aspects for evaluating a Startup for funding**
- **The process of investing into a Startup including term sheets, due diligence and definitive agreements**
- **The formation of an angel network**
- **Investment portfolio of an angel network**



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Angel Investment Masterclass | Startup Pitching
Startup Expo | Networking | Startup Session
| Business tech session | Exhibition



27 February 2022



Intercontinental Hotel, Dubai

Partners



Figure M: Handbook for Angel Investment Masterclass





Figure N: Snapshots of Angel Investment Masterclass

Way Forward

- The State may train State-supported incubators through capacity development workshops by collaborating with incubators from other States to explore mutual learning opportunities.
- The State may offer the option of Startups applying for the fund from the portal.
- The State may organise more events, programs and conferences to connect Startups with investors.
- The State may partner with industry associations and business chambers to create sector-specific funds that align with the state's economic strengths.
- The State may look to provide tailored funding solutions to cater to different stages of Startups (seed, early-stage, growth), industries, and business models.

Roadmap to a Sustainable Future

Introduction

Roadmap to a Sustainable Future seeks 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.

State Performance

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.

The State understands the role of Startups focused on sectors like renewable energy, sustainability, and climate change in shaping the future of Kerala. State has thus provided support to Startups working in these areas.

40+

Startups with rural impact supported

50+

Startups working on sectors focused on renewable energy, sustainability, and climate change

A total of **40+** Startups have been supported with rural impact schemes, out of which 11 are women-led. The Government of Kerala has provided support in the following ways:

- 1. Support to Rural Innovations through Innovation Grants:**The Government of Kerala has introduced the Innovation Grant Scheme to provide financial assistance to Startups and entrepreneurs to help them convert their innovative ideas into full-fledged ventures.
- 2. Support to Rural Innovations through Green Innovation Fund Program:**The Green Innovation Fund(GIF) is exclusively for impact Startups working in line with Sustainable Development Goals(SDGs)and looking to pilot and scale up their product with expertise from the United Nations Development Program(UNDP) and KSUM.

The Government is also undertaking various measures to arrest the recent slowdown in the State's agricultural growth rate. The cultivated area for harvested paddy has been consistently maintained, even in the face of severe and adverse weather conditions.

Way Forward

- The State may conduct brainstorming workshops with mentors and Startups, especially grassroots Startups, to come up with innovative ideas.
- These workshops may be televised or streamed on a video streaming platform to get higher engagement. The results may lead to a greater number of grassroots Startups in the State.

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Abbreviations

GSDP - Gross State Domestic Product

GSVA - Gross State Value Addition

SRF - Startup Ranking Framework

KSUM - Kerala Startup Mission

IT - Information Technology

K-DISC - Kerala Development and Innovation Strategic Council

KKEM - Kerala Knowledge Economy Mission

TAT - Turnaround Time

PWD - Public Works Department

HEI - Higher Educational Institutes

HDI - Human Development Index

GDI - Gender Development Index

IEDC - Innovation and Entrepreneurship Development Centre

MSME - Medium, Small and Micro Enterprises

LEAP - Launch Empower Accelerate Prosper

VC - Venture Capital

MVP - Minimum Viable Product

R&D - Research & Development

HNI - High Net-worth Individual

IPA - International Promoters Association

GIF - Green Innovation Fund

SDG - Sustainable Development Goals

UNDP - United Nations Development Program

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CONTACT US

www.startupindia.gov.in

1800 115 565

