



GOVERNMENT OF KERALA

Abstract

Electronics & Information Technology Department – Kerala Start up Mission -
Guidelines for utilization of Innovation Grant – Approved – Orders issued.

ELECTRONICS & INFORMATION TECHNOLOGY (IT CELL) DEPARTMENT

G.O.(Rt)No. 122/2018/ITD

Dated, Thiruvananthapuram, 08/05/2018

Read: 1 GO (Rt) No. 157/2017/ITD dated 10.07.2017.

2 Letter No. K-SUM/265/2018 dated 16.04.2018 from the Chief
Executive Officer; Kerala Startup Mission

ORDER

As per Government order read as 1st paper above, Government have issued Administrative Sanction for the schemes for the year 2017-18 as cleared by the Special Working Group held on 13.06.2017. 'Youth Entrepreneurship Development Programme"- a scheme under Kerala Startup Mission aims at promoting Technology based youth entrepreneurship in the State and Innovation Fund which is one of the component of the scheme is intended to promote innovative ideas.

The Chief Executive Officer, Kerala Startup Mission as per the letter read as 2nd paper above has informed that they had conducted 9 idea days to identify innovations during 2017-18 and sanctioned around Rs. 200 lakhs towards idea / scale up grants. In order to make these process effective detailed guidelines are required for the process of selection and disbursement of Innovation Grant. The CEO, KSUM has forwarded the draft guidelines for the utilization of Innovation grant for approval of Government. The guidelines has been approved by the Executive Committee of Kerala Startup Mission held on 15.03.2018.

Government have examined the matter in detail and are pleased to approve the guidelines for utilization of Innovation Grant annexed (Annexure I to III) to this Government order.

(By order of the Governor)

SHYAMNADH R

UNDER SECRETARY

To: ~~The~~ Chief Executive Officer, Kerala Startup Mission
The Principal Accountant General (Audit) Kerala, Thiruvananthapuram.
The Accountant General (A & E) Kerala, Thiruvananthapuram.
The Web and new Media, I&PRD, Thiruvananthapuram
Stock file /Office copy



Signature valid

Digitally signed by PRAMOD V R
Date: 2018.05.08 14:32:48 IST
Reason: Approved

Annexure I

Guidelines for utilization of Innovation Grant

Section 1: Eligibility and Application

Eligibility Criteria

Following are eligible

1. A student studying in Kerala, or
2. An innovator based out of Kerala, or
3. A startup registered in Kerala

Call for Application

Kerala Startup Mission will call for applications for idea, productisation and scale-up grant in select sectors at least once in a quarter. The call for application and the deadlines will be published through KSUM's website, social media and print media. The interested students, innovators, and startups may visit www.startupmission.kerala.gov.in/ideaday to submit their application. This page also gives an option to subscribe to email updates regarding future Idea Days.

Section 2: Shortlisting

Shortlisting Process

The applications received by Kerala Startup Mission will first be shortlisted by a panel of experts. The shortlisted startups will be asked to submit a 2-minute video introduction of the product along with the pitch deck and fund utilisation plan. The shortlisted startups will then pitch to the Screening Panel, who will recommend if the idea is worth pursuing.

Shortlisting Panel

For shortlisting ideas in each sector, Kerala Startup Mission will try to partner with an industry body, an incubator, and/or an academic institution having expertise in that particular sector. At least 2 representatives recommended by such partner organisations will be requested by Kerala Startup Mission to shortlist the ideas.

Shortlisting Criteria

The applications will be shortlisted based on the following criteria:

1. Idea usefulness (40% weightage)
2. Solution value (40% weightage)
3. Market potential (20% weightage)

The top 10 ideas in each sector will be invited for the Idea Day during which a Screening Panel will listen to the idea presentations, evaluate their merit and accordingly recommend the ideas for funding.

Shortlist Announcement

Innovators selected for idea presentation will be notified through email at least two weeks before the Idea Day is scheduled. Applicants who were rejected will also be notified through email. It should be noted that typically upto top 10 ideas are called for the upcoming Idea Day. Others may re-apply with an improved application for the subsequent Idea Days.

Participation Confirmation

The selected innovators are expected to confirm their participation within 5 days by submitting a 2 minutes product introduction video, the pitch deck and the fund utilisation plan.

The innovator is also expected to bring a hard copy of the fund utilisation plan while coming for the Idea Day.

Queries Regarding Shortlisting

Innovators who would like to know their shortlisting scores may request the same by mailing to ideaday@startupmission.in with the subject *Idea Day Queries: Shortlisting*.

The Idea Day coordinator will respond to the email within 5 working days with the following details:

1. Average score for each selection criteria
2. Comments, if any, provided by the shortlisting panel

3. Credentials of the shortlisting panel
 4. Cut off score of ideas which got shortlisted
-

Section 3: Selection

Selection Criteria

The 2 minutes product introduction videos and presentations submitted by the innovators/startups will be shared with the Screening Panel members one week in advance. During the Idea Day, the innovators will pitch their idea and the execution plan to the Screening Panel. Evaluation will be done by the panel based on the following criteria:

1. Idea and solution usefulness
2. Potential for growth
3. Commitment and expertise of the team
4. Proposed utilisation of grant

Screening Panel

Typically, the screening panel will have three members:

1. An industry expert,
2. An academician, and
3. A senior representative from a Government body

The minimum size of the panel is two. The panelists are expected to sign a Non Disclosure Agreement and a Non Conflict Agreement. If there are any conflicts of interest with any of the ideas being presented, the panelist may inform the team member from Kerala Startup Mission who will be present to assist the panelists with the screening process.

Screening Process

The panel will listen to all ideas shortlisted for that particular Idea Day. The innovator must submit a signed copy of the fund utilisation plan to the panel. For the ideas worth pursuing, the Screening Panel may recommend the amount of fund to be given and also suggest what this fund should be used for by the innovator/startup. The Screening Panel may also recommend interim and final milestones to be achieved by the startup.

Where necessary, the Screening Panel may also recommend to have a technical review of the idea to be done before the award of the grant. All such

recommendations (including the amount of grant that may be awarded for the idea) are to be marked in the assessment sheet and signed by the panel members at the end of all the idea presentations.

Technical review where necessary will be done by experts in the concerned technology. KSUM will ensure that this review is completed within 2 weeks of receiving the recommendations from the Idea Day Screening Panel. Applications referred to the technical experts will be considered for Innovation Grant only if the technical experts agree that the idea is technically feasible and that the innovators/startup has the necessary technical skills to take the idea forward.

Sanction of Grants

The recommendations of the Screening Panel will be submitted to the Chief Executive Officer, Kerala Startup Mission for approval. Grants above 5 Lakhs will need to be approved by Secretary, Electronics & IT Department, Government of Kerala, who is also the Chairman of Executive Committee of Kerala Startup Mission. Additional reviews if necessary will be arranged by the Kerala State IT Mission team.

Innovators whose ideas are thus sanctioned will be notified through email. The list of the Innovation Grant recipients will be updated in the KSUM website not later than 2 weeks from the Idea Day event.

Section 4: Innovation Grant Disbursal

Disbursal Process

Innovation grant will be disbursed in milestone based tranches. Generally, half the amount granted will be disbursed in the first tranche after collecting necessary documentation, and the remaining amount is disbursed after the innovator submits interim report and utilisation certificate. If the Idea grant sanctioned is less than Rs.50,000 it will be disbursed as single tranche.

Mode of payment will be through account payee cheque. For student innovators the fund will be transferred to the IEDC bank accounts of their respective colleges. Startups registered as private limited/LLP companies will receive the funds to their company bank accounts. Individual innovators will need to register with an IEDC or incubator operating in Kerala. The grant will be disbursed to the IEDC's or incubator's bank account. The IEDC or incubator will subsequently transfer the grant to the individual innovators.

Documents for First Tranche

The innovators to whom the innovation grant has been sanctioned, are expected to submit a detailed fund utilisation plan along with project milestones. The fund utilisation plan for the first tranche should be clearly stated along with the interim outcomes expected to be achieved. If the startup has availed any other funding from Kerala Startup Mission, an audited utilization certificate and report needs to be submitted before the release of Innovation Grant.

The list of documents to be submitted are as follows:

Startups

1. Address ID proof of founder signing the agreement
2. Scanned copy of front page of passbook of the company account.
3. Rs.200 worth Stamp paper in name of the company.

Agreement may be signed by anyone founders. Rental dues and loan interests dues (if any) need to be cleared before release of the Innovation Grant.

Student Innovators

1. Rs.200 worth Stamp paper in name of IEDC.
2. Scanned copy of front page of passbook of IEDC account
3. Copy of Address proof of Nodal Officer.
4. College ID card copy of Nodal officer
5. Address proof of Student.
6. College ID card copy of Student

Agreement needs to be signed by both the Nodal Officer and Student. The utilisation certificates and progress reports are to be authorised by the IEDC Nodal Officer.

Individual Innovators

1. Rs.200 worth Stamp paper in name of Individual.
2. Address proof of Individual
3. Acceptance letter from any member IEDC or incubator.
3. Scanned copy of front page of passbook of IEDC or incubator account

Agreement needs to be signed by both the innovator and IEDC/incubator in charge. The utilisation certificates and progress reports are to be authorised by the IEDC/incubator in charge.

After verifying these details, KSUM will execute an agreement with the innovator. The innovator is expected to complete this step by visiting the nearest office of Kerala Startup Mission (Trivandrum, Kochi or Kozhikode). Grant will be released within a week of signing the agreement as account payee cheque.

Progress Assessment

KSUM will assess the progress before the disbursement of second tranche of the grant and after the end of the project. The innovators are expected to submit the interim progress update and utilisation certificate to initiate the release of the second tranche of fund. The progress will be reviewed by a committee of experts set up by Kerala Startup Mission before the balance amount is released. Where necessary, the innovator will be asked to present a demo.

Documents for Second Tranche

Apart from the interim progress report and the utilisation certificate, the innovator is also expected to detail out the plan for utilising the balance amount and the expected outcome of the project. Release of the second tranche will be subject to verification of these documents.

Startups

1. Audited Utilization Certificate of the initial tranche.
2. Progress report of the project.

Students

1. Utilization Certificate signed by the student and approved by IEDC Nodal officer.
2. The idea grants so released should reflect in the audited BS/I&E accounts of the IEDC & shall be forwarded to KSUM yearly.
3. Progress report of the project.

Innovators

1. Utilization Certificate signed by the innovator and approved by the in-charge of the IEDC / Incubator.
2. The idea grants so released should reflect in the audited BS/I &E accounts of the IEDC / Incubator & shall be forwarded to KSUM yearly.
3. Progress report of the project.

Section 5: Funding Guidelines

Utilisation Purpose and Outcome

The innovation grant cannot be used for the following purposes:

1. Salaries for the founding team
2. Purchase of assets

3. Payment of rent and other utility charges
4. More than 50 percent of the granted fund cannot be used for manpower cost.
5. Manpower for any special talent to be hired can be considered.
6. Purchase of costly equipment and devices (innovator will be allowed to use equipment and devices available with Kerala Startup Mission and its member IEDC's or incubators)
7. Patenting expenses (innovator may claim for reimbursement through the Patent Scheme)

Idea Grant, which is of maximum 2 Lakhs is to be used primarily for procurement of material for development of the prototype. Innovator is expected to use this prototype to obtain market validation from real customers. This grant cannot be used for salary payments.

Productisation Grant can be used to convert the market validated prototype into a finished product. The productisation grant recipients are expected to be registered as private limited companies or LLPs. This grant may be used to procure material or hire specialised services to develop a finished product. The startup is expected to launch the product using this grant and onboard a few early adopters before applying for the scale-up grant. Productisation grant and Idea Grant together will not exceed 7 Lakhs for a startup.

The purpose of Scale-up Grant is to help startups grow faster. Scale up grant, productisation grant and idea grant cannot together exceed 12 Lakhs for a startup. Startups may use this grant for promotional activities, hiring specialised resources for marketing or product improvements. Startups are expected to grow their customer base using this grant.

Project Completion Report

Innovator are expected to submit the final report and audited utilisation certificate at the end of the project duration. The completed projects will be called for quarterly demo days. These demo days will be attended by representatives from the Government of Kerala and investors.

The subsequent support for the startup / innovator will be subject to the submission of report and utilisation certificate.

Failed Projects

Not all ideas are expected to get market validation and take off. Projects might fail due to technical reasons or because the customer failed to adopt the idea or product. As a policy KSUM believes that ventures might fail, but entrepreneurs never fail. For failed ventures, the entrepreneur is expected to share his learnings and the reasons for failure in the report and submit this along with the utilisation certificate for the grant amount.

Applying Again

Yes, subject to approval from the Chairman of Executive Committee, KSUM, an innovator with a previously failed venture could get innovation grant for a new idea or project. The project report submitted by the innovator which details out the efforts taken and the reasons for failure will be thoroughly reviewed along with and the audited utilisation certificate and if these are found satisfactory, the innovator may be considered again for the innovation grant.

Annexure II

AGREEMENT FOR AVAILING IDEA GRANT, SCALEUP GRANT AND PRODUCTISATION GRANT

This agreement made this 16th day of December Two Thousand and Seventeen at Trivandrum by and between KERALA STARTUP MISSION (TECHNOPARK TECHNOLOGY BUSINESS INCUBATOR), a society under the Travancore – Cochin Literary Scientific and Charitable Societies Registration Act 12 of 1955, and having its registered office at Technopark Campus, Kariavattom, Trivandrum - 695 581, represented by its Secretary- Registrar,, hereinafter referred to as “K-SUM” (which expression shall unless excluded by or repugnant to the subject or context be deemed to include its successors and assigns) of the FIRST PART.

AND

Mr....., S/o Mr.,(Address)..... a student of the and working as an innovator with the Innovation and Entrepreneurship Development Centre of the College hereinafter referred to as the “Awardee” of the SECOND PART

AND

Innovation and Entrepreneurship Development Centre at the College of Established with the support of the Kerala Startup Mission represented by Mr., Professor/Coordinator IEDC, Department of hereinafter referred to as the “IEDC” of the THIRD PART

WHEREAS Government of Kerala has a scheme to promote innovative idea by supporting through idea grant up to Rupees two lakh for developing the prototype of the idea, productization grant up to Rupees five lakh for converting the prototype into a marketable product and scale up grant of Rupees Five lakh for scaling up of the product into a business. The ideas presented in the idea days conducted by the Kerala Startup Mission will be evaluated by the Expert Committee and grants under the scheme will be released according to the recommendation.

AND WHEREAS the Borrower has submitted a proposal to consider the idea "....." in the idea day for giving them grants under the above mentioned scheme.

AND WHEREAS the idea submitted by the Awardee was placed in the idea day held on and the Expert Committee headed by the Secretary to Government, Electronics & Information Technology Department has recommended for a support of Rs./- against idea, productization and scaleup grants.

NOW THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties, hereto, agree as follows:

The amount of Rs./- will be released by the KSUM as instalments. The 1st instalment as per the eligibility according to the requirements submitted by the awardee is Rs./-. The 1st instalment of Rs......./- will be released through the IEDC on execution of this agreement.

The IEDC agreed that the amount will be transferred in full to the Awardee immediately on receipt of the same from the KSUM

The amount of Rs./- sanctioned under the scheme will be utilised by the Awardee only for the purpose of prototyping/productization/scaling up the idea and the entire amount will be utilised for the purpose in accordance with the utilisation plan and milestones submitted by the awardee which will also form part of this agreement.

The Awardee will submit the details of utilisation to the IEDC immediately on utilisation along with the details of utilisation and on receipt of the same the IEDC will submit an utilisation certificate certified by the IEDC to KSUM within 9 months from the date of receipt of the amount.

The second instalment will be released only after getting the Utilization Certificate on the 1st Instalment as above and the Utilisation Certificate for the 2nd instalment shall be submitted by the IEDC within two months of receipt of the 2nd instalment.

Signed, sealed and delivered on the same day written above.

Annexure III

**AGREEMENT FOR AVAILING IDEA GRANT, SCALEUP GRANT AND
PRODUCTISATION GRANT**

This agreement made this day of Two Thousand and Eighteen at Trivandrum by and between

KERALA STARTUP MISSION (TECHNOPARK TECHNOLOGY BUSINESS INCUBATOR), a society under the Travancore – Cochin Literary Scientific and Charitable Societies Registration Act 12 of 1955, and having its registered office at Technopark Campus, Kariavattom, Trivandrum - 695 581, represented by its Secretary- Registrar,, hereinafter referred to as “K-SUM” (which expression shall unless excluded by or repugnant to the subject or context be deemed to include its successors and assigns) of the FIRST PART.

AND

M/s, a Company incorporated under the Companies Act, 2013 (Subsection 2 Section 7 of Companies Act, 2013 and rule 8 the Companies(Incorporation)Rules,2014) having its registered office atrepresented by its Chief Executive Officer Mr....., S/O Mr., hereinafter referred to as "the Awardee" (which expression shall unless excluded by or repugnant to the subject or context thereof be deemed to include its successors in interest, liquidators, administrators and permitted assigns) of the SECOND PART.

WHEREAS Government of Kerala has a scheme to promote innovative idea by supporting through idea grant up to Rupees two lakh for developing the prototype of the idea, productisation grant up to Rupees five lakh for converting the prototype into a marketable product and scale up grant of Rupees Five lakh for scaling up of the product into a business. The ideas presented in the idea days conducted by the Kerala Startup Mission will be evaluated by the Expert Committee and grants under the scheme will be released according to the recommendation.

AND WHEREAS the Borrower has submitted a proposal to consider the idea “.....” in the idea day for giving them grants under the above mentioned scheme.

AND WHEREAS the idea submitted by the Awardee was placed in the idea day held on and the Expert Committee headed by the Secretary to Government, Electronics & Information Technology Department has recommended for a support of Rs. against idea grant.

NOW THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties, hereto, agree as follows:

The amount of Rs. will be released by the KSUM as instalments. The 1st instalment as per the eligibility according to the requirements submitted by the awardee is Rs. Lakhs. The 1st instalment of Lakhs will be released on execution of this agreement.

The amount of Rs. sanctioned under the scheme will be utilised by the Awardee only for the purpose of scaling up the idea and that the entire amount will be utilised for the purpose in accordance with the utilisation plan and milestones submitted by the awardee which will also form part of this agreement as Annexure. The Awardee will submit a utilisation certificate certified by a Chartered Accountant to the Kerala Startup Mission within two months from the date of receipt of the amount.

Signed, sealed and delivered on the same day written above.