# Guideline Cum Standard Operating Procedure (SOP): BCDD Funding Support Scheme

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# Section 1: Overview

## About the Scheme

Govt. of Kerala has introduced the BCDD 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.

Accordingly, the Financial Assistance Scheme for OBC Graduates aims to provide early-stage funding support to graduates from Backward Classes in Kerala to help them launch and grow technology-driven startups. Implemented by the Kerala Startup Mission (KSUM) in collaboration with the Backward Classes Development Department (BCDD), the scheme is part of a broader initiative to foster inclusive entrepreneurship and empower underrepresented communities in the startup ecosystem. The maximum BCDD Grantamount eligible for startups is Rs.10 lakhs (including stages - idea, productization).

## Objective

To provide early-stage financial assistance to graduates from the Backward Classes in Kerala, enabling them to launch and grow technology-driven startups. This scheme is part of the initiative by the Backward Classes Development Department (BCDD), in collaboration with KSUM, to promote inclusive entrepreneurship.

## Types of Grants

The following types of grants are available to startups 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 up to 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.
   - Startups who had already availed Idea Grant are eligible for Productization Grant amount of 7 lakhs
   - Startups who are newly applying are eligible for a Productization Grant upto Rs.10 Lakhs.

## Basic Eligibility Criteria

- Graduates (any stream) from the Backward Classes, Age between 23 to 40 years
- For Idea Grant, an innovator should be under the OBC category and based in and out of Kerala. And the company incorporation and KSUM unique ID are mandatory for the fund disbursement process
- 80% of shareholding must owned by OBC for productization 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 this scheme
- No outsourcing of entire product development activities or any major milestone outsourcing, purchase of self-services and utilization of the grant for CSR activities will not be considered.

## Implementation Agency

The scheme will be implemented by Kerala Startup Mission (KSUM) as the nodal agency. BCDD will oversee and approve key components, especially the selection process.

## Fund Allocation

Funds have been sanctioned to support up to 25 eligible beneficiaries, with a maximum financial assistance of 10 Lakhs:

- ₹3 Lakhs under Idea Grant
- ₹7 Lakhs under Productization Grant

# 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 had already availed Idea Grant are eligible for Productization Grant amount of 7 lakhs
- Startups who are newly applying is eligible for a Productization Grant upto Rs.10 Lakhs

**Call for Application**

- KSUM conducts the **BCDD Grant Funding Drive** every year for scouting applications for the BCDD Grant for product development
- KSUM will call for applications for BCDD grants 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 innovators and startups may visit www.startupmission.kerala.gov.in to submit their application.

**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 Pitch Day Queries: Application- Startup Name/Product name*

## Section 3: Shortlisting

**Shortlist Announcement**

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

## Section 4: Selection - The Idea Pitch Days

### Idea Pitch Days

The startups or applicants will make their final pitch on 'Idea Pitch Day', before an Expert Committee Panel along with official from Backward Classes Development Department (BCDD), who will evaluate the proposals for their merit. KSUM conducts Idea Pitch 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 Pitch 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
- An official from Backward Classes Development Department (BCDD)

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

Any grievance related to the scheme may be submitted via https://startupmission.kerala.gov.in/grievance with applicant details and issue description. A designated committee will review and respond within 15 working days. Appeals, if any, may be escalated to the Director, BCDD for final review.

### Screening Process

The panel will listen to all ideas shortlisted for that particular Idea Pitch 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 BCDD Grant are as follows

- Team
- Product Innovation
- Marketing
- Financials
- BCDD 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 and Director, BCDD for approval.

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

### Disbursal Process

BCDD 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.

The fund for ideas selected in the Idea Pitch Day event will be released on a tranche basis. Mode of payment will be through company account payee cheque or/and having account transfer to treasury (whenever possible).

### Documents for First Tranche

The innovators to whom the BCDD 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 grant.

The list of documents to be submitted are as follows:

1. Caste certificate
2. Degree Certificate
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.
9. Utilisation certificate, if already availed the KSUM grant/Seed Loan
10. CA certified no dues Certificate.

After verifying the documents, KSUM will execute an agreement with the startup. The 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.

## 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 startups 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 startups will be asked to present a demo.

## Documents for Second Tranche

Apart from the interim progress report and the utilisation certificate, the Startup 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 trache, 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.

## Application Support

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

# Section 6: Funding Guidelines

## Utilisation Purpose and Outcome

The BCDD Grant cannot be used for the following purposes:
1. Salaries for the founding team
2. Purchase of assets
3. Payment of usage charges and other utility charges for labs /testing/equipments
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), rent of office space etc. not allowed. However essential software/ tools/ licenses etc are allowed)
5. Patenting expenses (Startups may claim reimbursement through the Patent Scheme)

*The detailed fund utilisation plan is given in Annexure*

## Project Completion Report

Startups 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 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 and Director of BCDD, an innovator with a previously failed venture could get the BCDD 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 grant. The startup 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 | Manpower | Fixed Assets like land, building, furnishing, setting up of lab space, high-end computers, software of high cost (above 2 Lakhs), office space rent etc not allowed. However essential softwares/ tools/ licenses etc are allowed |
| | Fabrication Charge | |
| | Consumables & Raw materials | |
| | Usage charges (Labs/equipments/Tools etc) | |
| | Honorarium to Mentors | Moulds/ jigs etc will be limited to Rs 1 Lakhs/- |
| Market Research & Identification | Market Research activities(studies,field trails,customer survey & customer validation, etc ) | |
| Others | Certification & validation Travel,Compliances etc | |

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

**Annexure 2- 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 | 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), office space ren etc not allowed. However essential softwares/ tools/ licenses etc are allowed<br><br>Moulds/ jigs etc will be limited to Rs 1 Lakhs/- |
| | Usage charges (Labs/equipments/Tools etc.) | |
| | Purchase of tools,software,plugins, etc | |
| Marketing | Marketing of the product, tools,promotions,manpower | |
| Others | Licenses,Certification & validation,Travel,Compliances,etc | |