



INNOVATION GRANT SCHEME GUIDELINES

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Section 1: Overview

About the Scheme

Govt. of Kerala has introduced the Innovation Grant scheme to provide financial assistance to startups, entrepreneurs and startups to help them convert their innovative ideas into full fledged ventures. This scheme is implemented through Kerala Startup Mission, which is the nodal agency of Govt. of Kerala for startup related activities and schemes.

Innovation grant is not a prize money for having an idea. The purpose of the innovation grant is to help innovators and startups to develop the prototype or product and scale up into full fledged ventures. **The total innovation grant amount is upto Rs.15 lakhs for startups and Rs.20 Lakhs for Women Startups.**

Objective

Early stage funding is challenging for innovators as Angel Investors and VC's consider investing at this stage to be very risky. It will not be easy for the innovators to get business loans from financial institutions either. Govt. of Kerala has introduced the Innovation Grant scheme to solve this challenge faced by entrepreneurs and startups.

Types of Grants

The following types of grants are available to innovators under this scheme.

1. **Idea Grant:** For startups who are in Ideation & Designing Stage/Proof of Concept Stage to the Minimum viable prototype. The grant amount is upto Rs.3 lakhs.
2. **Productization Grant:** For startups who are looking to convert the Minimum viable prototype into the final product with early traction/ early revenue. The grant amount is upto Rs.7 lakhs.
3. **Market Acceleration Grant :** For startups who are looking for accelerating their revenue. The grant amount is upto Rs.10 lakhs
4. **Scale-up Grant:** For startups who are looking for scaling up and maximising revenue. The grant amount is upto Rs. 15 lakhs.
5. **R&D Grant:** which will be given to highly promising hardware or deep tech Startups with working prototype/ IP which needs to be developed into a final product through extensive R&D. This grant is limited to Rs. 30 lakhs
6. **Idea Grant (Student Innovator) :** For students who are in Ideation & Designing Stage/Proof of Concept Stage to the Minimum Viable Prototype Development. The grant amount is upto Rs.2 lakhs
7. **Women/Transgender Productization Grant :** For women/transgender startups who are looking to convert the Minimum viable prototype into the final product. This grant will be an additional to the existing productization grant.The grant amount is upto Rs.12 lakhs.

Note: R&D Grant is not detailed in this document.

Basic Eligibility Criteria

- For Idea Grant, an innovator should be based in and out of Kerala. Company incorporation and KSUM unique ID are mandatory for the fund disbursement process.
- For all other grants, the Startup should be completed Company Incorporation process and KSUM unique ID Certification

Not Eligible

- No service projects or asset creation will not be funded under Innovation Grant
- No outsourcing of entire product development activities or any major milestone outsourcing, purchase of self-services and utilisation of the grant for CSR activities will not be considered.
- Any of the directors holding more than 20% stake and who has already received any grant from KSUM for their other companies

Section 2: Eligibility and Application

Idea Grant

Eligibility

- Startups at stages of Ideation, Designing Stage and Proof of Concept Stages can only apply.
- An Innovator based in and out of Kerala or a startup with KSUM unique ID can apply.
- KSUM unique ID is not mandatory for application filing / processing.
- Company incorporation(PVT/LLP/OPC) and KSUM unique ID are mandatory for the fund disbursement process.

Productization Grant

Eligibility

- Startups at stages of Product development can only apply
- KSUM Unique ID is mandatory for application filing / processing.
- Company incorporation as Pvt Ltd/ LLP / OPC with an active status in MCA is compulsory.
- The startup who owns an innovative technology product is only considered
- Startups who are newly applying is eligible for a Productization Grant upto Rs.7 Lakhs
- Startups or Products who had already availed Idea Grant are eligible for Productization Grant remaining amount only.

Market Acceleration Grant

Eligibility

- Startups at stages of early revenue can only apply
- KSUM Unique ID is mandatory for application filing / processing.
- Company incorporation as Pvt Ltd/ LLP with an active status in MCA is mandatory.
- Startups who are newly applying is eligible for a Market Acceleration Grant upto Rs.10 Lakhs
- Startups or Products who had already availed Idea Grant/ Productization Grant is eligible for Market Acceleration Grant for the remaining amount only
- The startup who owns an innovative technology product is only considered

Scale-Up Grant

Eligibility

- Following startup is eligible for applying Scale up Grant
 - Generated 10 lakhs as revenue from the product in the last 6 months
 - Or has raised not less than 30 lakhs through external equity investments
- KSUM Unique ID is mandatory for application filing / processing.
- Company incorporation as Pvt Ltd/ LLP with an active status in MCA is compulsory.
- Startups who are newly applying is eligible for a Scaleup upto Rs.15 Lakhs
- Startups or Products who had already availed Scaleup Grant (old scheme of Rs.12

- Lakhs) is eligible only upto Rs.3 Lakhs as Top up
- Startups or Products who had already availed of Idea Grant/Productization Grant/ Market Acceleration Grant is eligible for Scaleup Grant remaining amount only
 - The startup who owns an innovative technology product is only considered

Idea Grant (Student Innovator)

Eligibility

- Student Innovators at stages of Ideation, Conceptualisation & Designing Stage, Proof of Concept Stage can only apply
- Company registration is not mandatory during the application phase
- Any student innovator based in or out of Kerala could apply, but fund disbursement will be through Kerala Startup Mission sanctioned IEDCs.

Not Eligible

- Student Innovators who have availed Idea Grant before for the same team/same product/same idea will not be eligible

Women/Transgender Productization Grant

Eligibility

- Any startup from India, in which women/transgender is a major stakeholder (51% share) and as per the G.O.(Rt)No.60/2021/ITD
- Startups at stages of Product development can only apply
- KSUM Unique ID is mandatory
- Company incorporation as Pvt Ltd/ LLP / OPC with an active status in MCA is mandatory.
- Women/transgender Startups are eligible for an additional Productization Grant upto Rs.5 Lakhs

Not Eligible

- Startups who have already got Scale-up grant are not eligible to apply for Women/transgender Productization Grant.

Call for Application

- KSUM conducts **Kerala Innovation Drive'YY** every year for scouting applications for the innovation grant
- KSUM will call for applications for idea, productization, market acceleration and scale-up grant in sectors at least once in a year or as per demand. 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 to submit their application.
- The Women innovation grant will be conducted as a separate challenge.
- KSUM may conduct theme based challenges as per ecosystem demand

Application Process

The applications will be invited through Kerala Startup Mission website. The calendar of future processes will also be published. Once the application is open the notifications will be pushed through our social media and print media channels. Only completed applications will be considered for shortlisting.

Application Support

All queries related to application process may be mailed to ideas@startupmission.in with the subject *Idea Day Queries: Application- Startup Name/Product name*

Section 3: Shortlisting

Shortlisting Process

The applications received by KSUM will first be scrutinised by KSUM officials. The shortlisting is based on the information provided in the application form. If the number of applications are very high, then a pre-evaluation will be conducted by KSUM with a panel of experts and the eligible startups will be shortlisted for final evaluation.

Shortlist Announcement

Innovators selected for idea presentation will be notified through email and published in the website at least one week before the Idea Day is scheduled. Applicants who were rejected will also be notified through email. They may re-apply with an improved application for the subsequent Idea Days.

Queries Regarding Shortlisting

Innovators who would like to know their shortlisting scores may request the same by mailing to ideas@startupmission.in with the subject *Idea Day Queries: Shortlisting -Startup Name/Product name*. The Idea Day coordinator will respond to the email within 7 working days with details.

Section 4: Selection - The Idea Days

Idea Days

The startups or applicants will make their final pitch on 'Idea Day', before an Expert Committee Panel, who will evaluate the proposals for their merit. KSUM conducts Idea Days as per the demand.

Selection Criteria

The pitch deck presentations/Applications submitted by the innovators/startups will be shared with the expert committee members one week in advance. During the Idea Day Event, the innovators will pitch their idea and the execution plan to the expert committee.

Expert Committee

Typically the screening panel will be the combination of:

- An industry expert,
- An Entrepreneur
- A domain Expert
- Financial Expert
- An academician, and
- A senior representative from a Govt. body

The minimum size of the panel is two. The panellists 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 panellist may inform the KSUM team member who will be present to assist the panellists with the screening process.

Screening Process

The panel will listen to all ideas shortlisted for that particular Idea Day event. The innovator must present their product and fund utilisation plan to the panel. For the ideas worth pursuing, the Screening Panel may recommend the type of support and the purpose of utilisation of the grant. If the committee recommends for idea grant the innovator is eligible for a maximum amount of 3 lakhs. The exact amount will be finalised based on the fund utilisation plan submitted by the innovator. The Screening Panel may also recommend interim and final milestones to be achieved by the startup.

For the evaluation rubrics for the innovation grant are as follows

- Team
- Product Innovation
- Marketing
- Financials

- Innovation Grant utilisation plan

The weightage for the above components will vary for different grant types.

Wherever necessary, the expert committee may also recommend 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.

Sanction of Grants

The recommendations of the expert committee will be submitted to CEO/Chairman, KSUM for approval.

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

Startups/ Innovators is eligible for applying only one idea at a time and no two grants will be sanctioned at a time.

Honorarium for Panel Members

Members of the Expert panel will be paid an honorarium as follows: Per hour Rs 2000 Limited to Maximum 6000 per day + Travel reimbursement limit to Rs.2000/- for members from the same city and Rs.3000/- for members who came from different cities.

For shortlisting if the number of applications is 15 or less: Rs. 3000 and above 15 upto 30 is Rs. 6000

Section 5: Innovation Grant Disbursal

Disbursal Process

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

The fund for ideas selected in the idea day event will be released on a tranche basis. Mode of payment will be through account payee cheque or/and having account transfer to treasury (whenever possible). For student innovators the fund will be transferred to the IEDC bank accounts of their respective colleges. Startups registered as legal entities with KSUM unique ID certification 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 KSUM, an audited utilisation certificate and report needs to be submitted before the release of Innovation Grant.

The list of documents to be submitted are as follows:

1) Idea Grant

1. Company Incorporation details(COI,MoA/Deed)
2. Company Pan card
3. KSUM unique ID certificate
4. ID proof of the founders
5. Company Bank Account details
6. Rs.200 worth Stamp paper in the name of the company.

2) Productization Grant/Women Productization Grant

1. CA certified no dues Certificate
2. Utilisation certificate, if already availed the idea grant/KSUM Seed Loan
3. Company Incorporation details (COI,MoA/Deed)

4. Company PAN card
5. KSUM unique ID certificate
6. ID proof of the founders'
7. Company Bank Account details
8. Rs.200 worth Stamp paper in the name of the company.

3) Market Acceleration Grant

1. CA certified No dues and Margin money Certificate with UDIN
2. Utilisation certificate, if already availed the idea grant/Productization grant/KSUM Seed loan
3. Documents in connection with Revenue generation
4. Company Incorporation details(COI,MoA/Deed)
5. Company Pan card
6. KSUM unique ID certificate
7. ID proof of the founders
8. Company Bank Account details
9. Goodwill certificate
10. Rs.200 worth Stamp paper in the name of the company.

4) Scaleup Grant

1. CA certified No dues and Margin money Certificate with UDIN
2. Utilisation certificate, if already availed the idea grant/Productization grant/KSUM Seed loan
3. Documents in connection with Revenue generation/ Investment raised
4. Company Incorporation details(COI,MoA/Deed)
5. Company PAN card
6. KSUM unique ID certificate
7. ID proof of the founders
8. Company Bank Account details
9. Goodwill certificate
10. Company Balance sheet for the last two year
11. Rs.200 worth Stamp paper in the name of the company.

Agreement may be signed by the founder having a majority stake. Rental Dues and Seed Loan Dues (if any) need to be cleared before release of the Innovation Grant.

5) Idea Grant Student Innovators

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

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.

If the startup is selected for Market Acceleration Grant and Scale-up Grant, it is expected to sign a commitment to contribute to a Goodwill Fund once the startup becomes reasonably sustainable in their operations. This contribution may be at least equal to the grant amount awarded to the startup.

The good will fund KSUM collect from the startups will be reploughed back to innovation grant which could be provided to startups.

After verifying the documents, KSUM will execute an agreement with the innovator/startup. The innovator/startup can visit any of the KSUM offices (Trivandrum, Kochi or Kozhikode) to furnish the documents and execute the agreement. Grant will be released only after agreement execution.

Margin Money

The success of entrepreneurs to a large extent also depends on his/her ability to raise funds in addition to their ability to build innovative and distinguished products. The fundraising cycles also act as validation of the ideas.

To ensure that the recipients of the innovation grant also have the ability to raise funds to take the idea forward, KSUM would be asking the startups to bring Margin Money to the project. Margin Money is the own contribution by the startup via revenues or directors or investments.

<i>Grant Type</i>	<i>Margin Money</i>
Idea Grant	10 % of Approved Grant (In second Tranche)
Productization Grant/Women Productization Grant	20% of Approved Grant (In second Tranche)
Market Acceleration Grant	30% of Approved Grant
Scaleup Grant	50% of Approved Grant
R&D Grant	30% of Approved Grant

Progress Assessment

KSUM will assess the progress before the disbursement of the 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 funds. The progress will be reviewed by a committee of experts set up by KSUM 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 Startup/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 and expert committee evaluation. If the startup raised 2 crore cumulatively (VC/angel funding) after the first tranche, KSUM has sole discretion in considering for further releases. Field visit will be conducted if necessary

Startups

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

Students/Innovators

1. Utilisation 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.

Application Support

All queries related to application process may be mailed to ideas@startupmission.in with the subject Idea Day Queries: Funding- Startup Name/Product Name. The Idea Day Coordinator will respond to the query in 7 working days.

Section 6: 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. Purchase of costly equipment and devices
(Fixed Assets like land, building, furnishing, setting up of lab space, high-end computers, software of high cost(above 2 Lakhs), etc. not allowed. However essential software/ tools/ licenses etc are allowed)
5. Patenting expenses (innovator may claim reimbursement through the Patent Scheme)

The detailed fund utilisation plan is given in Annexure

Project Completion Report

Innovators 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 Govt. of Kerala and investors.

The subsequent support for the startup/innovator will be subject to the report submission 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 the Executive Committee, KSUM, an innovator with a previously failed venture could get an innovation grant for a new idea or project. The project report submitted by the innovator, which details the efforts taken and the reasons for failure, will be thoroughly reviewed along with the audited utilisation certificate, and if these are found satisfactory, the innovator may be considered again for the innovation grant. The startup/ Innovator will be eligible for the remaining grant amount.

Annexure 1- Idea Grant

Grant Fund Utilisation Plan		
Main Head	Head(Max. Contributions from KSUM are capped in brackets)	Remarks
Product development (Capped Max 100%)	Manpower (Capped Max 50%)*	Fixed Assets like land, building, furnishing, setting up of lab space, high-end computers, software of high cost (above 2 Lakhs), etc not allowed. However essential softwares/ tools/ licenses etc are allowed Moulds/ jigs etc will be limited to Rs 1 Lakhs/-
	Fabrication Charge	
	Consumables & Raw materials	
	Usage charges (Labs/equipments/Tools etc)	
	Honorarium to Mentors (Capped Max 10 %)	
Market Research & Identification (Capped 20% Max)	Market Research activities(studies,field trails,customer survey & customer validation, etc)	
Others (Capped max 10 %)	Certification & validation Travel,Compliances etc	

*Only 50% of the total granted fund can be used for Manpower.

Annexure 2- Productization Grant/Women Productization Grant

Grant Fund Utilisation Plan		
Main Head	Head(Max. Contributions from KSUM are capped in brackets)	Remarks
Product development (Capped Max100%)	Manpower for product development* (Capped Max 50 %)	Only Technical manpower employed for the project. Salary for founders cannot be considered
	Purchase of essential equipments ,Consumables & Raw materials	Fixed Assets like land, building, furnishing, setting up of lab space, high-end computers, software of high cost (above 2 Lakhs), etc not allowed.
	Usage charges (Labs/equipments/Tools etc.)	
	Purchase of tools,software,plugins, etc	However essential softwares/ tools/licenses etc are allowed Moulds/ jigs etc will be limited to Rs 1 Lakhs/-
Marketing (Capped 20% Max)	Marketing of the product, tools,promotions,manpower*	
Others (Capped max 10 %)	Licences,Certification & validation,Travel,Compliances,etc	

*Only 50% of the total granted fund can be used for Manpower.

Annexure 3- Market Acceleration Grant

Grant Fund Utilisation Plan		
Main Head	Head(Max. Contributions from KSUM are capped in brackets)	Remarks
Product development (Capped Max 50%)	Manpower for product development* (Capped Max 50 %)	Only Technical manpower employed for the project. Salary for founders cannot be considered
	Purchase of essential equipments ,Consumables & Raw materials	Fixed Assets like land, building, furnishing, setting up of lab space, high end computers etc not allowed
	Usage charges (Labs/equipments/Tools etc.)	
	Licences,Certification & validation	
	Purchase of tools,software,plugins etc	
Marketing (Capped 100 % Max)	Marketing of the product,branding,promotions	
	Marketing Manpower * (Capped Max 50 %)	Salary for founders cannot be considered
Others (Capped max 10 %)	Licences,Certification & validation,Travel,Compliances,etc	

*Only 50% of the total granted fund can be used for Manpower. Above 50% of the manpower cost is granted, subject to the recommendation by the Expert committee.

Annexure 4- Scale-up Grant

Grant Fund Utilisation Plan		
Main Head	Head(Max. Contributions from KSUM are capped in brackets)	Remarks
Product development (Capped Max 20%)	Product Enhancement,Improvements,Certifications,Licences, etc (Capped Max 20%)	
Marketing (Capped upto 100 % Max)	Marketing Manpower (Capped 50% Max)*	Salary for founders cannot be considered
	Marketing tools,Client Acquisition,Digital Marketing,SEO,Branding,Promotions,Advertisements,Exhibitions, Partnerships, Business Development Activities(Capped Max 100 %)	
Others (Capped max 10 %)	Licences,Travel,Compliances & Contingencies etc	

*Only 50% of the total granted fund can be used for Manpower. Above 50% of the manpower cost is granted, subject to the recommendation by the Expert committee