THE IMPACT OF GOVERNMENT SUPPORT ON THE PERFORMANCE OF STARTUPS IN KERALA, INDIA

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Abstract

The government of India has prioritized the encouragement of startup ecosystem through Startup India initiative. Apart from the central government, many state governments have introduced its own startup policy. Kerala is one such state which has its own startup policy. Based on extensive literature review this paper analyse different entrepreneurship support services provided by the government around the globe. The aim of this study is to analyse the government support on the performance of startups in Kerala, India. The conclusion is made after conducting qualitative interview of 201 startup entrepreneurs, 2 academic faculties and 5 mentors in Kerala. By analysing various startup support schemes introduced by the government, this paper highlights the key impediments in Kerala's startup ecosystem. Access to funding is a major issue impeding the growth of startups in Kerala. Private investments must be encouraged to reduce the funding gap in the ecosystem. Kerala need policies that helps in setting up an initial market for startups. Steps have been taken to create enterprises from educational institutions. More research funds should be granted to promote research in universities which encourage tech transfer through university industry interaction. The study contributes to the existing theory and helps the policy makers in taking necessary action towards promoting a startup culture in the state.

Keywords: Government support, Policy initiatives, Entrepreneurship, Startups, Startup ecosystem

1. INTRODUCTION

Entrepreneurship is an effective way of promoting innovation and triggering economic growth in a country. India, with a majority of economically active population, has opened up to entrepreneurship. India has a deep-rooted tradition in entrepreneurship. Dana (2014), in his book, Asian Models of Entrepreneurship: From the Indian Union and the Kingdom of Nepal to the Japanese Archipelago: Context, Policy & Practice, has explained the history of entrepreneurship in India. Although many historical factors like government regulations, British occupancy etc. has affected the entrepreneurship development of the country in the 20th century, the post liberalization period has witnessed many reforms to foster entrepreneurship (Dana, 2000).

The major challenge faced by India today is its rising unemployment rate and falling GDP growth rate. According to the Periodic Labour Force Survey conducted by National Sample Survey Office, the unemployment rate in India is at 6.1 per cent in 2017- 18 which is at its highest level since 1972-73. The GDP rate which was expected to surpass 7 per cent slumps to 5.8 per cent in the first quarter of 2019. Creating more jobs is a formula to boost Indian economy and reduce the unemployment rate.

In the foreseeable future India remains a younger country compared to its major competitors China and America. The median age of Indian population will be 31 years by 2030 whereas it will be more than 40 in the case of the later countries (CBRE, 2019). The economically active population can be a competitive advantage for India on the one hand and on the other hand can spur the GDP growth which is a measurement of the nation's economic activities. But according to the World Bank Data, India is adding 12 million educated youngsters a year to the total workforce. At this alarming rate, it is difficult for any government to create jobs for every educated active population.

Entrepreneurship is an approach to tackle this growing demand of jobs. The government of India has prioritized the encouragement of entrepreneurship through Startup India initiative. The aim is to create a vibrant entrepreneurial ecosystem which plays an important role in job creation. According to the Ministry of Commerce and Industry, a startup in India is any company which was incorporated in India in less than 10 years and has an annual turnover of less than 100 crore. A startup is based on an innovative idea which disrupts what exist today. The startup ecosystem in India is on its nascent stage. A startup ecosystem consists of different variables to support a startup. There are external and internal variables contributing to the venture creation. The novelty introduced at each variable distinguishes a venture from other. With the central and state government proposing separate policies, there is an upswing in the number of youngsters taking up entrepreneurship. As on 2018, there are 21 states and Union territories in India having its own startup policy. Uttarakhand, Maharashtra, Meghalaya and Jammu and Kashmir are the states that introduced startup policy in the year 2018. The flourished startup ecosystems in Silicon Valley, Tel Aviv and Los Angeles is an evidence for economic development of a country by way of entrepreneurship.

Kerala is a state in the southern part of India. The state is a popular tourist destination in India. Kerala is known for its high literacy rate and human development index. The educated youngsters in Kerala either preferred a government job or migrated to other states or foreign countries in search of a job. The state was not considered business friendly due to labour issues, lack of funding etc. But post liberalization period has witnessed minor changes in the business atmosphere. Research conducted worldwide shows that, along with internal factors like psychological attributes, money and resources, there are host of external factor like government policy, economy, institutional support etc which influence the entrepreneurship development in a region. Kerala is the first and only state in the country to have one per cent of the State's annual budget ear-marked for entrepreneurship development activities of youth. Government's endeavour is to build an entrepreneurial society in Kerala. For the purpose, the government has introduced Kerala Technology startup policy and established a nodal agency, Kerala Startup Mission (KSUM), to coordinate the entrepreneurial development activities of the state and to implement the schemes introduced by the government. The present paper analyses the impact of government support on the performance of startups in Kerala. Government support here implies the fiscal and non-fiscal support given to the startup entrepreneurs in Kerala.

1.1 OVERVIEW OF THE GOVERNMENT POLICY FRAMEWORKS SUPPORTING STARTUPS

The policy decisions promoting the growth of startups differ from one country to the other. While the policies in United States are aimed at creating a favourable economic condition for the formation and survival of startups, the Iran government emphasize at changing laws which improve the climate for entrepreneurship development (Ali Davaria and Taraneh Farokhmaneshb, 2017). Eventually the focus of policymakers is an exponential growth in the number of startups in the region. Supportive public policy with minimal government intervention fosters entrepreneurship and results in higher GDP (Dana, 1993).

Policy frameworks undertaken by various countries for supporting the startups are summarised in Table 1.

Table 1 Policy Frameworks

COUNTRY	POLICY FRAMEWORKS	REFERENCE
United States	1. Encourage exchanges between startup executives and investors. 2. $2.5 billion in early stage funding available to small business. 3. Small Business Innovation Research program and the Advanced Technology Program.	Derek Hyra et al (2015)
London	1. Government funded Tech City UK provides free online courses on how to start and grow a business. 2. Introduced fast track immigration to solve the lack of talent issue faced by startups. 3. Introduced Seed Enterprise Investment Scheme which provides tax relief to investors and London Co- Investment Fund which uses taxpayers fund for investing in startups.	Gov.UK(2018), Kai Federon(2015)
China	1. Government provides housing, office spaces, salaries and is the major funder of startups. 2. Government works directly with startups on many projects involving Artificial Intelligence. 3. Torch program which includes creation of innovation clusters, technology business incubators, seed funding and venture guiding fund is considered the world's best entrepreneurship development program. 4. Consists of 7500+ incubators and market spaces which has created 2,23000 new businesses.	Arjun Bisen (Diplomat, 2018), Steve Blank (startup grind, 2016), (Xinhua,Chinadaily.com, 2017)
Israel	1. Introduced Yozma, TNUFA, NOFAR, HEZNEK and Magnet programs which offers tax incentives to foreign venture capitalists and R&D support to startups. 2. Invest in R&D activities through Israel Innovation Authority. 3. Bilateral agreements with US, Europe and UK which provides funds for R&D expenses. 4. Recommend open innovation to increase corporate-startup alliances.	Startup Blink Ecosystem Ranking (2019), Wonglimpiyarat, J., (2016)
Korea	1.Created a software ecosystem for young experts and SME. 2. Loans and tax incentives for software industry.	Hongbum Kim,Dong-Hee Shin et al(2015)
Zimbabwe	1. Tax break for companies subcontracting to SME. 2. Government provide a guarantee fund which act as a surety when the SME want to borrow from banks.	Stanislous Zindiye et al (2012)

Estonia	1. Digitization of public agency processes (e-government). 2. First country to offer e-residency – Offering foreigners a government issued digital identity to run a company online. 3. Startups need not pay tax for reinvested profits. 4. Domestic and foreign investment are treated equal under law.	Startup Estonia
Sweden	1. Government deregulated industries to increase competition. Public services were outsourced to private firms. Foreign companies took up mature startups when it opened its market to foreign competition. 2. Product market reforms made it easier to license new companies. 3. Reduced corporate income tax from 52% to 30%. 4. University and healthcare are free. Students get loan for living expenses and childcare is subsidized.	Alana Semuels (Sept 28,2017)
Italy	1. A state fund that act as a guarantee to 80 per cent of the bank loans granted to startups and incubators through a fast track and free procedure. 2. Legal, corporate services and assistance in credit matters provided at a 30 per cent discount rate for startups. 3. Accompany startups to international events for free or at a discounted rate. 4. Startups are exempted from bankruptcy procedures and administrative burden which helps in failing fast and start a new business. 5. The fiscal losses in the startup phase can be transferred to a sponsor company for a payment. The sponsor company can avail tax exemption for the entire amount of loss. 6. Self-employment visa (Italia startup visa) for attracting foreign individuals to start business in Italy. 7. Tax credit for investment in research and development. 8. 50 per cent of income derived from the commercial use of intangible assets (copyright, commercial brands and patents) are exempted from tax.	Italy's startup Act - Italian Ministry of Economic Development (2017)

Source: Secondary Data

Government alone could not be a catalyst for entrepreneurship development. Considering the case of Silicon Valley, which occupies the top position in Global startup ecosystem ranking (Startup Genome, 2019), was not built by supporting government policies alone (Kenji E.

Kushida, 2015). The success of Silicon Valley can be claimed by startups (with a scalable and repeatable business model and clear value proposition), large companies (which were once startups, acquire, invest, or partner with startups and provide mentorship support), investors (which includes friends, family, angel investors and venture capitalists who never exert control over the startups), accelerator (like Y combinators, who guide entrepreneurs in creating great products, and dozens of others who helped startups in building networks and offered office space), university (like Stanford which contribute towards ground breaking research, employing experienced and qualified professors and enrolling highbrow students) and co-working space (which helps in building network for the new entrants). But the government had once sowed the seeds to convert the apple orchard into a treasure trove. In the 1970's the government had curtailed the capital gains taxes. The Small Business Administration kick started a fund matching program whereby the former granted double the amount invested by a venture capitalist. The government allowed the pension funds to be invested in venture funds which led to a drastic growth in the venture capital industry. The government also intervene by providing financial support when it comes to innovation (Fuerlinger et al., 2015). Similarly, reforms introduced by the government has led to the creation of an environment encouraging innovative entrepreneurship in Argentina (Dana, 1997). The background study thus shows the crucial role of government in developing a successful entrepreneurial ecosystem.

1.2. OBJECTIVES

1. To analyse the financial support provided by the Kerala government to promote startups in Kerala.
2. To evaluate the non-fiscal support provided by the Kerala government to support the startups in Kerala.

1.3. METHODOLOGY

A descriptive research was applied to analyse the support of Kerala government towards the startups in Kerala. The study was based on a survey method. Primary data and secondary data were used for the purpose of data collection. Primary data was collected from startup entrepreneurs registered under KSUM in Kerala. Secondary data was collected from Kerala startup ecosystem report, Kerala startup policy, journals, newspapers, internet and KSUM website.

1.3.1. Population and sample

There are in total 40 + incubators in Kerala. For the purpose of the study, startups registered under KSUM were considered. According to the website of Kerala Startup Mission, there are 600 startups registered under KSUM. A purposive sampling technique was adopted to select the sample respondents. A startup goes through ideation, concept testing, validation and scaling stage before becoming an established enterprise. Primary data was collected from entrepreneurs of Startups, which has completed the ideation stage, considering their ability to provide information on government support received by them during various stages of business. The researcher conducted personal interview with 201 startup entrepreneurs, 5 mentors and 2 academic faculties. The name and other details of the respondents are not disclosed to assure confidentiality.

1.3.2. Measuring Instrument

The data was collected with the help of a semi structured questionnaire. Personal interviews were conducted with startup entrepreneurs, mentors and academic professors to get relevant information. The questionnaire for startup entrepreneurs consisted of 3 sections. Section A consisted of questions to collect the demographic details of the entrepreneur. Section B gathered information about the startup. Section C involved questions related to the government support received by the startups.

1.3.3. Tools for analysis

Data collected was analysed with the help SPSS software. Statistical tools like mean, percentage, ANOVA, Mann- Whitney U Test were done to arrive at a conclusion.

1.3.4. Reference period

The data was collected in 6 months commencing from first of May 2019 to 31st of October 2019.

2. ANALYSIS AND DISCUSSION OF DATA

The data collected was analysed to determine the government support received by startup entrepreneurs during different stages, diagnose the imperfections and suggest recommendations on how the government can take a lead role in building a successful entrepreneurial ecosystem in the state.

2.1. Fiscal Incentives

2.1.1. Government Funding

Table 2 reveals that majority of the startups considered (56 per cent) have received government funding in the form of grant /seed fund/marketing support. But the respondents had a common opinion that, it was not easy to raise a government fund. As one respondent in the hardware startup industry said *'it takes time to receive the full amount of grant even if it is approved, the authorities must take some steps to make the process faster as money is the lifeblood of any business. I had lost four deals as I could not meet the order and the trained employees joined the competitors. The grant promised were in the back of our minds while making the deal.'* Another category of respondents was who have applied but not received any sort of financial support from the government. It includes 19 per cent of the respondents. This category has put forward some reasons, which they believe, for rejecting their application. The decision to provide grants are made by a panel of 2-3 members. The panel might not be an expert in the relevant field of business in many cases. Another criticism put forward was, the panel checks whether the startup idea solves any social issue. Priority is given to such startups in all funding arenas. There are other startups similar to that of Dream11 (Mumbai based gaming startup to enter the unicorn club) which might not be solving any social issue, but has a business model which can flourish, become profitable and provide more employment opportunities. Ideas of such startups are not considered for government funding. Among those who didn't received the government funding also includes 5 startups who were approved a government funding, but till date they were not given the approved amount. 25 per cent of the respondents has not applied for any sort of government funding.

Table 2 Government Funding

	Frequency	Percentage
Applied and Received	112	56
Applied but not received	39	19
Not Applied	50	25
Total	201	100

Source: Primary Data

2.1.2. Access to finance

The main funding scheme introduced by KSUM for startups are Idea grant, productization grant and scale up grant. Idea grant is limited to Rs 2 lakhs and are given for the idea at idea, product or scale up stages. Productization grant limited to an amount of Rs 7 lakh is provided at prototyping stage. Scale up grant is limited to an amount of Rs 12 lakh per idea and are given for the revenue generating startups to scale up their operations. Apart from this, Kerala government provides seed funding support at the initial stage. Government organizations like Kerala Financial Corporation, Kerala State Industrial Development Corporation also provides funding support for startups. This shows that regardless of the growth stage, a startup can raise

government fund in Kerala. But the available literature shows that access to finance was a major challenge faced by startups in India (Omid Sharifi and Bentolhoda Karbalaei Hossein, 2015). The data collected is analysed to check whether inadequate availability of finance has impeded the startup's growth in Kerala. To assess the respondent's view 5-point Likert scale is used. In the scale, 1 represent strongly disagree to 5 Strongly Agree.

It can be inferred from Table 3, majority of the respondents (35 per cent) informs that inadequate availability of finance has impeded their firm's growth. Moreover, the standard deviation is 1.470 inferring that data is deviated from the mean value of 3.46 and spread out to an extent.

Table 3 Inadequate availability of finance impeded firm's growth

	Frequency	Percent
Strongly Disagree	26	13
Disagree	43	21
Partially Agree	15	8
Agree	47	23
Strongly Agree	70	35
Total	201	100
Mean	3.46	
Std. Deviation	1.470	
Variance	2.159	

Source: Primary Data

A mentor from Kerala thinks, only if a state can produce a greater number of successful startups, it can attract more investors. There are many profitable startups in Bangalore which makes it the startup hub in India. Creating a similar perception about the state helps in attracting more native and non-native investors.

2.1.3. Tax regime

Tax regime in India allows exemption from income tax for three consecutive years during any period in the first seven years after incorporation for a startup company. Many state governments like Karnataka, Assam etc also allows an exemption for Goods and Services Tax. But the startups in Kerala are not exempted from Goods and Services Tax which was said as a burden for the startup entrepreneurs. A startup in India has to register under GST only if the aggregate turnover exceeds 20 lakh Indian rupees. But the clients would ask for a GST number while doing business, which force a startup to register under GST. This increases the cost of compliance for a startup. Majority of the respondents agreed that the GST is affecting the working capital of the startup in the early revenue generation stage. The respondents had a general opinion that GST turns out to be good in the long run, but in the initial stages startups must be exempted from GST, since many of them don't have enough earnings to afford the fees charged by Chartered Accountants. Conducting workshops on GST compliance through the incubators help the entrepreneurs to file GST without an accountant's help.

Table 4 GST is a Burden

GST is a Burden	Frequency	Percent
Strongly Disagree	6	3
Disagree	18	9
Partially Agree	117	58
Agree	26	13
Strongly Agree	34	17
Total	201	100

Source: Primary Data

Angel tax was another problem faced by entrepreneurs, as they have to pay 30 per cent tax on the sum raised from investors which are above the fair market value of their shares. But now the central government has taken steps to avoid the angel tax after repeated insistence from startup entrepreneurs and other players in the ecosystem. No such case was reported in Kerala during the data collection. In contrast to these three respondents informed that they were asked to pay professional tax. *'It is not the tax amount, but the effort to pay it is displeasing. One has to go to the village office and spend a good portion of the day there to pay tax. Majority of the entrepreneurs responded has less than 5 people in the administration. As such, every unproductive minute is crucial for the statup community'* as he explained. Creating an online portal to make payment is the way forward to solve this issue. The startup firms in the initial stages generally use internally generated funds for their working capital requirements. If the company has not scaled up its operation, tax on this revenue is an additional expense for this community.

2.2. Non-Fiscal Incentives

The Kerala government has introduced many non-fiscal incentives for startups to facilitate ease of doing business. The major non-fiscal incentives include changes in the regulatory environment, mentorship support, accelerator expertise, etc.

2.2.1. Regulatory environment

There are certain regulatory factors that influence startups in Kerala. The overall rank of India in Doing business report of World Bank has jumped to 63 in 2019 from 77 in 2018. Reforms were made to reduce the process of setting up a startup in India, but still it takes more than 30 days in contrast to 5 days in the United States and 12 days in Germany (Fuerlinger et al., 2015). Once a startup is incorporated, any eligible startup can apply for an incubation space in any incubator in Kerala through the web portal of concerned incubator. The startup must be registered in Kerala for availing the incubation facilities. In contrast, one respondent was rejected multiple times without specific reason when he tried to get an incubation space in a startup incubator supported by government of India (name of the respondent and incubator is not revealed to assure confidentiality).

The startups registered in Kerala are exempted from The Equal Remuneration Act 1976, The Factories Act 1948, The Maternity Benefit Act 1961, The Minimum Wages Act 1948, The Kerala Shops and Establishments Act 1960, The Labour Welfare Fund Act (as applicable), The Payment of Bonus Act 1965, The Payment of Wages Act 1936, The Payment of Gratuity Act 1972, The Contract Labour (Regulation and Abolition Act 1970). The exemption is given for a period of three years from the date of commencement of business. The aim is to reduce the legal formalities for a startup. As part of it, the government has introduced a single window clearance for labour, Municipal and other local registrations.

Another step taken to ease the regulatory environment for startups include 3 shift operations with working women in the night shifts. Although it is a favourable move, the respondents haven't used it much as they don't need a 3-shift operation at the present phase of their business. Once they become an established enterprise, the entrepreneurs can make use of this initiative.

2.2.2. Infrastructural facilities

The aim of the Kerala government is to set up at least 10 incubators and accelerators in each of the different sectors in the state by 2020. As of 2019, there are 40+ incubators in the state in various sectors all together. The incubators provide office spaces, conference rooms, R&D

labs, Enterprise software and shared hardware at a nominal cost. The office space is provided at a cost less than Rs 2000 per seat, which is half the rate provided at Bangalore, the startup hub in India. The incubator also provides high speed internet connection, power charges, cloud server, MIT FABLABS, Enterprise software and Device testing labs at a nominal cost. This has a positive impact on startups. But one criticism raised by an entrepreneur in this regard is '*all the above-mentioned facilities are received once we are incubated. Towards the end of second year we were asked to move out of the incubator. But the chances for a startup to be independent after the first year of incorporation are less.'* The startups at this stage may not be financially independent. A rented office at this phase of business thus affects the financial stability of a startup. Setting up more co working spaces which can accommodate incubated startups after the incubation period will be of great help to the startups.

2.2.3. Mentorship Support

There are more than 110 registered mentors under KSUM. Out of the sample respondents, 38 per cent didn't have a mentor. When asked about the mentorship support received by the respondents, 27 per cent mentioned mentors helped them in building a network and put them in touch with domain experts. While 21 per cent of the respondents had an opinion that, along with other factors, lack of proper mentoring was a factor which impeded their firm's growth during the initial stages. When asked whether money or mentor is more important for their business, 90 per cent of the respondents have an opinion that money is more important for their business than mentors. When asked about frequency of meeting the mentor, 15 per cent replied they used to meet once per month and 25 per cent replied they used to meet less than once per quarter. Establishing a network was expected by respondents from the mentors.

One – way ANOVA was conducted to check whether frequency of meeting the mentor leads to success in business. The hypothesis generated are:

H_0: Success in business is independent of frequency of meeting the mentor
H_1: Success in business is dependent on frequency of meeting the mentor

Table 5 Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
.436	4	196	.782

Table 6 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	36.279	4	9.070	3.272	.013
Within Groups	543.303	196	2.772		
Total	579.582	200			

In Table 5 we see that, the assumption of Homogeneity of Variance is not violated. Levene's Test shows Homogeneity of Variance is not significant ($p > 0.05$). Table 6 shows the results of ANOVA and F test values along with significance of 0.013. Hence reject the null hypothesis and accept the alternate hypothesis that success in business is dependent on frequency of meeting the mentor.

One – way ANOVA was conducted to check whether frequency of meeting the mentor has increased the confidence level of entrepreneurs. The hypothesis generated are:

H_0: Confidence in doing business is independent of frequency of meeting the mentor
H_1: Confidence in doing business is dependent on frequency of meeting the mentor

Table 7 Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
1.718	4	196	.147

Table 8 ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	31.303	4	7.826	2.798	.027
Within Groups	548.279	196	2.797		
Total	579.582	200			

In Table 7 we see that, the assumption of Homogeneity of Variance is not violated. Levene's Test shows Homogeneity of Variance is not significant ($p > 0.05$). Table 8 shows the results of ANOVA and F test values along with significance of 0.027. Hence reject the null hypothesis and accept the alternate hypothesis that Confidence in doing business is dependent on frequency of meeting the mentor. Thus, it can be inferred that mentorship support creates more success in business and helps in increasing the confidence of entrepreneurs in running a business.

2.2.4. Networking and intellectual support

The government in Kerala through its nodal agency KSUM has set up an International entrepreneurship exchange scheme which provides startup entrepreneurs an opportunity to explore the global startup community. The expenses incurred on such travel will be reimbursed to an extend of 50 per cent of the travel expense or Rs 1 lakh whichever is lower. But the Kerala startup ecosystem report, 2018 shows only 63 startups have benefited from this scheme till date. One downside a respondent could see was the time taken to receive the said benefits: *'The scheme helps us in meeting a part of the travel expense, but the promised amount has not yet received.'* Another respondent said, he was satisfied with the scheme as he could meet prospective investors and attract investment. One of the respondents suggested to introduce a customer meet. Attracting initial customers is a challenge faced by startup entrepreneurs. It is difficult to receive an angel investment in the state of Kerala. While considering to invest, the investors check whether the business is in traction. If the startup can attract some early customers, he can easily identify early investors. The government taking an initiative to become an early customer can help startups. 43 per cent of the respondents had a strategic alliance with institutions situated in India. According to the policy landscape, the government departments can directly procure from startups for an amount of Rs 1 crore without any tender. But this facility is available for IT enabled startups. Widening the scope of this scheme to other areas where government organisation can be an initial customer will be highly appreciated by the startup community. Conducting a customer meet by bringing big corporates is another option to helps the startups in identifying early customers. A sector specific customer meet helps many entrepreneurs to create a network with the customers.

When asked about the network of people that they turn to for intellectual support, 50 per cent of the respondents are maintaining a network for intellectual support. They have an option for an interaction with other startup entrepreneurs in the same industry at the incubator. Other than that, there are no networks for intellectual support. The incubators conduct workshops/business counselling/training on some general topics related to startups which are considered as useful

by 67 per cent of the respondents. In most of the developed nations there exist university industry interaction which allows tech transfer from university to industry. Such a culture cannot be seen in Kerala or India as there are no much contribution to technological or scientific research from educational institutions. No university from India has made it to the top 250 in the world university rankings. Government funding for ground breaking research from educational institutions can create research-oriented professors and students. The present policy landscape is, the government has set up 230+ Innovation and Entrepreneurship Development Centres (IEDC) in universities. Apart from setting up, a proper follow up on the activities and measuring the performance of those IEDC helps in making them efficient.

Table 9 Network and intellectual support

Network and intellectual support	No. of respondents	Percentage
Has a network for intellectual support	101	50
Partnership or strategic alliance with organization in India	86	43
Provided with accelerator support	56	28
Received business support	135	67

Source: Primary Data

2.2.5. Accelerator Support

Table 10 reveals that 28 per cent of the respondents have attended an accelerator program either in India or abroad which helped them in creating a network and pivoting their ideas if required. Every startup should receive such an opportunity to network with established organization. Mann Whitney U test is conducted to test whether receiving accelerator support has an impact on the entrepreneur's success in business and confidence in running business.

H_0: There will be no statistically significant differences on Success in business by accelerator support

H_1: There will be statistically significant differences on Success in business by accelerator support

Table 10 Mann- Whitney U Test Ranks for Accelerator Support

	Accelerator support	N	Mean Rank	Sum of Ranks
Success in Business	Yes	56	116.08	6500.50
	No	145	95.18	13800.50
	Total	201		
Confidence in running business	Yes	56	122.00	6832.00
	No	145	92.89	13469.00
	Total	201		

Table 11 Mann- Whitney U Test Statistics for Accelerator support

	Success in Business	Confidence in running business
Mann-Whitney U	3215.500	2884.000
Wilcoxon W	13800.500	13469.000
Z	-2.375	-3.338
Asymp. Sig. (2-tailed)	.018	.001

Table 11 reveals that the Mann-Whitney U Test 'P' value is .018 (P <0.05). Here null hypothesis is rejected. The mean value of success in business as a result of non-financial support received is more for the respondents who received accelerator support than those who didn't pick up accelerator expertise. The result thus indicates that getting accelerator expertise creates more success in business.

H_0: There will be no statistically significant differences on Confidence in running business by accelerator support
H_1: There will be statistically significant differences on Confidence in running business by accelerator support
Table 11 reveals that the Mann-Whitney U Test 'P' value is .001 (P <0.05). Here null hypothesis is rejected. The mean value of confidence in running business as a result of non-financial support received is more for the respondents who received accelerator support than those who didn't pick up accelerator expertise. The result thus indicates that getting accelerator expertise makes the entrepreneur confident in running business.

2.2.6. Business Support

The incubated startups are provided with workshops, training or advices on general topics related to the running of a business. 67 per cent of the respondents has attended either a workshop or training conducted by the incubator. 20 per cent of the respondents haven't received any business support and 13 per cent of the respondents haven't availed any business support even though they had an opportunity to avail. Mann- Whitney U test is conducted to test whether entrepreneur's success in business and confidence in running business is independent of the business support received. The hypothesis developed is:
H_0: There will be no statistically significant differences on Success in business by business support.
H_1: There will be statistically significant differences on Success in business by business support.

Table 12 Mann- Whitney U Test Ranks for Business Support

	Business support	N	Mean Rank	Sum of Ranks
Success in Business	Yes	135	97.76	13197.00
	No	40	55.08	2203.00
	Total	175		
Confidence in running business	Yes	135	97.88	13214.00
	No	40	54.65	2186.00
	Total	175		

Table 13 Mann- Whitney U Test Statistics for Business Support

	Success in Business	Confidence in running business
Mann-Whitney U	1383.000	1366.000
Wilcoxon W	2203.000	2186.000
Z	-4.870	-4.984
Asymp. Sig. (2-tailed)	.000	.000

H_0: There will be no statistically significant differences on Confidence in running business by Business support
H_1: There will be statistically significant differences on Confidence in running business by Business support
Above table 13 reveals that the Mann-Whitney U Test 'P' value is .000 (P<0.05) in the case of success in business and .000 (P<0.05) in the case of confidence in doing business. Here null hypothesis is rejected in both the cases. The mean value of Success in Business and confidence in running business is more for the respondents who received Business support than those who didn't receive any business support. The result thus indicates that getting business support in the form of training, workshop etc creates more success in business and make the entrepreneur more confident in running business.

3. CONCLUSION

The paper analyses the support provided by Kerala government for startups in Kerala. A great many schemes have been introduced for creating a startup culture in the state. Incubator seed funding, exemptions from various regulatory framework, direct procurement by government departments from startups upto an amount of 1 crore, co working spaces are some of the initiatives taken by the government to support startups registered in the state. The main bottleneck for the state to become prosperous ecosystem is its inability to attract funding. Awareness programs and tax reforms must be introduced to attract high net worth individuals from in and around the state. A few states in India are providing a monthly allowance for startup entrepreneurs at least for a period of one year. Extending a monthly allowance and GST exemption can help the entrepreneurs in the initial stages to meet the working capital requirements. Awareness programs for government employees in the grass root level helps in avoiding the time delay in implementing the schemes proposed by the government. Extending research funds to universities helps in innovation and tech transfer from university to industry. Along with the investor meet, conducting a customer meet helps startups in finding early stage customers. Direct procurement for government departments from startups must be introduced in all sectors. Startups which could not scale up its operation after a certain time should be supported to avoid failure. To sum up, government has recognized the importance of entrepreneurship and introduced many schemes to support the startups in Kerala. Follow up must be done to check whether the extended support is reaching the startups on time. This will lead to establishing a vibrant ecosystem in Kerala for startups, which in turn contribute to the economic growth and reduce the unemployment and inequality prevailing in the state.

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