ROLE OF STARTUPS IN ENTREPRENEURIAL DEVELOPMENT IN KERALA

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ABSTRACT

Entrepreneurship is the professional application of knowledge, skills and competencies or monetising a new idea, by an individual or a set of people by launching an enterprise. It involves the fusion of capital, technology and human talent to complete a project successfully and with reasonable degree of risk. Entrepreneurship is primarily an economic function because it involves the creation and operation of an enterprise. It involves innovation or introduction of something new or different and better. A startup company is a newly formed business with particular momentum behind it based on perceived demand for its product or service. The intention of a startup is to grow rapidly as a result of offering something that addresses a particular market gap. The present study is an attempt to assess the role of startups in entrepreneurial development in Kerala State. The Kerala Startup Mission (KSUM) is an agency to promote technology-based entrepreneurship activities, and to create the infrastructure and environment required to support high-technology-based businesses. In the state of Kerala right from the school level Entrepreneurial Development Clubs are formed to inculcate the entrepreneurial skills and talents among the children. Further in Colleges, apart from ED Clubs FAB Labs and IEDCs are set up to create entrepreneurs and innovators and to adapt with latest technologies. The problems and challenges faced by the startups can be overcome through effective mentoring system and through the efficient functioning of incubation centres. The problem of finance can be overcome if more and more angel investors and venture capital investors come forward to invest in innovative ideas of the startups.

KEY WORDS: Entrepreneurship, Startups, Kerala Startup Mission (KSUM)

INTRODUCTION

An entrepreneur is one who recognises an opportunity, raises the resources required to exploit that opportunity and assumes the risk associated with executing the plans. He is a person who tries to create something new, who organises production and undertake risk involved in the establishment and operation of business enterprise. An entrepreneur always attempts to bring change in terms of factor proportions which is called innovation. The reward of an entrepreneur for his risk bearing role is profits.

Entrepreneurship involves mobilising resources and combining them to initiate change in production. Entrepreneurship is the professional application of knowledge, skills and competencies or monetising a new idea, by an individual or a set of people by launching an enterprise. It involves the fusion of capital, technology and human talent to complete a project successfully and with reasonable degree of risk. Entrepreneurship is primarily an economic function because it involves the creation and operation of an enterprise. It involves innovation or introduction of something new or different and better.

Creative and imaginative thinking, capacity and willingness to assume risk, willingness to work hard, vision and foresightedness, innovativeness, sound decision making, self-discipline are some of the qualities of a successful entrepreneur. Entrepreneurship plays a vital role in socio economic development. Entrepreneurs serve as catalysts in the process of industrialisation and economic growth.

Entrepreneurship may operate within an entrepreneurship ecosystem which often includes: Government programs and services that promote entrepreneurship and support entrepreneurs and start-ups, Non-governmental organizations such as small-business associations and organizations that offer advice and mentoring to entrepreneurs, Small-business advocacy organizations, Entrepreneurship resources and facilities like business incubators and seed accelerators, Entrepreneurship education and training programs offered by
schools, colleges and universities. Financing (bank loans, venture capital financing, angel investing and government and private foundation grants).

The term startup refers to a company in the first stage of its operations founded by one or more entrepreneurs who want to develop a product or service for which they believe there is a demand. A startup company is a newly formed business with particular momentum behind it based on perceived demand for its product or service. The intention of a startup is to grow rapidly as a result of offering something that addresses a particular market gap.

While entrepreneurship refers to all new businesses, including self-employment and businesses that never intend to become registered, startups refers to the new businesses that intend to grow large beyond the solo founder.

Government of Kerala initiated the startup movement through Kerala Startup Mission (KSUM) by forging and implementing forward-looking policies for creating a vibrant start up ecosystem in the State primarily to foster the growth of innovation lead technology entrepreneurship. The present study is conducted to assess the role of startups in entrepreneurial development in Kerala

OBJECTIVES OF THE STUDY

- To study the growth and prospects of startups in Kerala
- To assess the role and various schemes provided by the Kerala Start Up Mission
- To find out the problems and challenges faced by startups

DATA COLLECTION

The study is a descriptive one based on secondary data obtained from reports of Kerala Start up mission, books, journals and websites.

REVIEW OF LITERATURE

This section focuses on the brief review of literature relevant to the present study.

Davis Joseph, Anju Paul, Chippy Francis (2020) in their study ‘A Comparative Analysis of Entrepreneurial Platforms Instituted by the Government of Kerala, A Case Study on KSUM has given a clear picture on the role of KSUM in building a vibrant startup eco system allowing entrepreneurs to pursue their dreams and create more jobs

Srinual Nalintippayawong, Nattakit Waiyawatpattarakul, Supannada Chotipant (2018), in their study ‘Examining The Critical Success Factors of Startup In Thailand Using Structural Equation Model’ provided a framework which assists, not only young startups to succeed their business, but also investors to evaluate investments in startups. The results show that there are four critical success factors of Thai startups, namely support partner, business model, market opportunity, and customer perspective.

P. Noufal, Dr. K.V. Ramachandran (2017) in their paper “Entrepreneurship Development and the Prospects of Startups in Kerala’s Industrial Economy: An Overview” pointed out that abstract Skills, knowledge, and entrepreneurship are the driving forces of economic growth and social development for any country. The paper attempts to evaluate the prospects of entrepreneurship development and business startups in the regional industrial economy of Kerala.

Dr. C Shekhar Upadhyay, Dr. Priyanka Rawal, (2017) in their research paper “Start Ups; Let’s Start Them Up - An inside View in the Indian Start up Scenario” attempts to understand the reasons and motivation behind the inorganic growth of startups in India and also to try to understand the varieties of challenge they face. The paper also provides a variety of recommendations to improve the overall scenario of startups in India and help in making India the world’s startup capital.

Sarika Sharma, Mrinal Raj, Tanya Gandhi, (2016) in their paper ‘Challenges and Issues Faced by Startup Companies in India’ explain the various challenges faced by startups and provide suggestions to overcome the marketing challenges.
Dr Suniti Chandiok, (2016) in the paper ‘India the world’s fastest growing startup ecosystem: A Study’ explained the startups in the Indian context and concluded that India as a growing economy should make capital more accessible and cheaper, easier patent filing, giving research and development credits, and easier entry.

Akanksha Dutta, in the research paper ‘Start-up Initiative’ focusses on the concept of Start-up India Campaign which was started on 15th August, 2015. The paper explains the various government policies, plans, schemes and strategies related to startups.

ANALYSIS AND DISCUSSION

GROWTH AND PROSPECTS OF START UPS IN KERALA

Start-ups in Kerala are focusing more on future technologies and finding solutions to various business problems. Entrepreneurs from Kerala have a predominant role in international forums. Kerala possess a unique model of connecting academics, industries, Research and Development institutions and startups, apart from other Startup Ecosystems in the country. The Ecosystem is prioritized in such a way that it caters technologies to create developmental interventions for community. Kerala technology start up policy 2014 has been implemented and that in turn leads to more proactive measures in the new State IT policy 2017. Kerala has always been a land of high literacy rates, skilled labours and exceptional health records. Now it’s becoming an excellent host and enabler for world-class entrepreneurs, innovators, investors and startups.

The Government of Kerala has initiated the startup movement through Kerala Startup Mission (KSUM) through a vibrant start up ecosystem in the state primarily to foster the growth of innovation lead technology entrepreneurship. The schemes provided by KSUM not only focusses on entrepreneurs but also technology based graduate students to come forward to prove their entrepreneurial talents, to set up business enterprises and earn income thereby promoting socio economic development. Kerala Start up Mission, formerly known as Techno park (TBI) is the central agency of the Government of Kerala for entrepreneurship development and incubation activities in Kerala. KSUM was primarily founded to undertake the planning, establishment, and management of the Technology Business Incubator (TBI), a startup accelerator in Kerala, to promote technology-based entrepreneurship activities, and to create the infrastructure and environment required to support high-technology-based businesses.

<table>
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<th>Sl No</th>
<th>District</th>
<th>Software/IT</th>
<th>hardware</th>
<th>health care</th>
<th>Agriculture</th>
<th>Biotechnology</th>
<th>Services</th>
<th>others</th>
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</table>

Source: KSUM website
From the above table it is clear that as of 2020 majority of the startups in different districts of Kerala are in the Software and IT sector. In Thrissur district 33.0% of startups are in the health care sector. 50.0% of the startups in Kasaragod, 25.0% in Palakkad and 33.3% in Pathanamthitta districts are in the agriculture sector. 27.0% of the startups are in the biotechnology sector in the district of Kottayam. 8 districts of Kerala are having startups in service sectors also. Now in this digitalised world technology based services are booming since customers need all the products and services at their door steps. In all the sectors of the business we can use technology and startups can be initiated, whether it is biotechnology, agriculture, healthcare or other services.

SCHEMES PROVIDED BY KSUM

Several schemes and programmes have been launched by KSUM for supporting entrepreneurship and startups. Some of the highlighted programmes include:

<table>
<thead>
<tr>
<th>SCHEMES</th>
<th>Purpose of scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-Launchpad programme</td>
<td>Pre-incubation programme for early stages of entrepreneurs and startups who are in the idea stage and concept stage.</td>
</tr>
<tr>
<td>Incubation programme</td>
<td>For those startups who have their idea validated and developed a minimum viable prototype or proof of concept.</td>
</tr>
<tr>
<td>Patent support system</td>
<td>This scheme supports student entrepreneurs and startups by reimbursing the patent costs, including consultation fees and government fees.</td>
</tr>
<tr>
<td>Funding schemes</td>
<td>Funds for supporting the emerging startups in the state</td>
</tr>
<tr>
<td>Innovation grant scheme</td>
<td>Scheme provides financial assistance to startups and entrepreneurs to help them transform their innovative ideas to scalable ventures.</td>
</tr>
<tr>
<td>Idea grant</td>
<td>Grants provided for Conversion of Idea to Prototype</td>
</tr>
<tr>
<td>Seed support scheme</td>
<td>Provides financial assistance to startups in mode of loans limited to Rs.10 lakhs at the rate of 9% p.a interest.</td>
</tr>
<tr>
<td>Mentorship/connect programmes</td>
<td>KSUM offers mentorship for the incubated startup, wherein they will be supported with domain experts, industry veterans, business entrepreneurs, investor mentors and strategic mentors</td>
</tr>
<tr>
<td>Fab labs</td>
<td>Fabrication Laboratory (FabLab) is a technical prototyping platform for innovation and invention which aims at providing stimulus for local entrepreneurship and serves as a platform for learning and innovation.</td>
</tr>
<tr>
<td>Idea fest</td>
<td>KSUM organizes the Idea Fest, an idea competition for college students with the aim of promoting the culture of innovation and entrepreneurship among the youth of the state &amp; this event focus exclusively on innovative projects coming out of various colleges in Kerala.</td>
</tr>
</tbody>
</table>
The Innovation and Entrepreneurship Development Centres (IEDC) are the entities set up in Engineering, Management, Arts & Science Colleges and Polytechnics with an aim to provide an exciting platform for experimentation and innovation.

(M) supports women startups with a soft loan scheme with lesser interest and must be repaid in 1 year or on completion of project with full settlement whichever is earlier.

**EXAMPLES OF STARTUPS IN KERALA**

1. Recipebook  
2. Innot technologies  
3. Surveysparow  
4. Profoundils  
5. Sastra Robotics  
6. Reubro  
7. Paysack  
8. Vyus case stringer  
9. Mashinga  
10. Entri

**ENTREPRENEURIAL DEVELOPMENT CLUB (ED Club)**

In almost all colleges of Kerala Entrepreneurial Development Clubs are formed with the basic aim of inculcating the culture of entrepreneurship among the youth and to encourage students to take entrepreneurship as a career. The District Industries centre of the concerned district provides financial assistance for conducting various programmes in the colleges. Some of the programmes conducted by E D Clubs include:

- Interactions with successful entrepreneurs
- Conduct workshops on product development
- Conduct exhibition cum sale
- Arrange industrial visit for the members
- Arrange entrepreneurship awareness classes
- Conduct quiz and various contests
- Conducts seminars on entrepreneurship awareness and development
- Conduct awareness classes on product designing and marketing strategies etc.

**SWOT ANALYSIS OF STARTUPS IN KERALA**

In this section an attempt is made to find out the Strength, Weaknesses, Opportunities and Threats with regard to startups in Kerala.
Strengths:
1. Bold and self-confident to take risk
2. Always puts effort to excel
3. Ability to marshall resources
4. Sound decision making
5. Willingness to work hard

Weaknesses:
1. Lack of financial resources
2. Lack of infrastructure facilities
3. Physical and emotional hardships
4. Difficulties in availing government subsidies.
5. Difficulties in marketing products.

Opportunities:
1. Government concessions and subsidies
2. Huge market and unlimited customers
3. Technology based marketing models
4. Easy reach to customers
5. Relaxation in Laws and Regulations

Threats:
1. Changes in taste and preferences of customers
2. Huge competitors
3. Changes in Laws and Regulations
4. Technological updating required
5. Strict compliance of various Laws

PROBLEMS AND CHALLENGES FACED BY STARTUPS
Some of the problems and challenges faced by startups are:

- Lack of sufficient financial resources and limited capital
- Inadequate decision making
- Severe and cutthroat competition
- Lack of infrastructure facilities
- Finding difficulty in converting ideas into products - product validation
- Difficulty in creating brand image and building trust and confidence of customers
- Lack of awareness on government schemes and subsidies
- Difficulty in approving loans from financial institutions
- Pressure from group members
- Inappropriate marketing strategies
- Working with limited resources
- Constant changes in the market and industry
- Changes in the tastes and preferences of customers

METHODS TO TACKLE PROBLEMS AND CHALLENGES
Startups at their initial stages faces problems and challenges. The following are some of the methods that can be used to tackle the problems and challenges.

- Adopt boot strapping method - use more personal finance at the initial stages
- Proper planning and effective decision making through the use of mentoring system
- Ensure customer loyalty by providing enhanced services.
- Build a strong brand image through effective public relations.
- Hire the right people and include in the peer team
By creating new customers, providing products at reasonable prices, by incorporating wider marketing strategies and by creating good customer relations can withstand competition from other firms in the industry.

Create an awareness about the various schemes and subsidies provided by banks and other financial institution for startups.

CONCLUSION
To conclude the Government of Kerala has introduced different schemes and programmes for promoting entrepreneurship among the youth. Make in India, Sartup India, Mudra etc. are initiatives on the part of the Central government to create and promote entrepreneurship. The Kerala Startup Mission is an agency to promote technology-based entrepreneurship activities, and to create the infrastructure and environment required to support high-technology-based businesses. In the state of Kerala right from the school level Entrepreneurial Development Clubs are formed to inculcate the entrepreneurial skills and talents among the children. Further in Colleges, apart from ED Clubs FAB Labs and IEDCs are set up thereby resulting in having passion to create entrepreneurs and innovators and to adapt with latest technologies. The problems and challenges faced by the startups can be overcome through effective mentoring system and through the efficient functioning of incubation centres. The problem of finance can be overcome if more and more angel investors and venture capital investors come forward to invest in innovative ideas of the startups.

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