

CASE STUDY 3: KARNATAKA

Karnataka is a State in the South Western region of India. It is the first State to provide incentives and concession like Booster Kits for certified Start Ups.

Background/ Initiatives Undertaken:

- The State is the first to announce a multi-sector Startup policy.
- The State allows self-certification based compliance under Labour and Environment Laws identified by DIPP.
- The State has a dedicated website and helpline for direct communication between Startups and Government.
- The State has a Startup cell with a dedicated relationship manager and Startup Portal which helps Startups with registration, application for Incentives and booster kit.
- The State has tie ups with industry bodies such as NASSCOM, IAMAI, 91SpringBoard etc.
- The State has partnerships with academia through New Age Incubation Network (NAIN), for providing financial assistance, mentor connect to startups.
- For commercialisation of R&D, two Technology Business Incubators (TBIs) have been setup and seven new TBIs have been identified.
- Funding support is extended by means of ongoing Grand Challenges and specific funds such as Semiconductor Venture Fund, Bio Venture Fund and AVGC Venture Fund, etc.
- GoK-Mobile 10X Startup Hub in partnership with IAMAI.
- The State is a pioneer in setting up the first Startup Warehouse in 2013 in collaboration with NASSCOM and has also set up the Bangalore Bio Innovation Centre (BBC).

Key Achievements/ Impact:

- Earmarked Fund of Funds ₹200 crore to invest across multiple sectors. Three Grand Challenges have been floated till now wherein three proposals have been selected for funding.
- The State in partnership with NAIN has in the first phase taken up nine colleges up in tier-2 cities and out of 90 projects that were selected 74 working prototypes were realised. Also, there were seven incorporations and two patents awarded.
- 40 ideas have been funded across different sectors with funding of ₹14 crore.

Background:

Karnataka has been contributing to the growth of Information Technology, Electronics manufacturing, Biotechnology, Animation and other knowledge-based industry in the country owing to the conducive ecosystem for entrepreneurship and startups in the state. The state has

more than 4,000 startups set up in Bengaluru. In the Global Startup Ecosystem Ranking, Bengaluru, at rank 15, is the only Asian city apart from Singapore to figure in the top 20 list and is world's 2nd fastest growing startup ecosystem.

Approach Adopted:

The Karnataka Startup Policy 2015-2020 is the 1st multi-sector Startup Policy, constituting initiatives and mechanism for further strengthening innovation ecosystem in the state. The policy recognises the importance of promoting startups and the need to give necessary impetus to entrepreneurship early in the day. It aims to:

- Stimulate growth of 20,000 technology startups including 6,000 product startups by 2020.
- Generate 6 lakh direct and 12 lakh indirect jobs in the sector.
- Mobilise ₹2000 crore fund for investment in startups through Government intervention alone by leveraging the Fund of Funds proposed to be put in place by the State Government.
- Facilitate generation of at least 25 innovative technology solutions with social impact in areas like healthcare, food security, clean environment and education.

The State also allows self-certification by registered startups under various Labour and Environment laws

Enablement:

Startup Cell: The Government of Karnataka has established a dedicated Startup Cell which aims to interact with Startups and facilitate smooth implementation of the Startup Policy and act as one-stop-shop for information on Regulatory Environment, Incentives and events. Once the startup is registered with Startup Cell, a dedicated relationship manager provides handholding to startup by making it aware of all the benefits available under Startup Policy and other schemes of the state, such as incubation, funding, incentives, connecting with mentors and marketing platforms etc.

Open House: The Minister of IT & BT chairs an Open House conducted every month to engage member of Startup Community on various aspects, like policy, startup infrastructure, benefits and incentives for feedback and resolve issues, if any.

Startup Council: In addition to these, a Startup Council has been set up under the chairmanship of the Chief Minister of Karnataka with representatives from various sectors and senior officers of Government as member for an annual appraisal of the implementation of the policy.

Incubators:

The State government has taken several steps to encourage innovation and entrepreneurship through partnership with Industry and Academia. The state has tied up with NASSCOM, IAMAI, 91SpringBoard etc. for setting up incubation facilities and for providing mentorship and networking platforms to startups. Through the New Age Incubation Network (NAIN), financial assistance to selected ideas for prototyping and incubation for one year is provided and exposure visits for capacity building for domain specific technologies are organised. Currently, NAIN is operational in 9 colleges in 9 districts and 16 more colleges across 10 districts are being added. The 1st batch of 90 graduated in 2016 with 74 working prototypes, 7 incorporations, 2 patents, 2nd batch is incubated and 3rd batch is being mobilised. The state has also set up the Bangalore Bio Innovation Centre (BBC) which was inaugurated in February, 2015.

Some of the initiatives started by Government of Karnataka for providing financial help to startups include:

- Financial support up to ₹3 lakh per project to 10 student projects every year.
- Funding for setting up of TBIs in institutes of higher learning and common instrumentation facility.
- Funding for setting up of Incubation centers focusing on Nutri-Nutraceuticals and Phyto Pharmaceutical (N2P2) startups in CFTRI, Mysore.
- Committed fund of ₹12.20 crores for funding 32 ideas in early stage/ Idea2PoC (Proof of Concept) stage.
- Special fund from Agriculture Dept, Tourism and Planning for sector and region specific startups.
- Eight ideas selected for funding up to ₹1.8 crore through The Tourism Challenge, inviting proposals from early stage startups to crowd source innovative solutions and products from startups working in the area of tourism.
- Venture Funds such as Semiconductor Venture Fund (₹100 crore) and Biotech Venture Fund (₹50 crore).
- Animation Visual Effects Gaming and Comics (AVGC) Fund (₹20 crore) and Fund of Funds (₹200 crores) to invest in daughter funds across multiple sectors are under process of registration.

Events:

A number of events were organised by the state to create awareness about the initiatives undertaken by Government for startups and create a networking platform for all the stakeholders, such as BengaluruITE.biz 2016, YESSS Program, Startup Top Tech-25 Awards, Hackathons, Startup Pavillion, Bengaluru India Bio 2016, Bio Accelerate, Bengaluru India Nano 2016, TiECon 2016 in Hubli and Bengaluru, Anthaprerana 2016 by TiE, Startup Dialogue 2016 by Deshpande Foundation etc., among others. The state also provides sponsorship for exposure visits to Japan IT Week, Bio Japan, CeBIT Germany, GITEX Dubai etc.

Dedicated Portal and Helpline:

A dedicated Startup portal: <http://www.startup.karnataka.gov.in> has been set up by the State, which is updated on regular basis. It facilitates online registration of startups and filling up of applications for various incentives. A total of 2233 startups, 44 incubators, 28 investors and 53 individuals as mentors have signed up on the portal. A dedicated helpline 080-22231007 is also operational where relationship managers address the queries and issues of the startups. Single email ID: startupcell@karnataka.gov.in is also available for startups to write their issues and concerns. The response is provided within 24 to 48 working hours of the receipt of the email.

IMPACT (upto 31.12.2016)

A Fund of Funds to invest ₹200 crore in the daughter funds across multiple sectors which promote innovation, R&D, product development and focus on core development of domestic technology has been earmarked. Three Grand Challenges have been floated till now, wherein three proposals have been selected for funding. The State, in partnership with NAIN has in the first phase taken up nine colleges up in tier-II cities and out of 90 projects that were selected 74 working prototypes were realised. Also, there were seven incorporations and two patents awarded. 40 ideas have been funded across different sectors with funding of ₹14 crore.

The Industry Academia Partnership

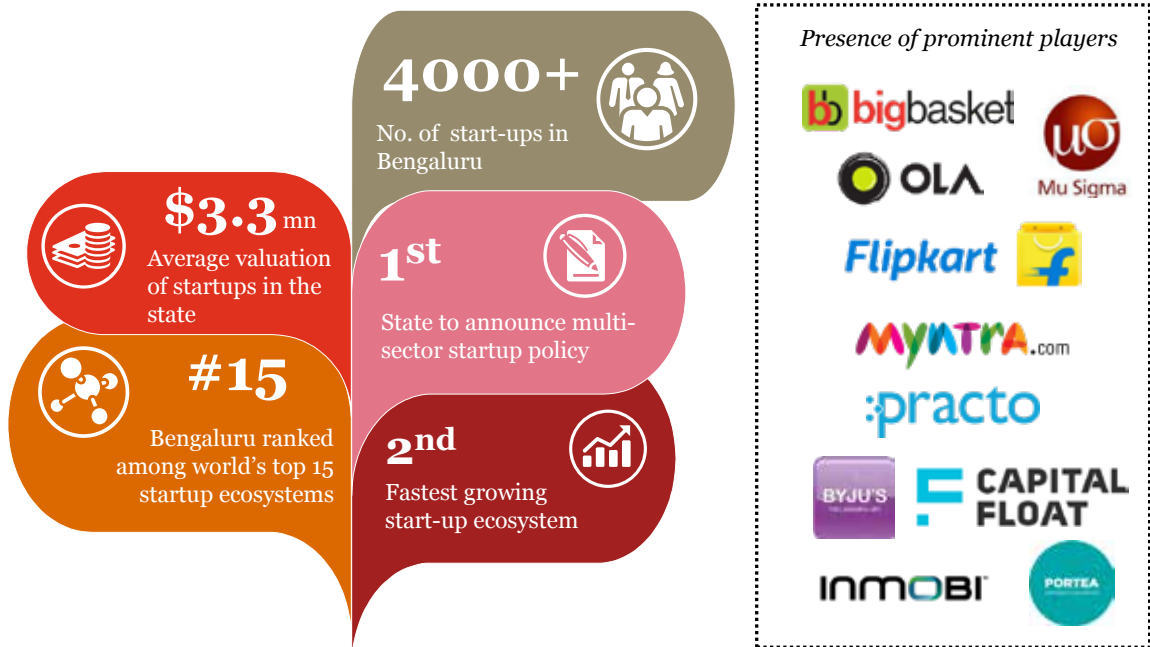
Recognition and mentoring of startups largely depends upon incubators. Innovation hubs, tinkering labs and research parks can be setup by leveraging educational institutes within states.

The Government of Gujarat supported the development

of iCreate5 - a technology business incubator working with a vision to support large number of quality entrepreneurs. Another such incubator, Centre for Innovation Incubation and Entrepreneurship (CIIE) at IIM Ahmedabad is actively supported by the State Government.

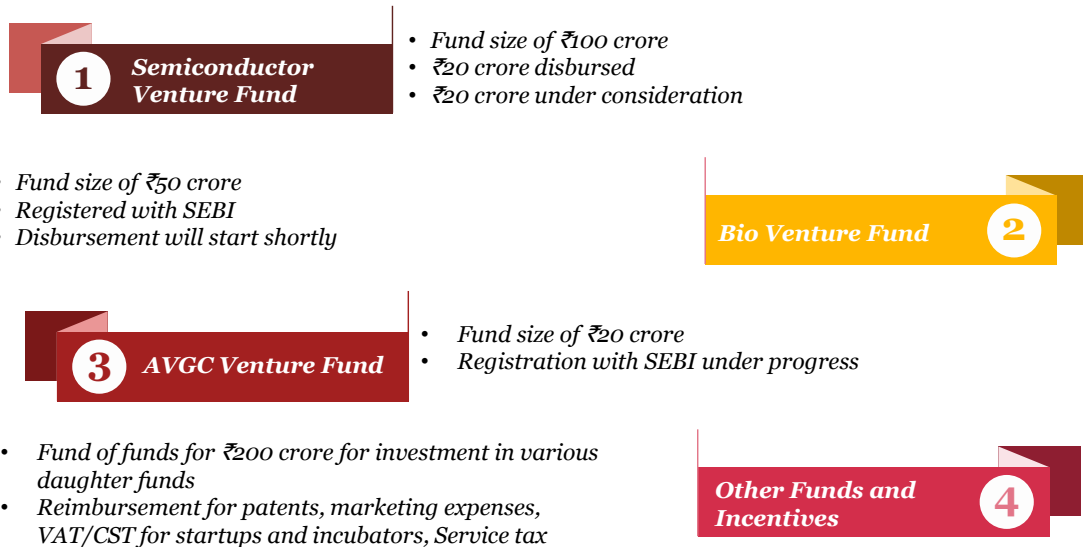


Karnataka's Innovation Ecosystem



Funding Initiatives

Multiple Opportunities for Startups



Presentation by the State



Govt. of Karnataka Supported Incubators

GoK - Startup Warehouse at NASSCOM



55 Startups Incubated
350 Seats
36,000 sq. ft. built-up area

GoK - Mobile 10X Accelerator at IAMAI



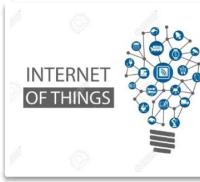
22 Startups Incubated
100 Seats
10,000 sq. ft. built-up area

PPP – 91SpringBoard Incubator



32 Startups Incubated
150 Seats
15,000 sq. ft. built-up area

GoK - GoI - NASSCOM IoT CoE

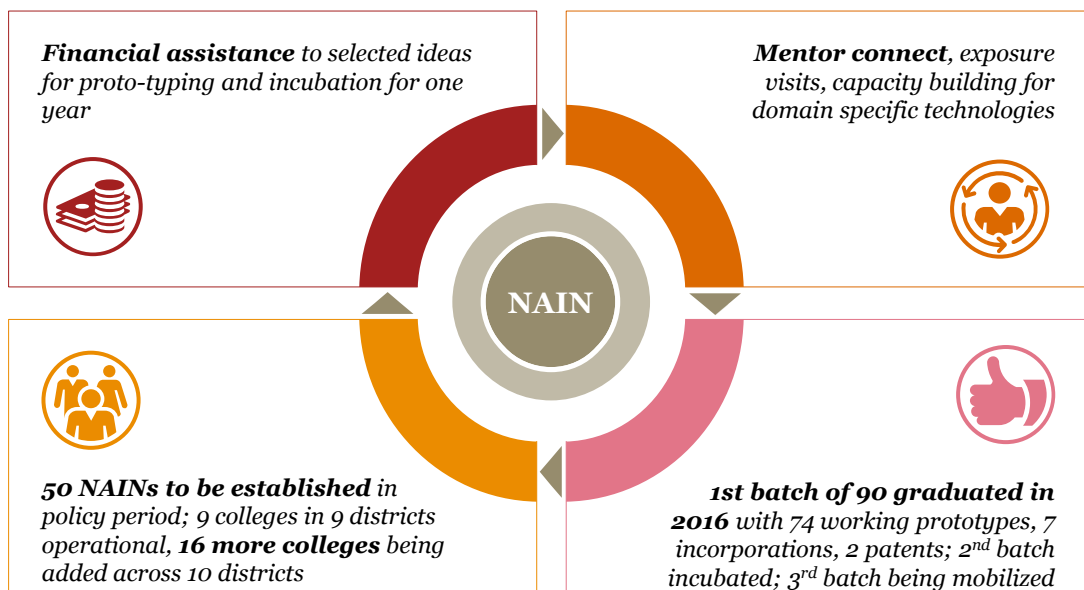


8 Startups Incubated
15 Seats
8,000 sq. ft. built-up area



Partnership with Academia through NAIN

Encouraging Innovation and Entrepreneurship

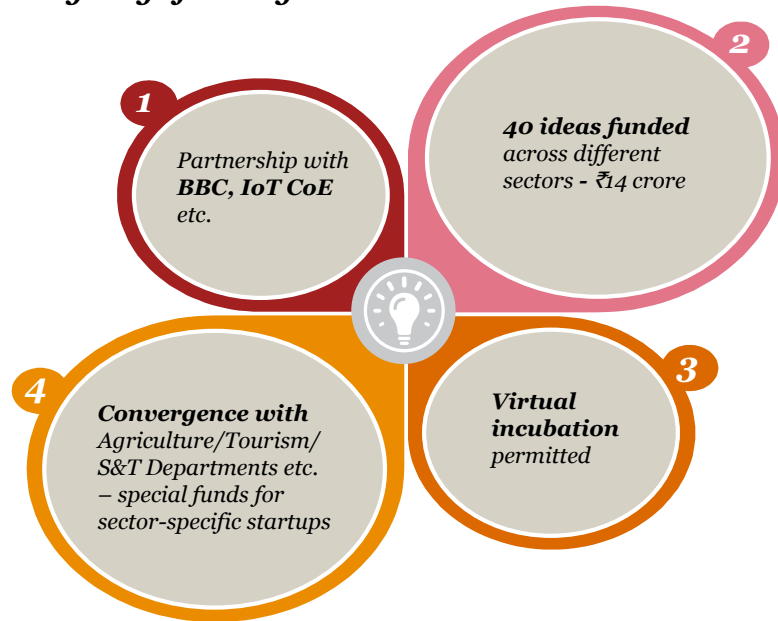


Presentation by the State



Funding through Idea to PoC

Providing early stage funding



Funding through Grand Challenges

Channelizing Innovation for Social Impact



3 challenges floated, 3 proposals selected for initial funding in 1st challenge; Review of 2nd challenge completed; Review of 3rd challenge has begun