Kerala – Kerala Startup Policy 2017

Introduction

Emphasizes knowledge-based innovation and entrepreneurship as critical drivers in a knowledge economy.

Disruptive business models in various sectors like hospitality, media, education, and healthcare demonstrate the impact of technology startups.

The policy builds on the Kerala Technology Start-up Policy 2014 and sets a framework for a technology startup ecosystem across multiple sectors.

Kerala Startup Mission (KSUM) is the nodal agency responsible for entrepreneurship development and incubation, facilitating incubation centers, industry-institute linkages, and capacity building.

Objectives

Increase R&D intensity and stimulate innovation culture.

Commercialize technology and foster entrepreneurial ecosystems.

Reduce entry barriers for startups.

Build innovation infrastructure including incubators, transfer labs, and science hubs.

Promote adoption of strategic technologies among SMEs.

Provide tax incentives such as R&D credits and capital cost allowances.

Promote modernization of traditional industries using new technologies.

Key Initiatives

3.1 Youth Entrepreneurship Development Program (YEDP)

Supports startup talents during incubation with programs like coding workshops, boot camps, leadership training, international exchanges, patent support, and entrepreneur driving programs.

3.2 Kerala Technology Innovation Zone (TIZ)

A global innovation hub offering multi-sector incubator facilities under one roof.

Acts as a one-stop ecosystem for ideas, incubation, mentorship, and investor engagement.

3.3 Fab Kerala Network

Two Fablabs established (in Thiruvananthapuram and Kochi) for innovation, prototyping, and maker culture promotion.

Connected Mini Fab Labs set up in educational institutions to extend reach and enable maker certification.

Plans for open maker spaces accessible to the public focused on societal problem solving.

Startup Funding

Grants of ₹2 lakhs for innovative ideas.

Seed funding (pre-commercialization) offered through KSUM.

Promotion of Kerala-focused Alternate Investment Funds with government participation up to 25%.

Early-stage funding by KSIDC (soft loans up to ₹25 lakhs or equity subscription).

Investment subsidy up to 40% of fixed capital investment for eligible startups depending on location.

KSUM 2.0 Initiative

Aims for a quantum leap in the startup ecosystem’s quantity and quality.

Focus on innovation-driven entrepreneurship emerging from academia, R&D institutions, societal problems, and rural innovators.

Encourages open innovation platforms for business model enhancement using internal and external knowledge.

Grand Innovation Challenge Kerala

Annual innovation challenge awarding ₹1 crore grant to a startup with significant societal impact that improves lives.

Technology Commercialization Centre/Platform

Bridges gap between innovators and industry.

Houses a state-of-the-art research lab for collaborative R&D.

Provides virtual and physical platforms for idea development, product commercialization, and licensing.

Fostering Future Technologies

Establishment of Future Research Lab focusing on emerging technology areas like AI, Robotics, IoT, Renewable Energy, Green Technology, e-Waste management, Cybersecurity, and more.

Setup of DIY Biology Labs to encourage community-based biotechnological innovation and learning.

G-Tech Innovation Focus Group (GIF)

Supports programs like “Adopt A Young Idea” (AAYI) nurturing socially relevant projects and "Rural Innovation Challenges in Kerala" (RICK) supporting rural innovators excluded from mainstream ecosystems.

Startup Mentoring Support

Facilitates linkages with customers, suppliers, and ecosystem actors.

Startup incubation and acceleration supported through government and tie-ups with national and international agencies.

Entire Startup Lifecycle Support

11.1 Validation Stage

Technical feasibility and commercial viability evaluations by experts and mentors.

Idea refinement support and patent filing assistance aligned with national schemes.

11.2 Product Development

Seed support enhanced and convertible debt options considered, with innovation/prototyping funds.

Labs providing access to future and fab lab facilities for rapid prototyping and testing.

Technology mentorship from experts in industry, academia, and scientific communities.

Design workshops and development platforms for startups and students.

11.3 Commercialization

Market exposure through global intelligence reports.

Capacity building and international exposure programs (e.g., Silicon Valley Visit Program for students).

Marketing and PR support via empanelled agencies.

Fundraising assistance by connecting startups with investors and financial experts.

Facilitation of early market access via government pilot projects and demo days.

Statutory service support for business setup, filings, and compliance.

11.4 Scale-Up Support

Infrastructure subsidies for startups scaling up in government parks.

Extended support for startups acquired, merged, or beyond initial concession period.

Government participation in SEBI-accredited funds as limited partner focusing on Kerala startups.

Accommodating Failures

Facilitation for startup winding up and fresh attempts to encourage learning from failure.

Distressed Startup Fund to write-off/reimburse debts for startups that made genuine attempts but failed.

Reinstating startup status for pivots based on incubator recommendations.

Source: Kerala Startup Policy 2017

Issued by: Government of Kerala – IT Department

Nodal Agency: Kerala Startup Mission (KSUM)

Policy Period: 2017 onward with guideline updates