



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

#startupindia

STATES' STARTUP RANKING 2021

KERALA

Top Performer





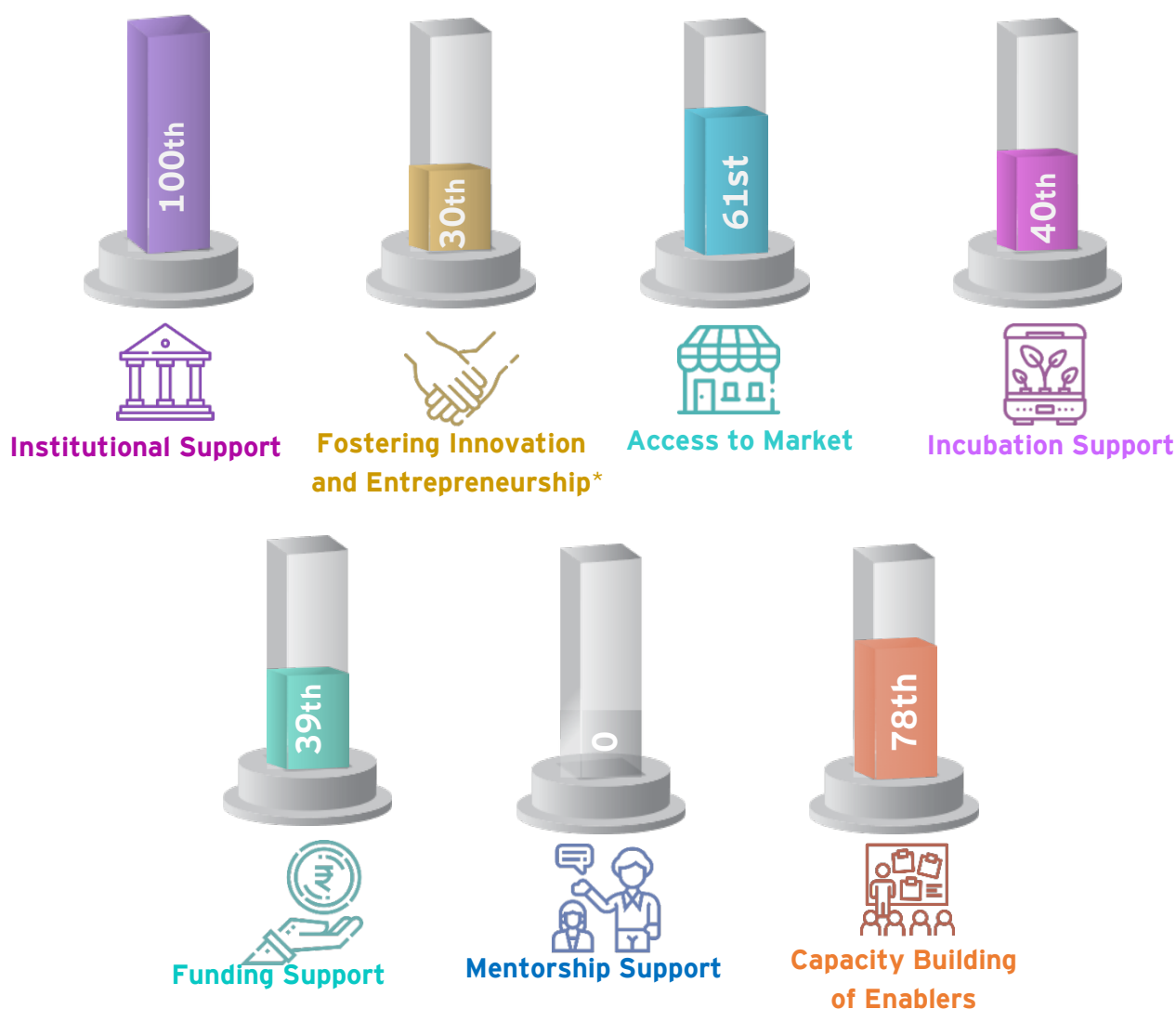
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States' Startup Ranking 2021 Results

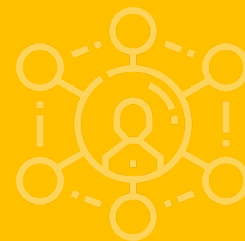


Kerala has participated in 23 out of the 26 Action Points of the Startup Ranking Framework 2020. The status of Kerala's performance in each of the Reform Area has been graphically represented. Data presented below is the percentile score, which is the relative performance of the State in each Reform 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. The State has shown remarkable performance through 'Institutional Support'. The range of impact generated through 'Access to Market', 'Incubation Support' and Capacity Building for Enablers' is also commendable. There is a scope for further improvement in the 'Mentorship Support' reform area. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem are discussed in the subsequent sections.

Kerala Startup Ecosystem



1.1 Introduction

Kerala is the pioneer State which introduced the startup policy - Kerala Technology Startup Policy in India in the year 2014. The Kerala Startup Mission (KSUM) was established to implement the provisions mentioned in the policy. The Government of Kerala included schemes for startups within the State IT Policy 2017 To keep up with the changing needs of startups (refer to Figure B for key pillars of the policy). The objective of KSUM is to encourage innovation-driven entrepreneurship and the elements of triggering such innovation are expected to come out of the academic institutions, R&D centres, society in general and rural innovators. The Government of Kerala has reserved 1% of its budget for the development of entrepreneurship and innovation in the State (refer to Figure A for achievements of Kerala Startup Ecosystem).

Figure A: Achievements of Kerala Startup Ecosystem

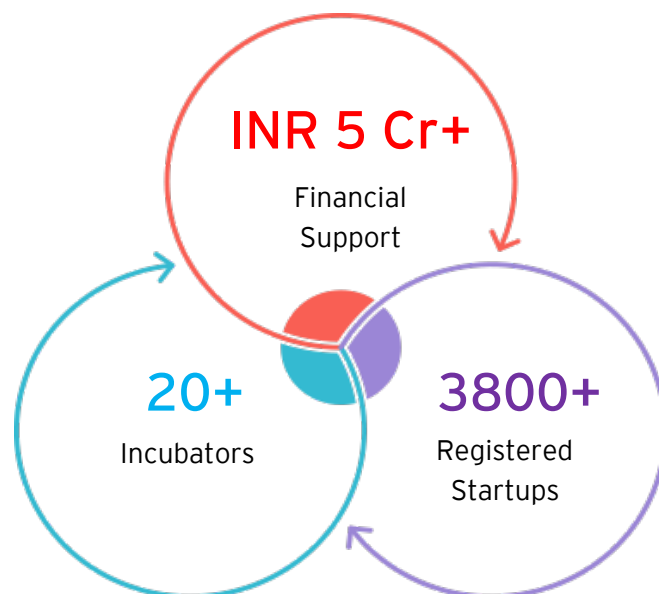
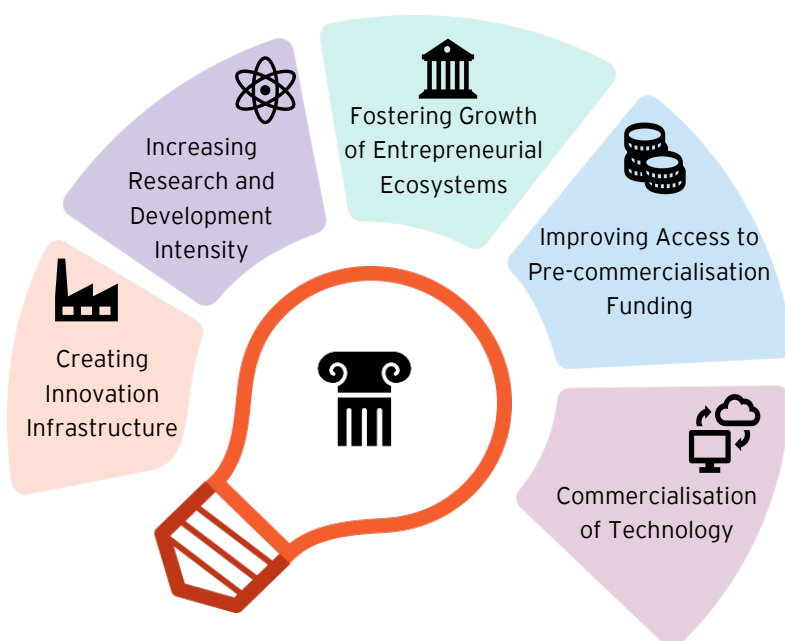
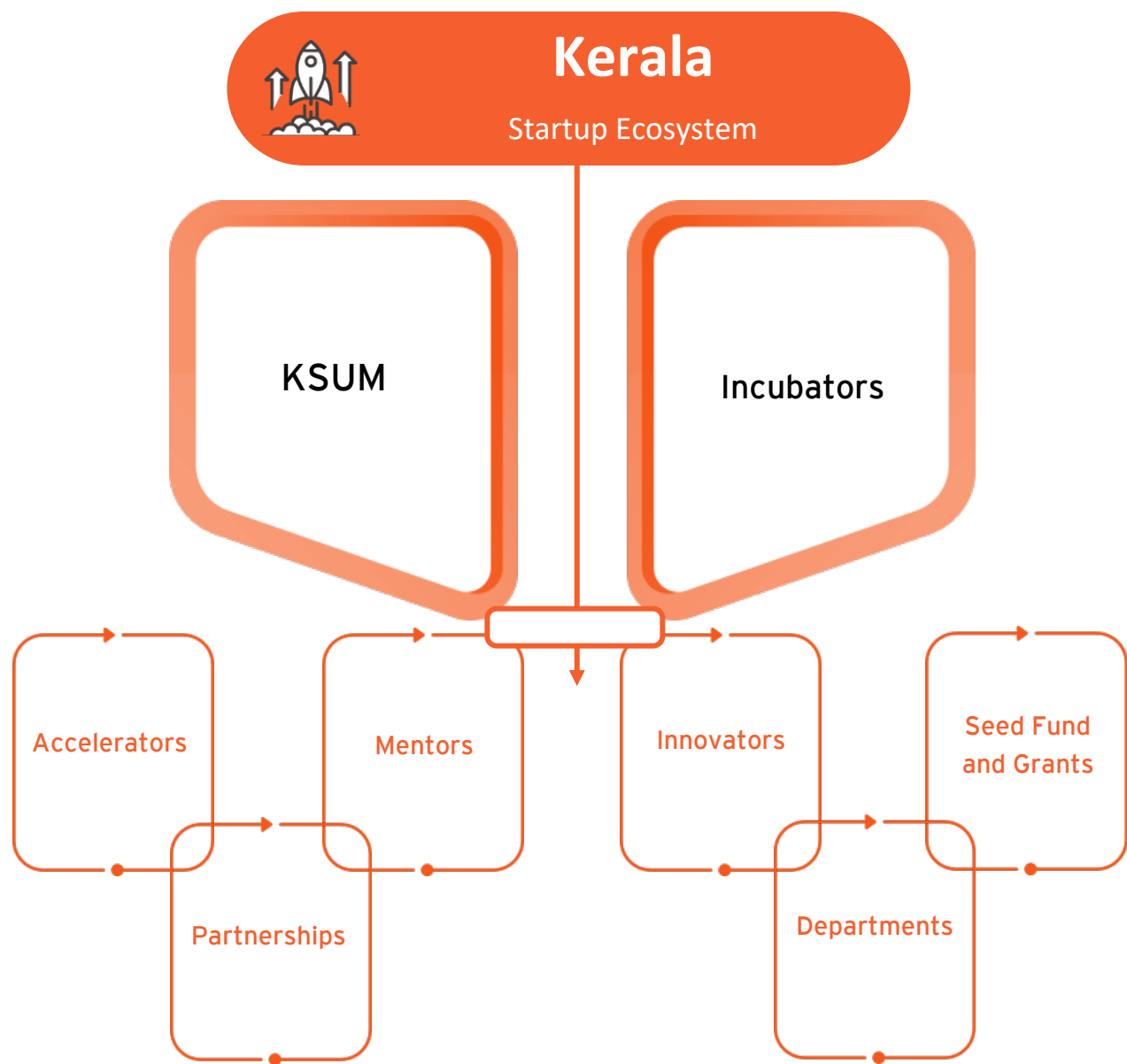


Figure B: Pillars of Kerala Startup Policy 2017



KSUM is the nodal department for the startup ecosystem in the State and it is supported by a strong network of incubators as well as several other ecosystem enablers (refer to Figure C for the flowchart of Kerala Startup Ecosystem).

Figure C: Flowchart of Kerala Startup ecosystem



1.2 Highlights of Kerala Startup Ecosystem

The Government of Kerala has established a robust startup ecosystem with a network of more than 3800 registered startups in the State (refer to Figure D for the highlights of the Kerala Startup Ecosystem).

Figure D: Highlights of Kerala Startup Ecosystem

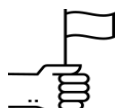


Reform Area Wise Assessment



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 Mission Kerala (startupmission.kerala.gov.in/) is the official website for all information relating to startups in the State (refer to Figure F).

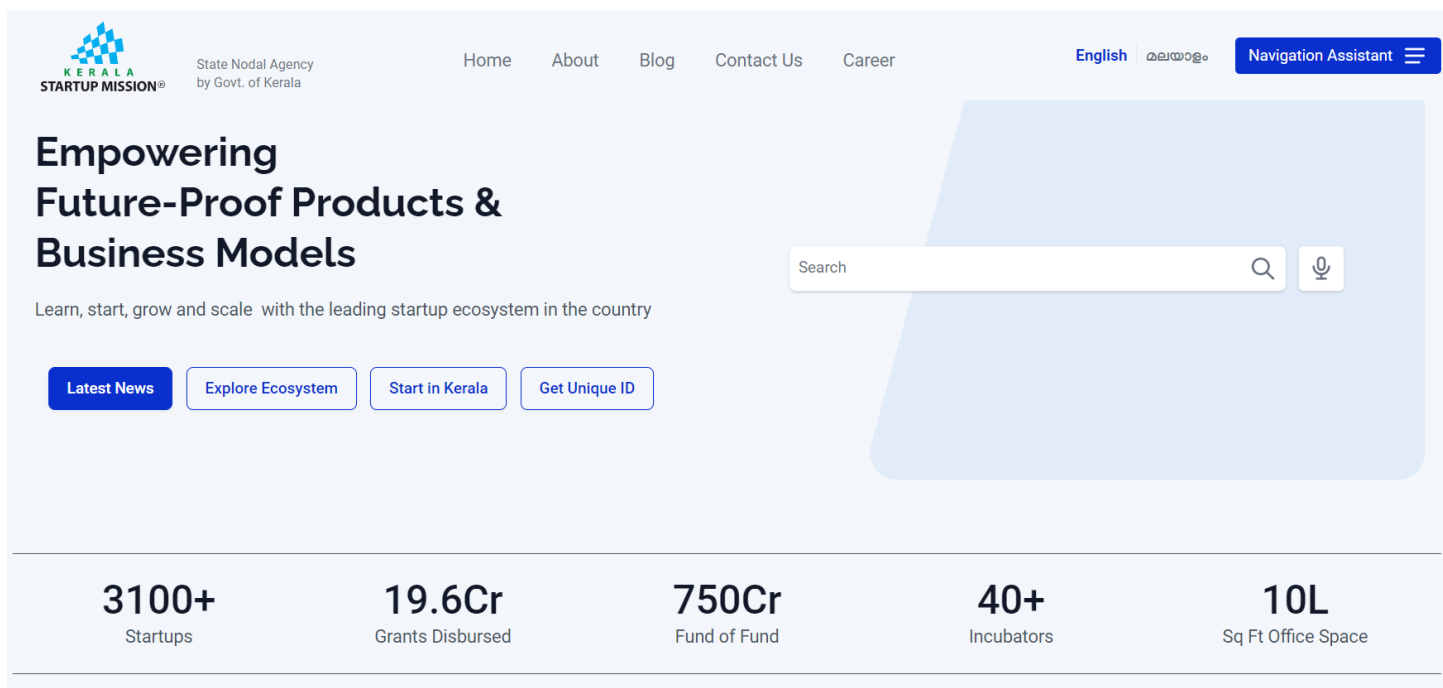
Figure E: QR Code for Kerala Startup Mission

Kerala Startup Policy introduced in 2014 aims to make Kerala the No. 1 destination for startups in India and among the top 5 startup ecosystems in the world. The Policy provides a framework for boosting the startups within the technology sector. The State has further introduced the Technology Innovation and Entrepreneurship policy in 2017 to promote the commercialisation of technology and promote traditional industries via new technologies.



KSUM is the nodal agency of the Government of Kerala for entrepreneurship development and incubation activities in the State. KSUM is the apex body of all the other incubators in the State and coordinates their activities to promote infrastructural development for startups in the State.

Figure F: Startup Portal of Kerala¹



Kerala Startup Mission, a comprehensive startup portal, includes information such as:

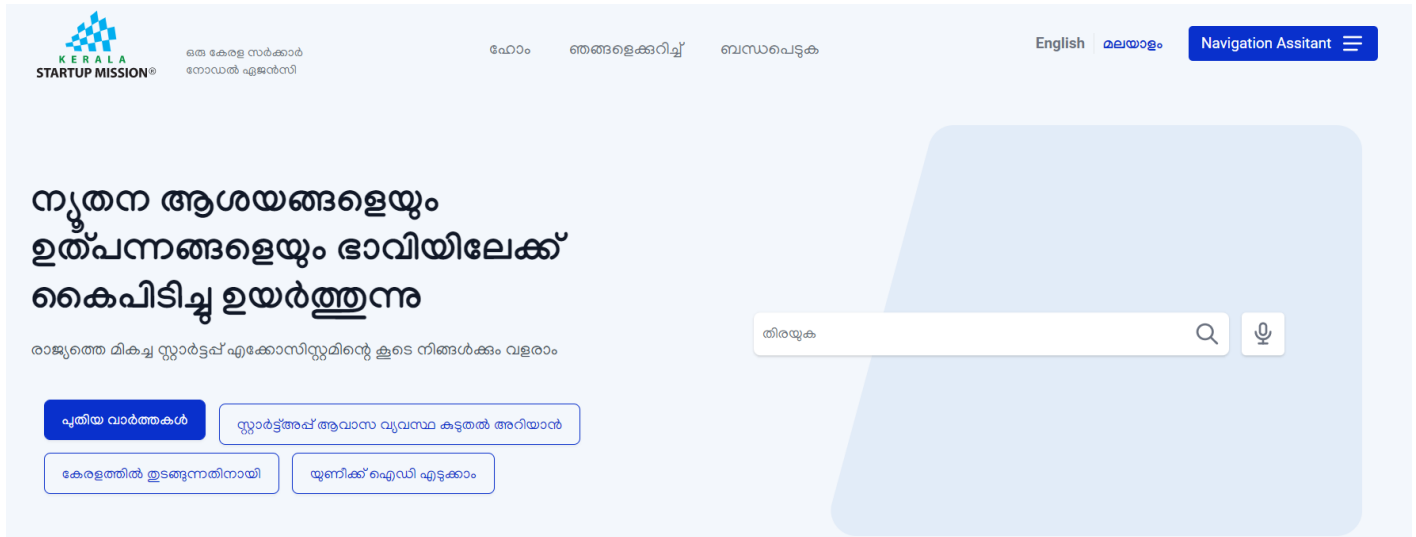
1. State Startup Policy
2. Information on Nodal Department and Team
3. Dedicated Helpline for Startups
4. Startup Registration with API integration with Startup India Hub
5. State Level Approvals and Clearances
6. List of Incubators and Procedures to Connect
7. List of Mentors and Procedures to Connect with Mentors
8. Detailed support on - Public Procurement, Funding, New/Amended Rules/Regulation
9. Details on Departments providing Institutional Support to Startups



¹ "Homepage", KSUM website; <https://startupmission.kerala.gov.in/> accessed 9 March 2022

Kerala Startup Mission - the State Startup Portal can be translated into two different languages i.e., Malayalam and English (refer to Figure G).

Figure G: Kerala Startup Portal in Malayalam²




 Kerala Startup Mission also provides a Grievance Redressal Mechanism for startups to raise queries on several areas such as incubation support, funding support, public procurement grievances, regulatory issues, and any other query or grievance (refer to Figure H). If the reply for the grievance is not satisfactory or there is no reply within 5 days, it is escalated to the nodal officer which is the Chief Executive Officer, Kerala Startup Mission.

Figure H: Grievance Redressal Portal of Kerala³

² "Homepage", KSUM website; <https://startupmission.kerala.gov.in/ml> accessed 9 March 2022

³ "Grievance Redressal", KSUM website; <https://startupmission.kerala.gov.in/grievance> accessed 9 March 2022

KSUM has been working to provide a collaborative environment for women-led startups in the State. The state has defined women-led startups as a startup with 51% of shares with women founders. Women-led startups receive support in the form of pre-incubation, marketing, and incubation support.

KSUM has an umbrella program for women-led startups - Women in Startup Ecosystem (KWISE). Under KWISE, the State conducts various programs and challenges that facilitate women-led startups. Women entrepreneurs are eligible for various benefits like:

- ❖ Technology transfer scheme for women entrepreneurs: which provides a technology license and support up to a maximum of INR 10 crore
- ❖ Soft Loan for women entrepreneurs

More than **20 women-led startups** have received support through the State

The Government of Kerala has collaborated with more than 10 State Government departments to provide support to startups. These departments include the Department of Higher Education, Kerala Police Department, Directorate of Sports and Youth Affairs, and many others.

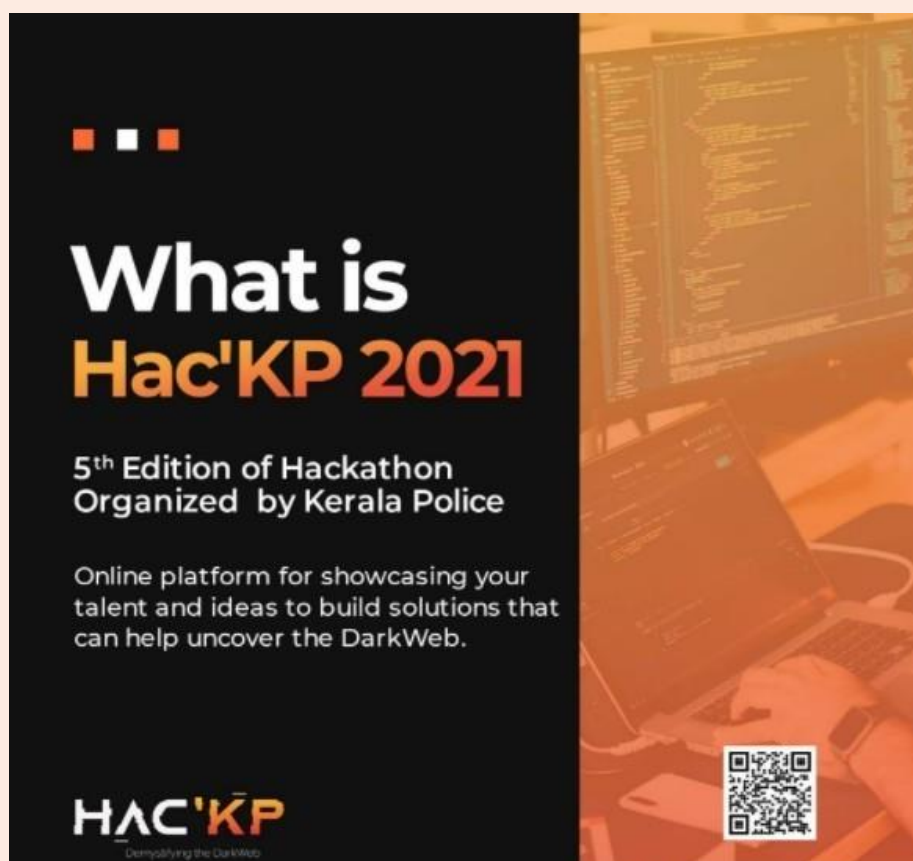


Hac'KP by Kerala Police Department

In view of the increasing digitalization induced by the COVID 19 pandemic, the Police Department of the State recognized the need to think beyond traditional policing and adapt to the changes and challenges in the post-COVID world.

The Police Department conducted a hackathon Hac'KP to find technology-based innovative solutions for the police to deal with new challenges in maintaining law and order and to effectively manage day-to-day policing. The objective of the hackathon was to support the Police Department to build intelligent darknet monitoring systems.

Figure I: Poster of the Hac'KP program organized by Kerala Police department



2.1.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Policy Intervention⁴

- ❖ The other State departments may work with KSUM on providing support to startups. The departments may introduce startup specific policies and rules to support the startup ecosystem, especially in the wake of the COVID-19 pandemic.

⁴ Actions that involve policy-related engagement by the State



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

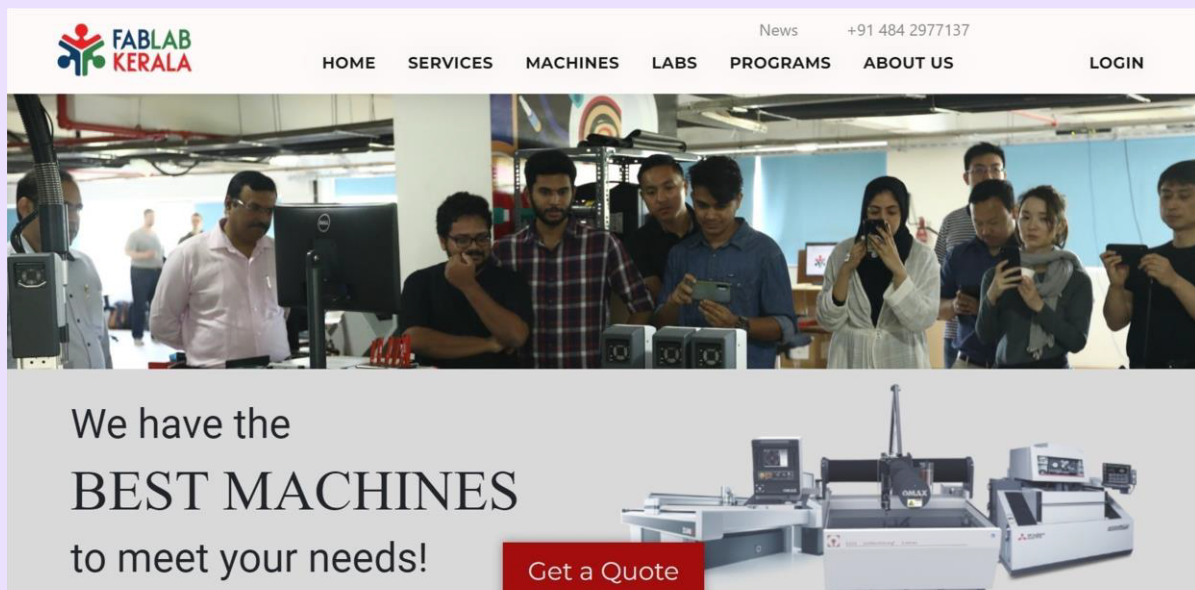


In the year 2020, Kerala introduced several initiatives to extend its support to startups, with an effort to adopt emerging technologies across various sectors.

Super FabLab

The Government of Kerala has successfully established the Super Fab Lab in association with the Centre for Bits and Atoms, Massachusetts Institute of Technology, Boston USA. The Super FabLab facility includes testing, design, and fabrication equipment and materials that cover length scales spanning from microns to meters in fabrication size. The Centre helps people produce through state-of-the-art machines.

Figure J: FabLab Kerala Website



Kerala Blockchain Academy

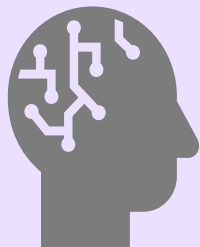
Kerala Blockchain Academy (KBA) is an initiative of the Government of Kerala offering blockchain training across multiple sectors. Due to the increasing demand for such skills, KBA runs an Accelerated Blockchain Competency Development (ABCD) which is a technology training program.

Figure K: Kerala Blockchain Academy Website



Kerala Development and Innovation Strategic Council (K-DISC)

K-DISC is a think tank and an advisory body aimed at bringing out path-breaking technology and making Kerala's economy future-ready. K-DISC works to provide efficient future-ready solutions for State Government departments. The key areas of concern are:



1. Artificial Intelligence
2. Internet of Things
3. Virtual Reality
4. Augmented Reality
5. Machine Learning

Kerala has conducted more than 35 programs in HEIs to promote entrepreneurial spirit among student entrepreneurs. A few of these programs are:



The programs were conducted by the Innovation and Entrepreneurship Development Centre (IEDC), a flagship initiative of KSUM. The objective of the initiative is to promote innovation and entrepreneurship among the students and academic fraternity in educational institutions.

The Kerala State Council for Science, Technology, and Environment (KSCSTE) has programs and schemes to support startups with grassroots innovation.

More than **10 startups** with the rural impact supported by the State

Rural Innovators Meet

The program provides a platform for rural innovators to showcase their products along with an opportunity to interact with scientists and fellow innovators. Innovators are provided support on marketing techniques and microfinancing.

Rural Technology Program

The program aims to transform traditional rural technologies for wider applications and to provide employment opportunities to rural households. Innovators can submit their proposals and the feasible proposals are awarded financial grants.



2.2.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

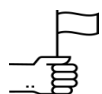
Policy Intervention

- ❖ The State may focus on introducing disruptive policies in the areas of Infra Tech and Electric Vehicle. The State may further issue work orders to startups working in the disruptive technology sector.
- ❖ The startups and the students from HEIs could be included in the workshops with case studies on the latest rules, regulations, and acts to support the startups in the disruptive sectors and their effect on the startup ecosystem. Government departments could also be part of these workshops for effective 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 Government of Kerala 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.

The Government of Kerala has approved the direct purchase of products from startups registered with KSUM up to a financial limit of INR 20 Lakhs. It allows the Government Departments to purchase startup products directly from the startup without any tendering process.

The State has conducted more than 15 programs and workshops to encourage the participation of startups in public procurement activities. The programs include Demo Days and Demand Days. Some of these programs are:



Demand Days provide an opportunity for the startups of the State to provide solutions to the State Government departments. The process is as follows:

1. Identification of problem statements by specific State departments which are validated by KSUM
2. Startups submit their proposals
3. Shortlisted startups are selected for an interactive session with the specific State department
4. Startups submit their technical and financial proposals
5. Rank 1 proposal is recommended to the department

The State has conducted more than 25 programs providing showcase opportunities for startups. One such program is:

Big Demo Day 3.0

The Big Demo Day conducted on 24 to 28 August 2020 provided an opportunity for startups to pitch their products to corporates and MSMEs.

The program has dedicated sector-specific showcase events to connect startups with relevant stakeholders. The program was hosted on a virtual platform and the sectors covered included health tech, robotics, consumer tech among many others.

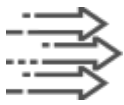
The program saw participation from more than 250 startups and more than 450 investors.

Figure L: Poster for Big Demo Day 3.0



The Government of Kerala provided work orders and public procurement related benefits to around **40 startups**

More than **INR 3 Crore** worth work order given to startups by the State Government



2.3.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Handholding Support⁵

- ❖ In addition to events organized by the State for creating market access for the startups, the State may organize virtual product showcase opportunities for startups. Through these programs, the State can connect startups with Non-resident Indian (NRI) network of High-Net-Worth individuals.
- ❖ The State can organize activities or programs to assist in COVID-19 relief measures by sourcing from startups. Highlighting such startups and activities may encourage others to enter and innovate in the field of health and health technology.



⁵ Actions that include support provided in terms of mentorship and incubation.



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, contributing to the growth of the State/UT startup ecosystem.



2.4.1 Key Initiatives

The State has set up and upgraded more than 10 incubators in the State. Some of them are:

1. Swatantra Incubator ICFOSS
2. Maker Village
3. KRIBS-BIONEST, Kochi

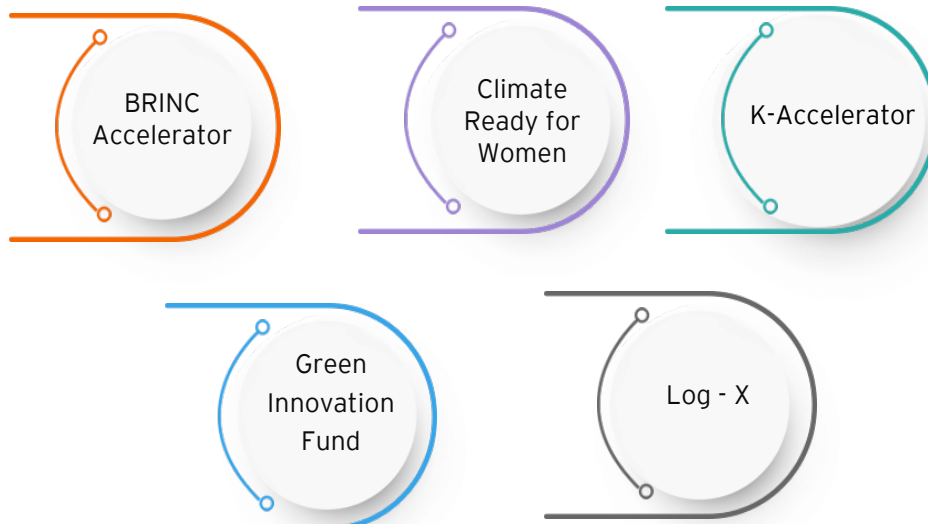
These incubators received total monetary support of more than **INR 2 Crore**



Around **500+ startups** have received support from state sponsored incubators

30+ Incubators with a total seat capacity of 5300 have reserved more than 200 seats for startups

The State has conducted more than 5 major acceleration programs. The programs are as follows:



Climate Ready for Women by Climate Collective is an entrepreneurship development program for women cleantech founders to build confidence and business skills. The program is organized by KSUM in collaboration with the Climate Collective.

The program helps entrepreneurs to turn their business idea into a reality faster by ensuring accelerated entry into the marketplace. The objective of this program is to enable diverse, higher-quality pipelines into existing entrepreneurship support programs in the ecosystem. The program is a 6-month long program and more than 20 startups received support through this program.



2.4.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Handholding Support

- ❖ The State may enrol more startups in acceleration programs to provide startups with the opportunity to connect with investors, engage in skill development and obtain knowledge support.
- ❖ The State may leverage the virtual format for conducting acceleration programs. In this way, the State could take advantage of this opportunity to 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

The Government of Kerala offers four different types of funding schemes and grants to provide financial assistance to startups.

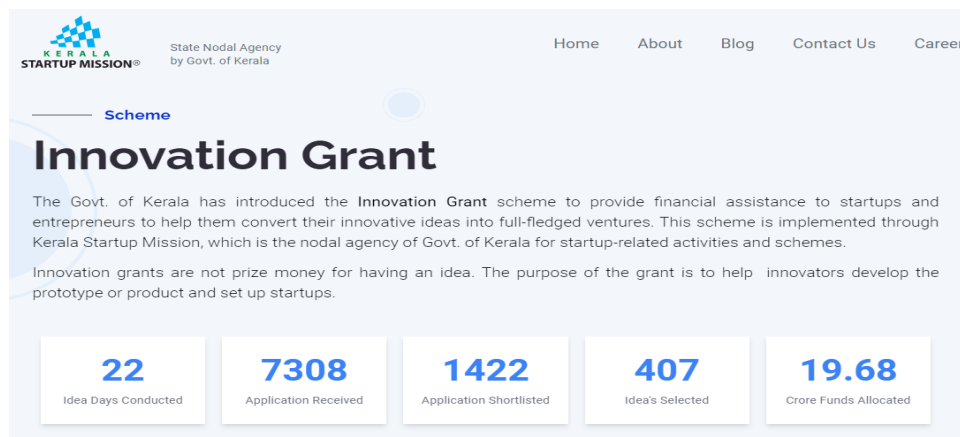
1. Innovation Grant
2. Research and Development Grant
3. Seed Funding
4. Early-Stage Equity Funding

The application procedure, guidelines, eligibility, and all the benefits covered by the scheme are available on the KSUM website.

Innovation Grant

The grant comprises three types of benefits: Idea Grant (up to **INR 2 lakh**), Production Grant (up to **INR 7 lakh**), and Scale-Up Grant (up to **INR 12 lakh**). The objective of the grant is to help students and innovators in setting up their startups (refer Figure M).

Figure M: Details of Innovation Grant on KSUM Website⁶



⁶ "Innovation Grant", KSUM website, <https://startupmission.kerala.gov.in/schemes/innovation-grant> accessed 9 March 2022

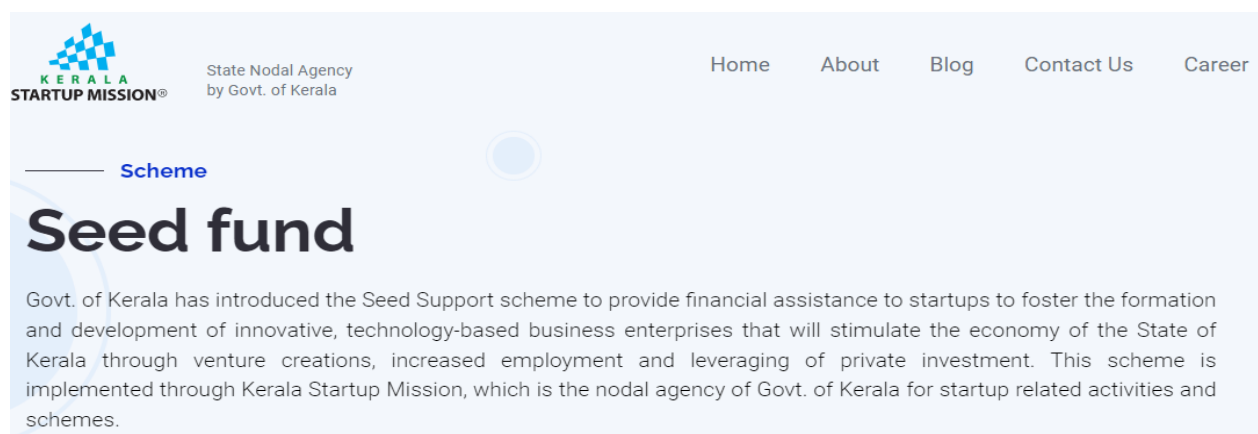
Research and Development Grant

The grant is specifically meant for hardware startups. Beneficiaries can avail financial assistance up to **INR 30 Lakh**. Startups applying for this grant need to have a prototype ready and be a member of any one of the State supported incubators.

Seed Fund

The Seed Fund scheme is specifically for startups in the innovative technology sector. Under this scheme, startups can avail of benefits up to **INR 15 lakh** (refer to Figure N).

Figure N: Details of Seed Fund Scheme on KSUM Website⁷



Early-Stage Equity Funding



KSUM has partnered with SEBI-accredited venture capital funds to provide early-stage startups with funding ranging from **INR 25 Lakh to INR 2 Crores**. Startups registered in Kerala at an early stage of product development for technology-based products are eligible for this type of funding.

More than **80 startups** have received funding support worth more than **INR 1 Crore** through State funded mechanisms

⁷ "Seed Fund", KSUM website, <https://startupmission.kerala.gov.in/schemes/seed-fund> accessed 9 March 2022

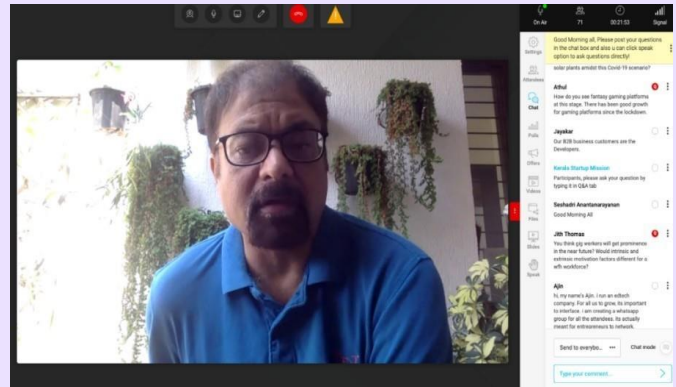
RAISE Online Funding Summit

The online summit for potential investors and startup founders focused on learning how to thrive through the COVID 19 crisis.

It included speaker sessions, panel discussions, and startup pitching sessions. The speakers included angel investors and other leading ecosystem players.

More than 160 startups and 15 investors connected through this program.

Figure O: Raise Online Funding



2.5.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Policy Intervention

- ❖ The State may introduce a funding scheme for startups in disruptive sectors. This will boost the startup ecosystem in the State and bring in more engagement from startups innovating in different sectors such as Electric Vehicles, Cloud Computing, E-commerce, and 3D Printing.





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

The State has acknowledged the importance of mentorship in developing the startup ecosystem of the State and thus, KSUM has maintained a strong mentor network. Mentorship support is available to startups in the following areas:

- ❖ Business Strategy
- ❖ Product Design
- ❖ Fundraising
- ❖ Technology

Figure P: QR Code to Mentor Connect on KSUM Website

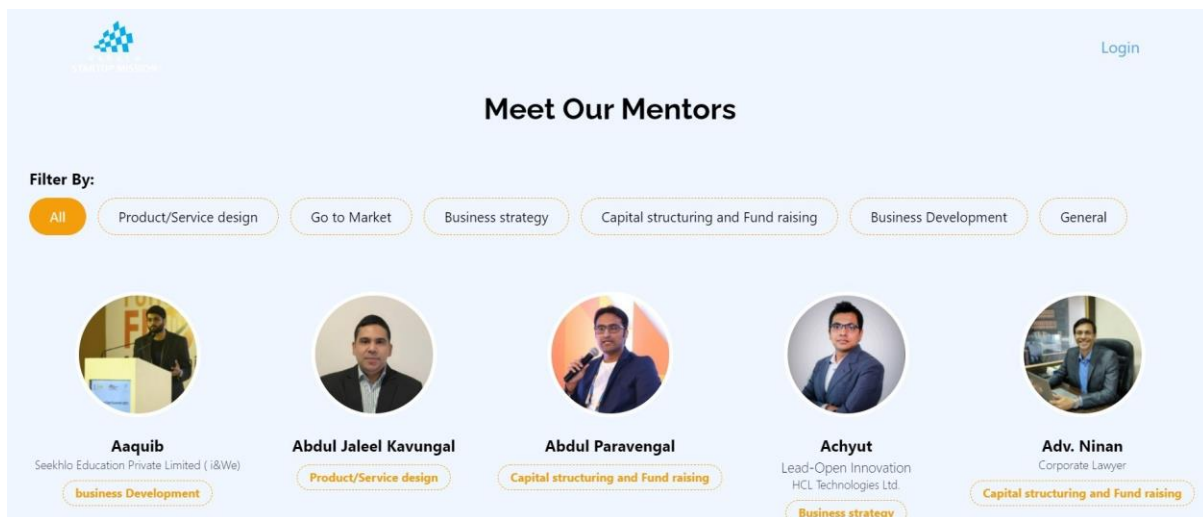


KSUM is continuously expanding its mentor network through this initiative Startup Mentor Collective.

Mentorship to startups is provided via the State Startup Portal (refer to Figure Q). Budding entrepreneurs and startups can browse through the list of mentors available on the State Startup Portal and book a time for mentorship. The option of becoming a mentor is also provided through the Startup Portal.



Figure Q: Mentorship Support on the KSUM website⁸



More than **100 startups** connected with **109 State supported mentors**



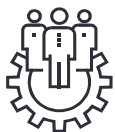
2.6.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Handholding Support

- ❖ The State has an established network of mentors in the State. The State may further engage and connect with mentors outside the State, at the national as well as international level.
- ❖ The option for virtual mentorship through video calls could be explored to learn from other national and international experiences.

⁸ "Meet Our Mentors", KSUM website, <https://mentors.startupmission.in/#mentors> accessed 9 March 2022



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

KSUM conducted sensitization workshops for the officials of Kerala State Government departments, potential investors, and incubators.

The workshops conducted for State Government officials consisted of the following elements:

- ❖ Introduction to the startup ecosystem
- ❖ Models of engagement
- ❖ Experience sharing session
- ❖ Case studies

5 Sensitization workshops for State Government officials conducted.

More than **125 Government Officials** sensitized on the startup landscape in the State

The workshops included discussions on how the State Government department can support startups.

The State has 20 State-sponsored incubators and 60% of the incubators were trained through multiple capacity development workshops. KSUM has organised a series of workshops: Incubator Knowledge workshops for incubators to further strengthen the incubation ecosystem of the State. The incubation managers participated in the workshops. The major themes of the incubator masterclasses were:

Raising Equity Capital

4 Incubator Masterclasses

Incubator Management and Administration

Startup India and its Schemes



Incubator Administration in Global Perspective

Figure R: Poster for the Incubation Knowledge Workshop



For potential investors, the State conducted workshops that included Angel Investor workshops. The workshops included knowledge-based sessions on the basics of angel investing.

More than **500 potential investors** participated in the workshops.

Hatch 2020: Investor Education Program

The investor education program was organized on 18 January 2020 to encourage potential investors to invest in startups. The key themes covered in the workshop were:

1. Funding Rounds
2. Growth Capital Fit
3. Angel Investment
4. Due Diligence
5. Post Investment Strategies

More than 150 potential investors were sensitized through the workshop.

Figure S: Hatch 2020 Investors Education Program





2.7.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Capacity Building⁹

- ❖ 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.



⁹ Actions that provide support to startups through programs and workshops.

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List of Abbreviations

EMD	Earnest Money Deposit
HEI	Higher Education Institutions
IEDC	Innovation and Entrepreneurship Development Centre
KBA	Kerala Blockchain Academy
K-DISC	Kerala Development and Innovation Strategic Council
KSCTE	Kerala State Council for Science, Technology, and Environment
KSUM	Kerala Startup Mission
KWISE	Kerala Women in Startup Ecosystem
NRI	Non-resident Indian
QR	Quick Response



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