



GRIEVANCE TO GROWTH

A founder led recommendations report for consideration of the J&K Government for the upcoming Budget 2026-27 to address specific impediments hampering their next orbit of growth.

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Kashmir Startup Ecosystem

A Data-Driven Policy Proposal for the 2026-27 Budget



Kashmir Angel Network (KAN): Position Statement

Kashmir Angel Network (KAN) positions itself as a mission-driven ecosystem enabler committed to bridging the structural gaps between policy intent and on-ground startup realities in Jammu & Kashmir. Based on continuous engagement with founders across ideation, early, and growth stages, KAN asserts that the core constraint in the regional startup ecosystem is not the absence of policies or funds, but the absence of effective translation mechanisms that convert these instruments into founder-friendly outcomes.

KAN advocates for a shift from scheme-centric governance to founder-centric execution. This entails simplifying access to capital, embedding domain expertise in evaluation and decision-making, and institutionalizing trust-based, milestone-driven support systems rather than compliance-heavy, paperwork-oriented models. KAN strongly believes that early-stage risk capital, mentorship, and market access must be treated as public goods for innovation-led growth in the region.

KAN further positions itself as a neutral implementation and advisory partner capable of supporting the government through structured interventions such as startup screening, mentor matching, investment-readiness programs, compliance handholding, and outcome monitoring. With deep contextual understanding of local constraints and national best practices, KAN can act as a bridge between startups, investors, incubators, and government agencies.

In the context of Budget 2026–27, KAN urges policymakers to prioritize quality over quantity in startup support, focusing on fewer but deeper interventions, sector-specific strategies, and measurable impact. KAN stands ready to collaborate with the Government of J&K to co-create a resilient, credible, and innovation-driven startup ecosystem that rewards genuine entrepreneurship over grant arbitrage.

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1.0 Introduction: The Case for Strategic Intervention

This document is a formal policy recommendations submitted to the J&K Government. Its purpose is to present a series of targeted, data-driven recommendations specific to startups for inclusion in the J&K Budget for 2026-27. These recommendations are derived directly from a comprehensive survey of 19 startup founders operating across the Kashmir valley, reflecting the ground reality of the challenges and opportunities within the ecosystem.

1. The Status



The ecosystem is maturing. The majority of startups have graduated from “Ideation” to “Mid-Commercialization” and are actively generating revenue. They are real businesses, not just concepts.

2. The Complication



Growth is stalled by a “Capital & Compliance Trap.” Founders rank the lack of working capital and regulatory friction as existential threats preventing scale.

3. The Recommendation



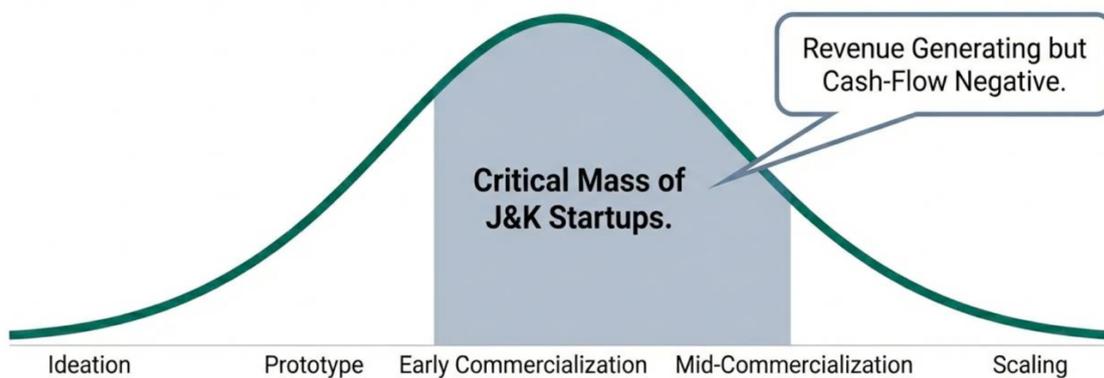
The 2026-27 Budget must prioritize four interventions: Risk-Tolerant Seed Capital, a Single-Window Clearance System, Infrastructure Subsidies, and Compliance Support.

The central argument of these recommendations is that the Kashmir startup ecosystem has reached a critical maturation point. It is no longer a nascent collection of ideas but a growing cohort of revenue-generating businesses poised for significant expansion. Targeted budgetary interventions at this stage can unlock substantial economic growth, create high-value employment, and strategically shift the regional economy from a state of grievance to a dynamic centre of innovation.

The following analysis provides a clear snapshot of the ecosystem's current state, its most pressing challenges, and a concrete roadmap for converting its immense potential into measurable economic reality.

2.0 Profile of the Kashmir Startup Ecosystem: Beyond Ideation

To formulate effective policy, it is crucial to understand the current composition and maturity of the ecosystem. The data reveals that Kashmir Valley's startups are not in the conceptual "ideation" phase; they are operational businesses grappling with the complexities of scaling. Policy must be tailored to the reality of these enterprises, which have successfully moved past the initial concept stage and are now facing growth-related challenges.



Insight: We have moved past 'Ideation'—these are real businesses needing growth capital, not just competition prize money.

The majority of surveyed startups are in the **'Mid-Commercialisation'** and **'Early Commercialisation'** stages. This means they are active, revenue-generating businesses that have achieved a degree of product-market fit. This is precisely the stage where the "Valley of Death" is most dangerous—when companies are revenue-generating but cash-flow negative, making working capital their most critical constraint, not a need for competition prize money.

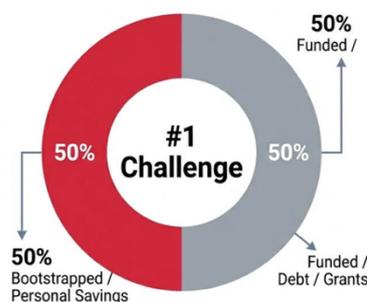
Sector	Percentage of Ecosystem
Digital & Digital Services	25.0%
Education	25.0%
Hospitality/Tourism	12.5%
Agriculture	12.5%
Emerging Sectors (e.g., Drones, 3D Printing)	12.5%

This diverse but unified ecosystem faces a critical set of common challenges that are preventing it from achieving scale. The next section details these barriers, which form the basis for our budgetary recommendations.

3.0 Analysis of Critical Challenges: The Barriers to Scale

The primary obstacles identified by founders are not minor operational issues; they are existential threats that are actively stalling growth and trapping promising ventures in a "Capital & Compliance Trap." These barriers prevent companies from scaling, hiring, and contributing fully to the region's economic modernisation.

3.1 The Primary Bottleneck: Access to Capital



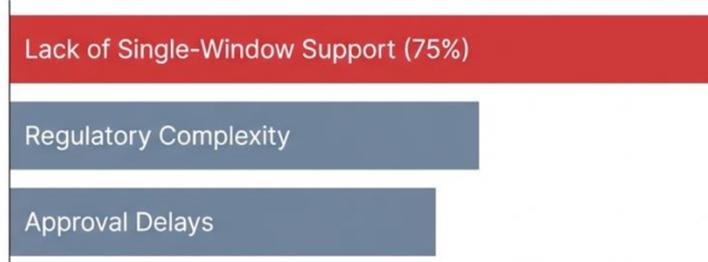
The lack of accessible funding is the most critical issue crippling the Kashmir startup ecosystem, ranked unequivocally as the #1 challenge by founders. This capital crunch is not a perceived problem but a quantifiable barrier to growth with severe consequences.

- **50% Bootstrapped:** Half of the ecosystem operates with minimal external funding, relying heavily on personal or family savings. This severely limits their capacity for risk-taking and investment in growth.
- **The 'Mid-Stage' Trap:** The most acute pain point is the shortage of working capital for startups that have already proven their business model. These companies are stuck in a liquidity crunch—the "Valley of Death"—where they have a viable product but lack the funds to scale operations and meet market demand.
- **Founder Sentiment:** Founders are not seeking generic, conservative bank loans. They are explicitly requesting the creation of "founder-friendly," risk-tolerant seed capital programs designed to support innovation, not just collateralised assets.

"Capital is cited as the single most important blocker across Agriculture and Digital sectors."

3.2 The Operational Drag: Ease of Doing Business

Top Pain Points for Founders



37%

Only 37% of founders are fully aware of existing government policies.

Administrative and regulatory friction acts as a "silent killer" for startups, draining valuable time and resources that should be focused on product development and market expansion. The operational environment is characterised by complexity, delays, and a significant information gap.

- **Lack of Single-Window Support:** An overwhelming 75% of respondents (12 mentions) cited the absence of a unified, single-window clearance system as the primary administrative barrier. Founders are forced to navigate a fragmented and confusing web of agencies for approvals and compliance. The general feeling is that while there are systems and processes designed with this intent, the practice is contrary to the objectives.
- **Regulatory Complexity:** This was the second most cited barrier (11 mentions), compounded by a significant awareness gap. Only 37% of founders are fully aware of existing government policies and schemes designed to support them. This awareness gap is not due to a lack of effort, but to a process that founders describe as overly complex and confusing to navigate, rendering well-intentioned policies ineffective.
- **Approval Delays:** The current reported timeline for grant approvals and regulatory clearances is 6 to 12+ months. In a fast-moving digital economy, a delay of this magnitude is described by founders as an "existential threat" that renders government support ineffective by the time it arrives.

3.3 The Human Capital Dilemma

After securing capital, the next most critical concern for founders is building and retaining a skilled team. The ecosystem faces a dual challenge related to talent acquisition and the quality of available guidance. Founders are not worried about their product; they are worried about their people.

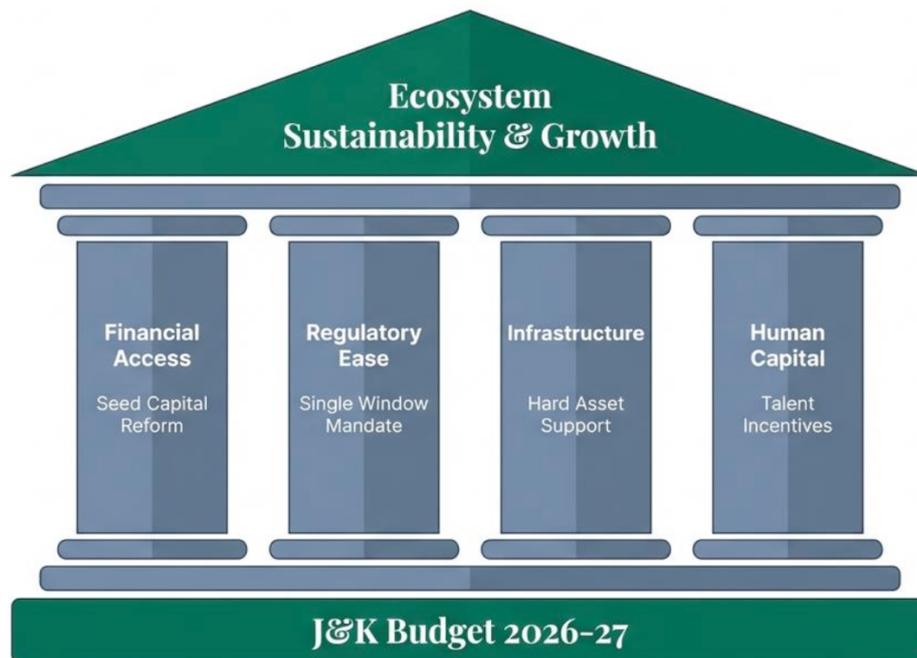
- **Talent & Compensation Gap:** Founders report significant difficulty in hiring qualified technical talent within the region. The economics of early-stage ventures make it nearly impossible for them to offer competitive salaries, leading to a "brain drain" of skilled professionals.
- **The Quality of Guidance:** A clear disconnect exists between founders, particularly in the tech sector, and the mentorship available. Founders express frustration with non-technical evaluators judging complex digital business models and have made a specific request to be paired with successful entrepreneurs who have practical experience of scaling businesses to crores in revenues.

These clearly defined, data-backed challenges require direct and decisive policy action. The following section outlines five strategic recommendations designed to address these barriers head-on.

4.0 Strategic Recommendations for the J&K 2026-27

Budget

The following recommendations represent five core policy levers for transforming the Kashmir startup ecosystem. These interventions are not abstract ideas; they are direct, actionable solutions designed to systematically dismantle the primary barriers to growth identified by founders in the survey.



4.1 Recommendation 1: Establish a Single Digital Portal for All Compliance

This recommendation directly solves the #1 administrative barrier—the lack of single-window support cited by 75% of founders. The goal is to create a unified digital interface for all government registrations, compliance filings, and scheme applications. This centralized hub will solve regulatory complexity, dramatically improve the dismal 37% policy awareness rate, and provide a single, transparent source of information for all entrepreneurs.



- Budget allocation for Digital Portal development.
- Streamlined mechanism to reduce approval delays.
- Centralized information hub to solve the 63% awareness gap.

4.2 Recommendation 2: Enforce a 30-Day Service Level Agreement (SLA) for Approvals

The current reality of **6-12+ month delays** for grant approvals and government interactions is untenable. We advocate for a mandated, **non-negotiable 30-day Service Level Agreement (SLA)** for all government interactions with startups, from application acknowledgment to fund disbursement. Speed and efficiency are paramount in the modern economy, and this SLA will ensure that government support is timely and relevant.

4.3 Recommendation 3: Subsidise Compliance and Operational Costs

To relieve the financial pressure on bootstrapped and early-stage firms, we propose two specific, high-impact subsidies based on direct founder feedback:

Compliance Relief: A 50% subsidy for statutory compliance costs, including GST filings, company registrations, and patent filings. This directly addresses the "High compliance costs" barrier and frees up critical capital for growth.



Office Space
Subsidies for accredited co-working spaces or direct rental grants.

Power Utilities
Concessional industrial power tariffs for registered startups.

Connectivity
High-speed internet subsidies to ensure digital uptime.

Operational overheads drain limited bootstrapping funds. The government can act as an enabler by subsidizing these fixed costs.

Infrastructure Support: Subsidies for essential operational costs, including co-working office space, electricity, and high-speed internet connectivity. This support directly enables digital-first businesses and reduces the operational overhead that drains limited funds.

4.4 Recommendation 4: Mandate a 2-3% Government Procurement Quota

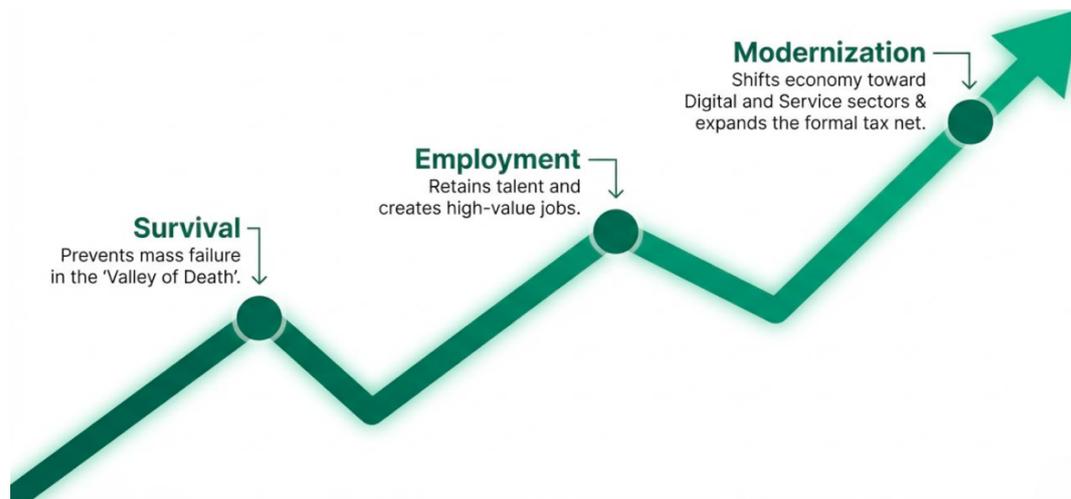
A policy that reserves 2-3% of government procurement contracts for local startups is a powerful tool for fostering long-term sustainability. Unlike one-time grants, this measure provides startups with stable, predictable revenue runways. It allows them to build capacity, refine their products and services, and establish a track record, making them more attractive to private investors in the future.

4.5 Recommendation 5: Launch a ₹50 Crore Dedicated Tech Fund

To address the acute capital crunch, we propose the creation of a ring-fenced ₹50 crore fund specifically for startups in the digital and tech sectors. This fund must operate under a crucial condition: evaluation must be conducted by domain experts and seasoned entrepreneurs—specifically, those with experience scaling businesses beyond the ₹100cr mark—to directly solve the evaluation disconnect reported by founders. Furthermore, this fund must redefine "capital expenditure" to include critical digital infrastructure like cloud services and SaaS subscriptions, directly addressing the "Digital Economy Blindspot" where current grant structures fail to recognise modern operating costs.

5.0 Fiscal Implications & Return on Investment (ROI)

The budgetary items proposed in this document should not be viewed as expenses. They are structural investments in J&K's future economic engine, designed to build a self-sustaining ecosystem that generates high-value jobs, retains local talent, and expands the formal tax base.



The expected return on these investments can be understood as a three-stage value progression for the J&K economy:

Survival: First, these investments provide the critical support needed to prevent the mass failure of promising ventures stuck in the "Valley of Death." They ensure that companies with proven models survive the initial cash-flow negative phase.

Employment: Second, by enabling startups to scale, this support helps retain skilled local talent and creates high-value jobs in technology, management, and services, combating the regional brain drain.

Modernization: Finally, this strategy systematically shifts the regional economy toward high-growth digital and service sectors. This diversifies the economic base away from traditional industries and expands the formal tax net as these companies mature and prosper.

6.0 Conclusion and Next Steps

The startup ecosystem of Kashmir valley is at an inflection point. It is populated by resilient founders who have built real, revenue-generating businesses despite significant structural headwinds. The potential for exponential growth is clear, but it remains locked behind predictable barriers of capital access, regulatory friction, and resource gaps. The data-backed interventions proposed in this document—a single-window portal, a dedicated tech fund, a 30-day SLA, procurement quotas, and targeted subsidies—are the specific keys required to unlock this potential.

Item	Description
Seed Fund Allocation	Risk-tolerant working capital corpus
Digital Portal Development	IT budget for Single-Window system
Operational Subsidies	Rent, Electricity, and Connectivity relief
Compliance Reimbursement	Fund for statutory fees and filings
Talent Grants	Hiring incentives for high-skill roles

These set of recommendations are formally submitted to the J&K government for consideration in the 2026-27 Budget. The voices of the founders have provided a clear and actionable roadmap. Now is the time to convert their potential into profound and lasting economic reality for Jammu & Kashmir. KAN invites the government to review these findings and engage in a detailed consultation to bridge the gap between the **Voice of the Founder and the Pen of the Policymaker**.

7.0 Kashmir Angel Network

7.1 Who We Are

Kashmir Angel Network (KAN) is a Srinagar-based, founder-focused angel network and ecosystem platform working to strengthen early-stage entrepreneurship in Jammu & Kashmir. KAN engages with startups at the ideation, early-revenue, and growth stages by facilitating access to early capital, domain-specific mentorship, investor networks, and ecosystem partnerships. Its work is anchored in continuous, on-ground engagement with founders operating in diverse sectors of the regional economy.

KAN's role extends beyond investment facilitation. Through regular interaction with founders, incubators, professionals, and ecosystem stakeholders, the organisation develops a grounded understanding of structural constraints affecting startup growth in the region. This positions KAN to contribute informed, implementation-oriented inputs to policy discussions related to entrepreneurship, innovation, and economic development.

7.2 Why This Advocacy Paper

This advocacy paper has been prepared in the context of the **Jammu & Kashmir Budget for 2026–27**, at a stage when budget formulation and inter-departmental deliberations are already underway. The intent of this submission is to ensure that policy and fiscal decisions related to startups are informed by **current operating realities**, rather than broad assumptions or generic national models.

The timing of this advocacy is significant. A growing number of startups in the Kashmir Valley have moved beyond ideation and are functioning as revenue-generating enterprises. At this stage, the absence of targeted support mechanisms can result in stagnation or failure, despite viable business models. This paper seeks to intervene at this critical juncture by placing evidence-based inputs into the budgetary process.

7.3 Purpose of the Submission

The purpose of this advocacy paper is to support the Government of Jammu & Kashmir in making **strategic, outcome-oriented budgetary decisions** related to the startup ecosystem. The focus is not on expanding the number of schemes, but on improving the effectiveness, speed, and economic impact of public interventions.

This document frames startups as **economic actors** capable of contributing to employment generation, talent retention, service-sector modernisation, and long-term expansion of the formal economy. The recommendations are therefore positioned as **investments with measurable public returns**, rather than standalone incentives.

7.4 How This Paper Was Developed

This paper is grounded in **primary data collected directly from founders**. Kashmir Angel Network conducted a structured survey of **19 active startup founders operating across the Kashmir Valley**, representing ventures at early and mid-commercialisation stages. These startups span multiple sectors and reflect a cross-section of the region's entrepreneurial landscape.

The survey focused on identifying growth-stage bottlenecks, operational and regulatory challenges, and gaps between policy intent and on-ground execution. The insights derived from this process form the empirical foundation for the analysis and recommendations presented in this document.

Report Limitations: *The report is based on the a relatively small sample size of 19 startup founders. However, very comprehensive views about the existing challenges and the possible roadmap have been captured in this survey.*

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