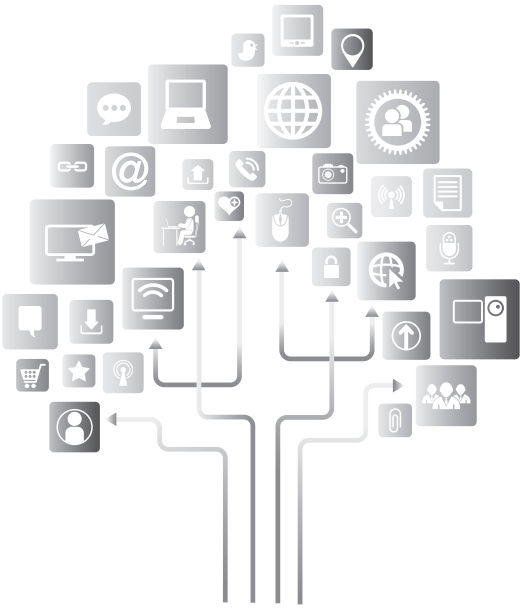
KERALA TECHNOLOGY STARTUP POLICY 2014

GOVERNMENT OF KERALA

सत्यमेव जयते



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KERALA TECHNOLOGY STARTUP POLICY 2014

PREAMBLE:

The most talented youth of Kerala have been leaving the State in pursuit of better career options, and many of them have become successful entrepreneurs outside the State. This loss is irreparable in a Knowledge Economy where people and ideas are more important than land or capital. To realize the true potential of Kerala, this 'brain drain' needs to be reversed. This policy aims to create a world - class scientific and technology ecosystem that would empower and enable its youth to pursue their dreams within the State.

The Government of Kerala aims to provide an ecosystem where the youth of the state can reach his/her maximum potential. Any society peaks when a great number of its people have access to experiences that are in line with their life goals and this requires development of increasingly complex skills.

The necessity to develop increasingly refined skills is what lies behind the evolution of culture. By smoothly integrating the technological and creative skills of youth to solve the contemporary problems, the State aspires to kick-start an entrepreneurial culture, which contributes to increased knowledge, wealth and employment. **Government's endeavor is to build an entrepreneurial society in Kerala** with a single consciousness by leveraging technology in bridging the gaps between different layers of the society, with a pro-active sense of social responsibility.

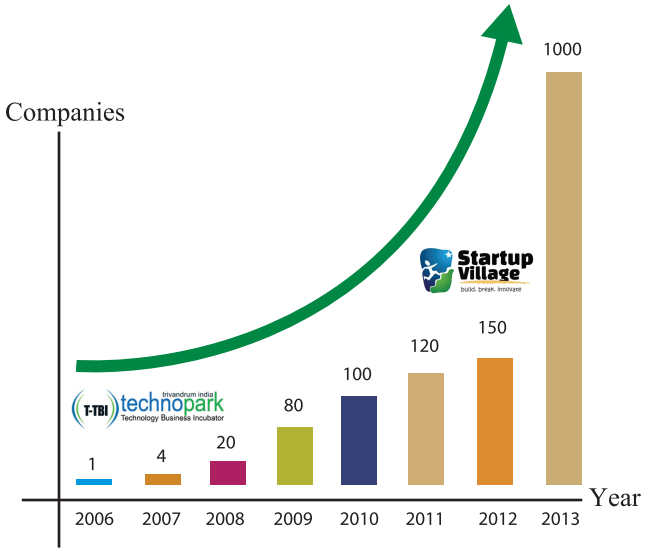
The existing rigidity in systems and cultural barriers that discourages experimentation by moving out of the system needs to be changed. For example, an under graduate student is unable to move laterally or horizontally to other courses without losing time. A similar example is an academic or government employee, who is unable to take a break and pursue his or her entrepreneurial instincts by leveraging the knowledge gained during the work years. In fact, he or she should be encouraged to take a risk, and on failure should be allowed to join back to the system.

The young population of India creates a massive demographic dividend. For the next 40 years, the country would have a youthful, dynamic and productive workforce when the rest of the world, including China, is aging. It is further estimated that the average age in India by the year 2020 will be 29 years as against 40 years in the USA, 46 years in Europe and 47 years in Japan. In fact, in 20 years the labour force in the industrialized world will decline by 4%, in China by 5%, while in India it will increase by 32%.

The demographic dividend in Kerala will end sooner due to its aging population and lower population growth and time is now to act decisively to reap the dividend. There is further necessity to retain the youth within the state to support the aging population.

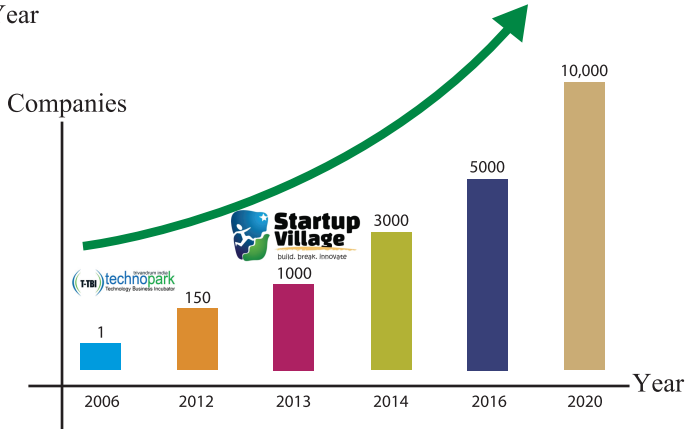
To employ all its youth, India will have to create 1 million new jobs every month for the next 20 years, and this is going to be created by new startups through entrepreneurship. The globally well - known Kerala model of development of achieving high Human Development Index (HDI) in an equitable manner has to now evolve into a new model of creating knowledge, employment and wealth through innovation and entrepreneurship and set an example for rest of the country.

Technopark TBI was formed in 2006 as a pilot experiment to seed an entrepreneurial culture amongst the youth in IT/ITES sector and grew to over 150 startups in six years. This significant growth created operational challenges of speed and flexibility that was required to support high technology based enterprises. This growth was unique in India and thus Department of Science and Technology, Government of India initiated a Public Private Partnership model for rapid scaling of the startup ecosystem and resulted in the formation of ITIH-TBI (Startup Village) which is jointly promoted by Technopark and industry Host MobME Wireless, the first incubated startup at Technopark TBI.



This unique partnership model bringing together the best of two worlds has created unprecedented growth in the entrepreneurial culture of the state amongst the youth. The roles defined where Technopark was to provide administrative support, infrastructure and guidance to Startup Village while the private sector was to execute the vision and operations of the project.

Innovation and incubation does not limit itself to Information technology sector but has its scope in all the sectors including agriculture, traditional industries, ayurveda, etc. which is currently untapped. More than 1,00,000 students pass out of higher education institutions in Kerala every year.



There are very few or no avenues for innovation in other fields and absolutely no avenues for cross sector cooperation while we are seeing an emerging trend of crossing 10,000 startups by 2020.

To support and accelerate this growth, the government envisages more public and private sector companies to participate in creating various models of incubation across sectors and niche themes within each sector. Government also wishes to leverage the efficiency, flexibility and domain expertise of the private sector for this purpose.

Kerala State Innovation Council (KSInC) has been set up by the Government of Kerala on the lines of the National Innovation Council (NInC) with the intention of suggesting efficient, sustainable and cost-effective innovative solutions, for good governance and for the overall economic development of the State.

Kerala is the first and only state in the country to have 1% of the State's annual budget ear-marked for entrepreneurship development activities.

In the Budget Speech for 2014-15, the Hon: Finance Minister stated;

"Item No 39. Encouragement of Skill development

A new generation with skills and excellence has to come up now. We can achieve this target quickly if we can provide necessary facilities and encouragement of skill and excellence at school level itself. Government considers that suitable planning and budgeting are necessary for achieving such an aim. Hence an amount equivalent to 1% of the budget provision of each department will be earmarked for formulation and implementation of employment generating schemes to be evolved by the student and youth community."

At the Emerging Kerala Summit in September 2012, the Hon'ble Chief Minister of Kerala announced the first Student Entrepreneurship Scheme in the state, which triggered a revolution amongst the youth. This was followed by the IT Policy 2012 enunciating a few measures aimed at nurturing innovation and entrepreneurship in IT/ITeS sector. Over the last two years, more than 5000 startups have applied and over 800 startups incubated within Technopark Technology Business Incubator (T-TBI) and Startup Village, the PPP incubator jointly promoted by T-TBI and the industry. At the Young Entrepreneurs Summit (YES) on September 12, 2014, a day, which is celebrated as State Entrepreneurship Day, more than 4000 youth, participated, reflecting the electrifying and resurgent mood in Kerala amongst youth for development and entrepreneurship. This upsurge in the startup ecosystem needs to be supported and scaled up in the Technology sector and at the same time extended to other sectors of the economy.

It is with this objective that the State Government is coming up with a full-fledged and forward looking 'Innovation &Technology Startup Policy' to scale up the existing momentum of student and Kerala Technology Startup Policy 2014 youth entrepreneurship. This policy provides the broad framework for creation of a startup ecosystem **in technology based startups across sectors. Detailed sector specific guidelines and business incubation policies shall be issued by concerned departments to cover various aspects relevant to developing entrepreneurship in these sectors.**

Vision:

Kerala to emerge as the No.1 Destination in India for Startups and amongst the top 5 startup ecosystems in the world.

Objectives:

The Policy aims to achieve the following by year 2020;

- Attract Rs. 5,000 Crores in investments into the Incubation and Startup Ecosystem in Kerala.
- Provide Rs. 2,500 Crores for youth entrepreneurship activities for the next five years (1% of the annual State Budget).
- Create more numbers of Indian owned Global Technology companies based out of Kerala.
- Establish at least 10 Technology Business Incubators/Accelerators in each of the different sectors in the State.
- Encourage/Facilitate/Incubate at least 10,000 technology product startups.
- Develop 1 million sq. ft. of Incubation Space.
- Facilitate Venture Capital funding of a minimum of Rs. 2,000 Crores.
- Set the platform for creating at least one home grown billion dollar technology company from the startups.

Under this policy Technology startup may be defined as innovation based technology company registered under the Companies Act and within 3 years of incorporation.

The Policy is split into nine key portions that are the strategic building blocks towards a world-class startup ecosystem namely Infrastructure, Incubators and Accelerators, Human Capital Development, Funding, State Support, Governance of Policy, Public Private Partnership, Scaling Existing and Establishing New Incubators and Startup-Bootup-Scaleup model for moving fast from ideas to IPO.

1. Creation of Infrastructure

1.1. Government will provide core infrastructure like plug and play incubation facilities in different sectors and different locations within the state. Fully Furnished and Ready to use Plug and Play Infrastructure along with Computers with maximum 2GBPS internet connectivity, Electricity, Water, Security and other office facilities would be provided as Infrastructure support from the State Government for the Host Institutes to setup Incubators. Common facilities such as testing labs, design studios etc. setup by State Government at Nodal Incubators are to be shared by all incubators.

1.2. All Government owned IT Parks, Industrial Parks and SME Clusters shall have incubation facility for the sectors concerned. Government will facilitate successful entrepreneurs from the state to setup required high tech labs and testing facilities.

1.3. The Existing Schemes in the Central and State Ministries shall be dovetailed into sector specific guidelines for each of the sectors.

1.4. Creation of Incubators: The Government will encourage Host Institution of existing Technology Business Incubators (TBI's) for expanding up their operations in the state to jump-start the startup ecosystem.

1.5. Innovation based incubators shall be set up in all Institutions of Higher education in the State, Research Institutes and other Centers of Excellence and these Institutes shall be networked through an e-platform hosted by T-TBI. The Electronic Platform shall also function as a "Virtual Incubator" to startups in all sectors connecting the research institutes, mentors, entrepreneurs and all other stakeholders and shall act as an incubator without walls.

1.6. Incubation Infrastructure Development Fund: The Government will facilitate development of physical incubation infrastructure in a Live-Work-Play mode

through Public Private Partnerships. An Incubation Infrastructure Development Fund will be constituted and a suitable structure for operating the fund shall be evolved in consultation with all stakeholders including Host Institutes of Incubators, Government, Industry and Lenders.

1.6.1 Approval for the Incubator and host institution by National Science and Technology Entrepreneur Development Board, Department of Science and Technology, Government of India or by Government of Kerala shall be a condition for availing this infrastructure funding. In addition to the Incubation Facilities such as R&D Labs, Office Spaces, Small and Large Conference Rooms etc, the facility so created may have Small Office Home Offices (SOHO), Hostels, Dormitories, 1-2-3 BHK's, Office Spaces for Skunk Works and other modern amenities. The Government shall provide promotional support to these incubators as needed.

1.6.2 Along with the incentives provided in the IT Policy, host institutes of TBI's that are recognized by National Science and Technology Entrepreneurship Development Board (NSTEDB) shall be entitled for lease of land and space for a period of 90 years for setting up TBI's and related infrastructure to create world class Live-Work-Play environments at Government owned IT and Industrial Parks. The lease amount in such cases shall be payable in equal annual installments over a period of 90 years. Relaxation in building rules and other regulations as is available to Government owned IT Parks and Private IT Parks in the state shall be available for setting up incubators and related social infrastructure.

1.7 Common Infrastructure

The Government would facilitate creation of support infrastructure for development of startup ecosystem to attract new technology entrepreneurs, such as:

a) Common Testing labs, Design Studio & Tool Rooms and Fablabs.

b) Enterprise Software & Shared Hardware.

c) Shared services like Legal, Accounting, Technology, Patents and Investment Banking.

d) Other Amenities and Facilities like Individual Accommodation and Hostel Rooms.

e) Community Events and Promotional support for Incubators and Startups.

f) Common Facilities Centers (Warehouses, Storage facilities, QA/QC labs, etc.).

Appropriate Common facilities on a hire and use model shall be made in all the sectors either by Government themselves or in PPP mode. The specific items eligible in such sector specific centers shall be as determined by the sector guidelines to be issued by departments concerned.

1.8 Common IT Infrastructure

a) Technology-Server Software

Cloud Server: Government would host a cloud sever in the state data center that would connect all the incubation centers across the state. This server would be beneficial to all the startups at low or nominal costs.

Enterprise Software & Device Testing Labs: Based on the requirement, Government would procure Enterprise versions of key software required for testing and other purposes at incubators. These software and Labs can be utilized by the companies in the incubation space at nominal charges.

b) MIT FAB LABS - In order to promote education in hardware manufacturing and creating prototypes of hardware products, two High End FABLABs from MIT (Boston, USA) and Design Studio with international collaboration would be setup at Technopark TBI and Startup Village. Government will further support mini-fablabs at other educational institutions or incubators by giving support to the high end FABLABS for creating derivative labs as these are machines which can create more machines.

2. Accelerators

The Government shall establish at least one world class Accelerator by inviting global Accelerators to set up their programs in the state.

2.1 The Government will also support small incubators in multiple locations by providing support and space to bring in expertise and startups in the incubation centers through diverse models.

2.2 Government proposes to partner with world-class accelerators by providing support and space to bring in international expertise.

2.3 The Government will closely monitor the progress of the initial batches/groups in the Incubation centers as these would seed the ecosystem which will fuel the subsequent batches.

3. Human Capital Development

Inculcating the habit and embedding the idea of innovation and entrepreneurship in the minds of citizens in every aspect of economic activity is essential for promoting the culture of innovation. This needs to be achieved through strong educational support to bring out innovators and techno-preneurs among the youth. The Government would work with universities, educational institutions and the industry to provide pre-trained manpower in emerging technologies and to foster a culture of entrepreneurship in all sectors.

3.1 Academic Interventions:

3.1.1 **Update University Syllabus:** The Universities will be advised to change the course curriculum to be in tune with the emerging technologies and align to the requirements of the Industry, and to introduce courses in skill training and entrepreneurship development. Industry Experts may be leveraged to teach courses at incubators and students who are interested may elect these courses. The evaluation provided by approved industry experts may be sent by the incubator to colleges/university for inclusion in the electives that students can learn as part of the degree course.

3.1.2 **Update State School Syllabus:** Entrepreneurship will be introduced as part of the State School Syllabus to give students a general introduction to entrepreneurship and skills needed.

3.1.3 **Faculty Up gradation:** A special scheme of faculty up gradation shall be introduced. The Government would support enhancing infrastructure at universities to train the faculty for promotion of innovation.

3.1.4 **Mandatory apprenticeship:** All educational institutions offering under-graduate courses especially in science, commerce and professional streams shall implement a mandatory scheme of internship/apprenticeship in the last year of the course in association with the industry. This may be waived off for students who are setting up their own startups in Incubators.

3.1.5 **Credits to MOOCs and insertion as electives:** The Universities will be advised to give credits to the students successfully completing notified online courses, Massive Open Online Courses (MOOCs) and their insertion as electives. The University in conjunction with Incubators operating in the state shall decide the

number of credits and evaluation methodology for such courses. Students should be free to learn electives from first year of college as part of degree completion even though electives are available only from third or fourth year.

3.1.6 Innovative and Original Ideas for Final year Projects: Final Year Projects of College students as part of degree completion have to be New and Innovative Projects. Nodal Incubator would create an online portal with details of all such projects so that students can post their projects online to avoid duplication.

3.1.7 Gap Year - concept of Student Entrepreneur in Residence: Universities may introduce the concept of Student Entrepreneur in Residence. Outstanding students who wish to pursue entrepreneurship can take a break of one year, after the second year, to pursue entrepreneurship full time. This may be extended to two years at the most and these two years would not be counted for the time for the maximum time for graduation. The necessity of the scheme is evident from the fact that even though this can be done even now, our society is still not ready for facing failure. An approved scheme by the University would allow the parents to be comfortable and confident. The Gap Year facility may be given to ensure syllabus continuity at the time of joining back and after an appraisal process by an incubator where the student is attached.

3.1.8 Sabbatical Scheme for College and University Faculty - A pilot scheme shall be introduced for College or University professors who work along with students at an incubator to move out and pursue entrepreneurship for a specified time and on failure will be allowed to join back.

3.1.9 Technology Entrepreneurship @ School and College level:

- All Universities in Kerala may give 5% grace marks and 20% attendance every semester for student startup teams, which have at least one woman as a cofounder.
- Students may be permitted to undertake their Industrial Seminar, Project Seminar and Industrial Visit at Technology Business Incubators where the additional facilities are being setup.
- Student entrepreneurs working on a startup idea even from the first year of college may be permitted to convert their startup project as their final year project towards degree completion. Mentors assigned by Incubators may be involved in the conduct of Viva Voce. Project reports certified by the Incubators may be sent back

to the respective colleges for forwarding to university.

3.2 Distribution of Raspberry Pi/Arduino/Little Bits Kits and Startup boxes to the students: The schools in the state would be encouraged and helped to distribute Raspberry Pi, Arduino, Little Bits & other micro controller or microprocessor based Startup boxes to students to promote the learning of basic computer science and electronics in schools and ignite the imagination of students through Do-It-Yourself (DIY) projects. The Government would also make efforts to bring in private sector and CSR funding for this purpose.

3.3 **Leadership Academy:** A leadership academy for fostering Innovation in the State would be established in Technology Innovation Zone at Kalamassery for giving youth training in leadership skills. This would help in institutionalizing the culture of entrepreneurship in the state by providing leadership and entrepreneurship training.

3.4 **Boot camps -** College and School Level Entrepreneurship Development Clubs (Bootcamps) will be established through incubators to foster innovation and entrepreneurial spirit at the school and college levels.

3.5 **Entrepreneurship Learning-** Incubators are to roll out one day training programmes in schools for exposure to entrepreneurship. At college level, entrepreneurship training may be provided as a weekend workshop in partnership with the Leadership Academy.

3.6 **Attracting International Mentors:** The Government will provide financial support to Incubators for bringing international consultants, mentors and for hiring and training local fresh talent.

3.7 **International Startup Culture and Exchange Programme -** An international startup Programme would be setup to send the most brilliant startups, college and school students to leading startup destinations around the world for getting global exposure at a young age. Select College Principals and Teachers would also be send for gaining international exposure to learn about startup culture in universities like Stanford, Harvard and MIT and see how MOOC's are being used in various schools and colleges for education. Similarly, tie-ups may be setup to bringworld class startups to work alongside startups in Kerala for faster learning and cultural exchange. This programme would be executed by a nodal Incubator.

3.8 **Innovation Zones-** State departments or organizations will be encouraged to setup

Innovation Zones relating to their needs at Incubators in-order to bring closer startup - institution interaction for creating innovative products that fulfills such needs. The model followed by Kerala State Electricity Board may be emulated.

3.9 **Market Support and State Database:** The Government will focus on Startups while supporting industry associations for conducting surveys and/or research on trends in technology, research, innovation and market intelligence on niche themes.

3.10 **Business Networking and promotional events:** The Government will promote and encourage participation of startups in various national and international events by leading a startup delegation to the identified Exhibitions and Conferences. Government would also undertake various promotional events and roadshows at various locations from time to time. 50% (100% for SC/ST & Women Entrepreneurs) reimbursement of the exhibition stall rental cost for participating in the notified national/international exhibitions.

3.11 **Digital Marketing:** Financial Support for promotion and marketing will be provided for digital marketing, as most of the Social, Mobility Analytics and Cloud (SMAC) enterprises are in the B2C space.

3.12 **Building Startups with Technology Depth through Research Institutions-** A state wide network of Research Institutions with Incubators would be created so that institutes and their scientists can commercialize their Intellectual Property into products or business through startups.

3.13 **Scientific Conferences for Industry-Institute collaboration -** A two day scientific conference would be conducted annually along with State Entrepreneurship Day by inviting scientists and researchers from around the world in participation with all Research Institutions (both central and state) operating in Kerala with the aim to create collaborations with colleges and scientists that can lead into new products and business opportunities through research. The Department of Science & Technology and Kerala State Industrial Development Corporation shall jointly organize this annual conference.

3.14 **Brain Inspired Computing -** A high end lab would be setup in Technology Innovation Zone, Kalamassery for Brain Inspired Computing with the support of private sector which will be open to students, professors and startups for research and product development into the latest advances of brain-computer interface

4. Startup Funding:

4.1 The Government shall encourage the Banks and financial institutions to enhance and extend their existing schemes of lending to the Startups on convenient terms (Eg., collateral-free lending, soft loans, interest free loans, etc.). Institutions like KFC shall be encouraged to promote schemes like CGTMSE of Government of India and sufficient guarantees shall be provided to these financial institutions to meet the NPA losses subject to a ceiling of 10% of the total loan disbursed and outstanding.

4.2 Private funds shall be encouraged to setup operations in the state for funding startups

4.2.1 The Government may participate in SEBI-approved early stage Venture Capital Funds, upto25% as Limited Partner. The Venture Capital Fund so created shall invest primarily in startups located in Kerala, basing on its own criteria.

4.2.2 Recognized Incubators which are managing Seed Fund Scheme of Government of India will be given matching seed funds to further increase the amounts available for startups by 200%. For other Incubators, the State will provide Seed Funds on the same criteria as the Central Government scheme.

5. State Support:

5.1 General Incentives

The fiscal and non-fiscal incentives applicable to all categories of Industry would be applicable to the incubators, accelerators and start-ups in the respective sectors. The existing schemes of the MSME sector shall be made applicable to the Startups in all sectors as per the existing classification.

5.1.1 General permission shall be available for 3-shift operations with women working in the night for startups, subject to such units taking the prescribed precautions in respect of safety and security of employees.

5.1.2 Challenge Grants for Innovation: The government will encourage innovation amongst the entrepreneurs and students through Challenge Grants. The focus of these grants will be mostly on innovative products that address societal problems and would be awarded every year. The programme would be executed by Kerala State Innovation Council.

5.2 Monetary Support to Incubators and Startups:

The incentives available in the State IT Policy 2012 would also be directly applicable to the startups, Host Institute of Incubators and Accelerators.

5.2.1 Reimbursement of VAT/ CST: Annual Reimbursement of VAT/CST paid in Kerala, upto a maximum of Rs. 50 Lakhs turnover by incubated startup companies within a period of first three years of being incubated

5.2.2 Financial Assistance as Matching Grants: The Government would match the funding raised by the Incubator from Government of India on a 1:1 basis as matching grants

5.2.3 Performance Linked Assistance - Government will assist the Host Institutes of recognized incubators with an Operating Grant to be calculated based on number of startups incubated in a year. A transparent scheme will be formulated and announced.

5.2.4 Support to Human Capital Development Programmes - To create an innovation pipeline and entrepreneurial talent, Human Capital Development is envisaged under this Policy under section 3. These programmes may be executed through the recognized Incubators and 10% of the approved programme cost would be paid as Programme Implementation and Monitoring Fee.

5.2.5 Corporate Social Responsibility of PSU's - In order to strengthen the startup ecosystem in the state, CSR Funds of State PSU's will be utilized to create corpus funds at incubators in compliance with the New Companies Act 2013.

5.2.6 **Reimbursement of paid Stamp Duty and Registration Fee -** Incubators and Host Institutes shall be eligible for 100% reimbursement of the Stamp Duty and Registration Fee paid on sale/lease deeds on the firsttransaction and 50% thereof on the second transaction

5.2.7 **Patent Filing Cost:** The cost of filing and prosecution of patent application will be reimbursed to the incubated startup companies subject to a limit of Rs. 2 Lakhs (0.2 million) per Indian patent awarded. For awarded foreign patents on a single subject matter, upto Rs. 10 Lakhs (1 Million) would be reimbursed. The reimbursement will be done in 3 stages, i.e., during filing, prosecution and award.

5.3 **Additional Incentives available for Private/PPP Model Incubators**

5.3.1 Incubator Projects that has a capacity to create a minimum of 1000 startups in five years will be deemed as nodal incubators and eligible for the following additional benefits;

5.3.2 In case of Government-owned buildings leased to technology incubators, no lease rent or O&M charges will be levied for a period of five years or until the incubator is self-sustainable, whichever is earlier. In case where private premises are taken on lease/rent basis, a rental reimbursement @ Rs. 5 per sq.ft. per month or 25% of the actual rent paid, whichever is less, shall be reimbursed for a period of 3 years. This shall be limited to the incubation space only.

5.3.3 An investment subsidy of 20% of the value of the Capital Expenditure, other than land and building, shall be provided to Incubator Projects that enter into an MoU with the state within 2 years of notification of the Policy. This subsidy shall be limited to a maximum of Rs. 5 Crores.

Subsidies or monetary support given by different government departments, both state and central, under their existing schemes for new units shall be in addition to the above monetary support.

5.3.4 **Training Assistance:** For every employee recruited by a startup within a period of three years of incubation, an amount of Rs. 25,000 per employee per year shall be provided for training.

5.3.5 **Performance-linked grant for startups:** Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Turnover, subject to a limit of Rs. 10 Lakhs within a period of three years from the date of incubation.

6. **Administration of Financial Incentives & Implementation of Programmes**

6.1 All monetary support for startups and incubators as mentioned in section 5 above shall be administered by Technopark Technology Business Incubator (T-TBI). The supports shall be provided in a time bound and transparent manner.

6.2 For administering the various schemes and programmes, T-TBI would be assisted by

a committee of external experts including representatives from industry, academia, incubators and industry associations.

7. **Roles & Responsibilities of Incubators**

The roles and responsibilities of the Incubators availing support from the Government are:

a) Organizational Responsibility and Management of Incubator.

b) Establishing Support Eco-Systems, Capital Asset Management and Resources as required for the Incubator.

c) Private Partner in a PPP incubator will be responsible for creating a self-sustaining business model needed for the execution of the Incubator after the support period given to incubated startups which is maximum of 3 years in case of service startups and 5 years in case of product startups from the date of their entry into the incubator.

d) Liaise with Angel and Venture Capital investors to provide funding assistance to the incubated startups.

e) Shortfalls if any in revenue generation will be met by Private Partner, post the support period.

f) Private Partner will be responsible to find, nurture and support Incubatee companies with a flexible framework based on the changing incubatee requirements in the Sector.

g) Ensure pro-active participation of other Private Sector companies for the Incubator in terms of raising funds for incubator and angel investment for startups.

h) Execution of various Skill Development and Incubation Programmes designed by the Government.

8. **Establishment of New and Scaling up of Existing Incubators**

8.1 **Technology Incubators** would be encouraged to expand to more niche themes including Internet of Things (IoT), 3D printing, 'IT for X' in the areas of Pharma, Oil & Gas, Urban Management, Social Media, Mobility, Analytics and Cloud Computing

(SMAC), Fabless Semiconductors and Electronics, Animation & Gaming, Digital Media Entertainment, Visual Effects, Printed & Organic Electronics

8.2 **Other sector-specific Incubators-**

The startup ecosystem in our state has to scale up to more sectors. Government will, either on its own or in partnership with private sector, will establish sector-specific incubators in areas like Bio Technology, Nanotechnology, Healthcare, Agri Business, Business Processes, Food Processing, Textiles & Garments, Fashion Designing, Ayurveda, Tourism, Retail, Arts, etc. Sector specific innovative businesses, technology enabled and otherwise shall be encouraged like, Collective and Hi Tech farming in agriculture, Dairy production, Geographic Indications based products in traditional crafts, Innovation in designs and products in textiles and apparels, Product modifications/innovation based businesses in traditional sectors like Coir, Bamboo, etc. These incubators shall be setup by the departments concerned and shall be governed by guidelines issued by them.

9. **Establishment of Startup - Bootup - Scaleup Model for Technology Startups**

9.1 Technopark TBI will work with Industry Associations for Software Product Industry to be recognized as a new Industry with NIC (National Industrial Classification) Code and create a viable tax structure and mechanism to avoid double taxation of software products under Service Tax and Sales Tax. The definition of a Software Product would be evolved in participation with Deity, Government of India and work together to make changes in the R&D Application forms for getting R&D benefits to the Software Product sector.

9.2 T-TBI will liaison with Central Government and other agencies at national level like SEBI/RBI etc to create optimal policies for crowd funding platforms.

9.3 **The Government will act as market maker** for giving a massive fillip to Software Product Industry. An Innovative Startup-Bootup-Scaleup Model would be followed for Software Product Startups and MSME's based in Kerala. For software products or software projects (e-Governance Projects) proposed by Kerala based startups and MSME's, Swiss Challenge method shall be followed for selection of vendors.

9.4. Time bound approval of proposals in 4 weeks would be given to Innovative Product Companies to demonstrate their product(s) as Pilot project i.e., Startup Phase. Once the pilot is successful, the Government would encourage companies to do local product development for software companies and manufacturing (for hardware companies) i.e - Bootup Phase. The companies, which have deployed their products in Kerala, would then be given incentives as decided by the Kerala State Innovation Council to go National and International i.e - Scaleup Phase.

Access to Government data base, systems and process will be provided for doing pilots in various e - Governance projects with suitable data security considerations will be provided to Kerala based Startups and MSME's. Any such application for access to database, systems or process(s) shall be disposed within a period of four weeks.

9.5 Conduct an open innovation process to select startups to develop applications for public needs so as to encourage startups to have a feel of the e-governance market.

9.6 **Startup Role Models Programme -** Top 50 startups operating out of incubators in Kerala would be identified through a selection process and be given a platform to meet and interact with mentors, funding support, product development, marketing and launch support to accelerate the number of success stories to create role models. This programme would be annual in nature.

This Policy is valid for a period of 5 years from the date of its notification or till a new policy is formulated. The policy shall be implemented under the guidance of Kerala State Innovation Council (KSInC) and the Board of Governors of T-TBI.

KERALA START-UP MISSION (KSUM)

Spreading the Spirit of Innovation and Entrepreneurship

Kerala Start up Mission has been driving the start-up saga in the State of Kerala since 2002. The reflections in the mind-set of the youngsters to become entrepreneurs have been greatly influenced by the vision of Kerala Start up Mission (formerly Technopark Technology Business Incubator (T-TBI)). Since its inception the drive to boost up the technology business incubators have been successfully fulfilled.

- In 2006 T-TBI formulated as an independent society supported by DST, GOI.
- In 2012 T-TBI designated as the Nodal Agency for startups supported by GOK.
- In 2015 T-TBI rebranded as Kerala Startup Mission

Kerala Start-Up Mission offers

Pre-incubation
Incubation
Business Accelerator

The Government of Kerala has initiated many schemes towards innovation and entrepreneurship. KSUM is the implementation agency for most of these schemes.

- Youth Entrepreneurship Development Programmes
  - Startup Boot camps
  - Startup Box Campaign
  - Learn to Code: Raspberry Pi Programme
  - Startup Leadership Training & Workshops
  - International Exchange and Training Programme
  - Web portal and Video Library for entrepreneurs
  - Technology Innovation Fellow Programme
  - Entrepreneurship Driving Programme
- Technology Innovation Zone
- MIT Fablabs-Fablab, Trivandrum and Fablab, Cochin
- Entrepreneurship Development Programmes in Schools
- Student Entrepreneurship Policy
- Kerala Technology Start-Up Policy

For more details contact:

KERALA
STARTUP MISSION
[Formerly Technopark TBI]

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