

NISP Startup Policy - MSIT (2020)



Guiding Framework for Higher Education Institutions

National INNOVATION and STARTUP Policy 2020 for Students and Faculty :

A Guiding Framework for Higher Education Institutions The National Innovation and Startup Policy 2019 for students and faculty of Higher Education Institutions (HEIs) will enable the institutes to actively engage students, faculties and staff in innovation and entrepreneurship related activities. This framework will also facilitate Ministry of Human Resource Development in bringing uniformity across HEIs in terms of Intellectual Property ownership management, technology licensing and institutional Startup policy, thus enabling creation of a robust innovation and Start up ecosystem across all HEIs.

Message from Chairman, 'National Innovation and Startup Policy 2019' Committee

“At the outset, I thank the succeed. The goal of the Ministry of Human Resource institutions should therefore be Development for providing to link Innovation to me an opportunity to work on Enterprises to financial the guidelines with an aim of success. nurturing Innovation and I sincerely congratulate the Startups ecosystem in higher Ministry of Human Resource education institutions. My Development for its initiative firm belief is that Incubation towards strengthening of and Innovation need to be innovation and startup organically interlinked. ecosystem in education Without innovation, new ecosystem and wish it a grand enterprises are unlikely to success.”

Preamble

In November 2016, All India Council of Technical Education (AICTE) released a Startup Policy document for AICTE approved institutions, to address the need of inculcation of innovation and entrepreneurial culture in higher education institutions (HEIs). The policy primarily focused on guiding the AICTE approved institutions in implementing ‘Startup Action Plan’ of Government of India. Subsequent to release of the Startup policy by AICTE and further interaction & feedback received from education institutions, a need was felt for a more elaborate and comprehensive policy guiding document, which could be applicable for all the HEIs in India. A fifteen membered committee was constituted by Ministry of Human Resource Development to formulate detailed guidelines for various aspects related to innovation, Startup and entrepreneurship management. This committee deliberated on various facets for nurturing the innovation and Startup culture in HEIs, which covered Intellectual Property ownership, revenue sharing mechanisms, norms for technology transfer and commercialization, equity sharing, etc. After multiple rounds of meetings, National Innovation and Startup Policy 2020 for students and faculties of HEIs were prepared.

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India aspires to become 5 trillion-dollar economy by 2024. To reach the mark, it needs to evolve systems and mechanisms to convert the present demographic dividend into high quality technical human resource capable of doing cutting edge research and innovation and deep-tech entrepreneurship. The 'National Student and Faculty Startup policy 2020' is a guiding framework to envision an educational system oriented towards start ups and entrepreneurship opportunities for student and faculties. The guidelines provide ways to Indian HEIs for developing entrepreneurial agenda, managing Intellectual Property Rights (IPR) ownership, technology licensing and equity sharing in Startups or enterprises established by faculty and students. In India, innovation is still not the epicenter of education. In order to achieve the cultural and attitudinal shift and to ensure that 'Innovation and Startup' culture is the primary fulcrum of our higher education system a policy framework and guidelines are the need of this hour. These guidelines will enable institutions to actively support their faculty, staff and students to participate in innovation and entrepreneurship (I&E) related activities, thus encouraging students and faculty to consider start ups and entrepreneurship as a career option. These recommendations and guiding principles will also help HEIs in creating their own policy framework, if required. Moreover, these guidelines will facilitate Ministry of Human Resource Development in bringing uniformity across HEIs in terms of IPR ownership management, technology licensing and institutional startups policy, thus enabling creation of a robust innovation and Startup ecosystem across all HEIs. These guidelines will also help emphasize that the entrepreneurship is all about creating a business, which is financially successful.

National Innovation and Startup Policy 2019 for Students and Faculty

1. Strategies and Governance :

- a.** Entrepreneurship promotion and development should be one of the major dimensions of the HEIs strategy. To facilitate development of an entrepreneurial ecosystem in the organization, specific objectives and associated performance indicators should be defined for assessment.
- b.** Implementation of entrepreneurial vision at the institute should be achieved through mission statements rather than stringent control system. The entrepreneurial agenda should be the responsibility of a senior person at the

level of dean/ director/ equivalent position to bring in required commitment and must be well understood by the higher authorities. However, one must understand that promoting entrepreneurship requires a different type of mindset as compared to other academic activities. Therefore, this person should be very carefully chosen from someone who understands the industry and above all business.

c. Resource mobilisation plan should be worked out at the institute for supporting pre-incubation, incubation infrastructure and facilities. A sustainable financial strategy should be defined in order to reduce the organizational constraints to work on the entrepreneurial agenda.

i. Investment in the entrepreneurial activities should be a part of the institutional financial strategy. Minimum 1% fund of the total annual budget of the institution should be allocated for funding and supporting innovation and startups related activities through creation of separate 'Innovation fund'. ii. The strategy should also involve raising funds from diverse sources to reduce dependency on the public funding. Bringing in external funding through government (state and central) such as DST, DBT, MHRD, AICTE, TDB, TIFAC, DSIR, CSIR, BIRAC, NSTEDB, NRDC, Startup India, Invest India, MeitY, MSDE, MSME, etc. and non-government sources should be encouraged. iii. To support technology incubators, academic institutes may approach private and corporate sectors to generate funds, under Corporate Social Responsibility (CSR) as per Section 135 of the Company Act 2013. iv. Institute may also raise funding through sponsorships and donations. Institute should actively engage alumni network for promoting Innovation & Entrepreneurship (I&E).

d. For expediting the decision making, hierarchical barriers should be minimized and individual autonomy and ownership of initiatives should be promoted.

e. Importance of innovation and entrepreneurial agenda should be known across the institute and should be promoted and highlighted at institutional programs such as conferences, convocations, workshops, etc.

f. Student and faculty startup Policy and action plan should be formulated at university level, which is in line with the current document along with well-defined short-term and long-term goals. Micro action plan should also be developed by the affiliated institutes to accomplish the policy objectives. 12 MIC

g. Institute should develop and implement I & E strategy and policy for the entire institute in order to integrate the entrepreneurial activities across various centers, departments, faculties, within the institutes, thus breaking the silos. h. Product to market strategy for startups should be developed by the institute on case to case

basis. i. Development of entrepreneurship culture should not be limited within the boundaries of the institution. i. HEIs should be the driving force in developing entrepreneurship culture in its vicinity (regional, social and community level). This shall include giving opportunity for regional startups, provision to extend facilities for outsiders and active involvement of the institute in defining strategic direction for local development. ii. Strategic international partnerships should be developed using bilateral and multilateral channels with international innovation clusters and other relevant organizations. Moreover, international exchange programs, internships, engaging the international faculties in teaching and research should also be promoted.

2. Startups Enabling Institutional Infrastructure

Creation of pre-incubation and incubation facilities for nurturing innovations and startups in HEIs institutions should be undertaken. Incubation and Innovation need to be organically interlinked. Without innovation, new enterprises are unlikely to succeed. The goal of the effort should be to link INNOVATION to ENTREPRISES to FINANCIAL SUCCESS. a. All HEIs are advised to create facilities within their institution for supporting pre-incubation (e.g. IICs as per the guidelines by MHRD's Innovation Cell, EDC, IEDC, New-Gen IEDC, Innovation Cell, Startup Cell, Student Clubs, etc.) and Incubation/ acceleration by mobilizing resources from internal and external sources. b. This Pre-Incubation/Incubation facility should be accessible 24x7 to students, staff and faculty of all disciplines and departments across the institution. c. Pre-incubation facilities may or may not be a separately registered entity or Special Purpose Vehicle (SPV), but we recommend that 'Incubation cum Technology Commercialization Unit'(ITCU) should be a separate entity preferably registered under Section-8 of Company Act 2013 or 'Society' registered under Society Registration Act with independent governance structure. This will allow more freedom to Incubators in decision making with less administrative hassles for executing the programs related to innovation, IPR and Startups. Moreover, they will have better accountability towards investors supporting the incubation facility. d. HEIs may offer mentoring and other relevant services through Pre-incubation/Incubation units in-return for fees, equity sharing and (or) zero payment basis. The modalities regarding Equity Sharing in Startups supported through these units will depend upon the

nature of services offered by these units and are elaborately explained in Section 3

3. Nurturing Innovations and Start ups

a. HEIs are expected to establish processes and mechanisms for easy creation and nurturing of Start ups/enterprises by students (UG, PG, Ph.D.), staff (including temporary or project staff), faculty, alumni and potential start up applicants even from outside the institutions. b. While defining their processes, institutions will ensure to achieve following: i. Incubation support: Offer access to pre-incubation & Incubation facility to start ups by students, staff and faculty for mutually acceptable time-frame. In case an institute doesn't have a dedicated facility/ infrastructure of its own, then it may reach out to nearest incubation facilities in other HEIs in order to facilitate access to their students, staff and faculty. ii. Will allow licensing of IPR from institute to start up: Ideally students and faculty members intending to initiate a start up based on the technology developed or co-developed by them or the technology owned by the institute, should be allowed to take a license on the said technology on easy term, either in terms of equity in the venture and/ or license fees and/ or royalty to obviate the early stage financial burden. iii. Will allow setting up a start up (including social start ups) and working part-time for the start ups while studying / working: HEIs may allow their students / staff to work on their innovative projects and setting up start ups (including Social Start ups) or work as intern / part-time in start ups (incubated in any recognized HEIs/Incubators) while studying / working. Student Entrepreneurs may earn credits for working on innovative prototypes/Business Models. Institute may need to develop clear guidelines to formalize this mechanism. Student inventors may also be allowed to opt for start up in place of their mini project/ major project, seminars, summer trainings. The area in which student wants to initiate a start up may be interdisciplinary or multidisciplinary. However, the student must describe how they will separate and clearly distinguish their ongoing research activities as a student from the work being conducted at the start up. c. Students who are under incubation, but are pursuing some entrepreneurial ventures while studying should be allowed to use their address in the institute to register their company with due permission from the institution. d. Students entrepreneurs should be allowed to sit for the examination, even if their attendance is less than the minimum permissible percentage, with due permission from the institute. e. HEIs should allow their

students to take a semester/year break (or even more depending upon the decision of review committee constituted by the institute) to work on their start ups and re-join academics to complete the course. Student entrepreneurs may earn academic credits for their efforts while creating an enterprise. Institute should set up a review committee for review of start up by students, and based on the progress made, it may consider giving appropriate credits for academics.

f. The institute should explore provision of accommodation to the entrepreneurs within the campus for some period of time. 14 MIC g. Allow faculty and staff to take off for a semester / year (or even more depending upon the decision of review committee constituted by the institute) as sabbatical/ unpaid leave/ casual leave/ earned leave for working on startups and come back. Institution should consider allowing use of its resource to faculty/students/staff wishing to establish start up as a fulltime effort. The seniority and other academic benefits during such period may be preserved for such staff or faculty. h. Start a part-time/full time MS/ MBA/ PGDM (Innovation, entrepreneurship and venture development) program where one can get degree while incubating and nurturing a startup company. AICTE has already issued guidelines for a similar program. i. Institute will facilitate the startup activities/ technology development by allowing students/ faculty/ staff to use institute infrastructure and facilities, as per the choice of the potential entrepreneur in the following manners: i Short-term/ six-month/ one-year part-time entrepreneurship training. ii Mentorship support on regular basis. iii Facilitation in a variety of areas including technology development, ideation, creativity, design thinking, fund raising, financial management, cash-flow management, new venture planning, business development, product development, social entrepreneurship, productcosting, marketing, brand-development, human resource management as well as law and regulations impacting a business. iv Institute may also link the startups to other seed-fund providers/ angel funds/ venture funds or itself may set up seed-fund once the incubation activities mature. v License institute IPR as discussed in section 4 below. j. In return of the services and facilities, institute may take 2% to 9.5% equity/ stake in the startup/ company, based on brand used, faculty contribution, support provided and use of institute's IPR (a limit of 9.5% is suggested so that institute has no legal liability arising out of startup. The institute should normally take much lower equity share, unless its full-time faculty/ staff have substantial shares). Other factors for consideration should be space, infrastructure, mentorship support, seedfunds, support for accounts, legal, patents etc. • For staff and faculty, institute can take no-more than 20% of shares that staff / faculty

takes while drawing full salary from the institution; however, this share will be within the 9.5% cap of company shares, listed above. • No restriction on shares that faculty / staff can take, as long as they do not spend more than 20% of office time on the startup in advisory or consultative role and do not compromise with their existing academic and administrative work / duties. In case the faculty/ staff holds the executive or managerial position for more than three months in a startup, then they will go on sabbatical/ leave without pay/ earned leave. • In case of compulsory equity model, Startup may be given a cooling period of 3 months to use incubation services on rental basis to take a final decision based on satisfaction of 15 MIC services offered by the institute/incubator. In that case, during the cooling period, institute cannot force startup to issue equity on the first day of granting incubation support. k. The institute should also provide services based on mixture of equity, fee-based and/ or zero payment model. So, a startup may choose to avail only the support, not seed funding, by the institute on rental basis. l. Institute could extend this startup facility to alumni of the institute as well as outsiders. m. Participation in start up related activities needs to be considered as a legitimate activity of faculty in addition to teaching, R&D projects, industrial consultancy and management duties and must be considered while evaluating the annual performance of the faculty. Every faculty may be encouraged to mentor at least one startup. n. Product development and commercialization as well as participating and nurturing of startups would now be added to a bucket of faculty-duties and each faculty would choose a mix and match of these activities (in addition to minimum required teaching and guidance) and then respective faculty are evaluated accordingly for their performance and promotion. o. Institutions might also need to update/change/revise performance evaluation policies for faculty and staff as stated above. p. Institute should ensure that at no stage any liability accrue to it because of any activity of any startup. q. Where a student/ faculty startup policy is pre-existing in an institute, then the institute may consider modifying their policy in spirit of these guidelines.

4. Product Ownership Rights for Technologies Developed

at Institute a. When institute facilities / funds are used substantially or when IPR is developed as a part of curriculum/ academic activity, IPR is to be jointly owned by inventors and the institute. i. Inventors and institute could together license the product / IPR to any

commercial organisation, with inventors having the primary say. License fees could be either / or a mix of 1. Upfront fees or one-time technology transfer fees 2. Royalty as a percentage of sale-price 3. Shares in the company licensing the product ii. An institute may not be allowed to hold the equity as per the current statute, so SPV may be requested to hold equity on their behalf. iii. If one or more of the inventors wish to incubate a company and license the product to this company, the royalties would be no more than 4% of sale price, preferably 1 to 2%, unless it is pure software product. If it is shares in the company, shares will again be 1% to 4%. For a pure software product licensing, there may be a revenue sharing to be mutually decided between the institute and the incubated company. b. On the other hand, if product/ IPR is developed by innovators not using any institute facilities, outside 16 MIC office hours (for staff and faculty) or not as a part of curriculum by student, then product/ IPR will be entirely owned by inventors in proportion to the contributions made by them. In this case, inventors can decide to license the technology to third parties or use the technology the way they deem fit. c. If there is a dispute in ownership, a minimum five membered committee consisting of two faculty members (having developed sufficient IPR and translated to commercialisation), two of the institute's alumni/ industry experts (having experience in technology commercialisation) and one legal advisor with experience in IPR, will examine the issue after meeting the inventors and help them settle this, hopefully to everybody's satisfaction. Institute can use alumni/ faculty of other institutes as members, if they cannot find sufficiently experienced alumni / faculty of their own. d. Institute IPR cell or incubation center will only be a coordinator and facilitator for providing services to faculty, staff and students. They will have no say on how the invention is carried out, how it is patented or how it is to be licensed. If institute is to pay for patent filing, they can have a committee which can examine whether the IPR is worth patenting. The committee should consist of faculty who have experience and excelled in technology translation. If inventors are using their own funds or noninstitute funds, then they alone should have a say in patenting. e. All institute's decision-making body with respect to incubation / IPR / technology-licensing will consist of faculty and experts who have excelled in technology translation. Other faculty in the department / institute will have no say, including heads of department, heads of institutes, deans or registrars. f. Interdisciplinary research and publication on startup and entrepreneurship should be promoted by the institutions

Norms for Faculty Startups

a. For better coordination of the entrepreneurial activities, norms for faculty to do startups should be created by the institutes. Only those technologies should be taken for faculty startups which originate from within the same institute. i. Role of faculty may vary from being an owner/ direct promoter, mentor, consultant or as on-board member of the startup. ii. Institutes should work on developing a policy on 'conflict of interests' to ensure that the regular duties of the faculty don't suffer owing to his/her involvement in the startup activities. iii. Faculty startup may consist of faculty members alone or with students or with faculty of other institutes or with alumni or with other entrepreneurs. b. In case the faculty/ staff holds the executive or managerial position for more than three months in a startup, they will go on sabbatical/ leave without pay/ utilize existing leave. c. Faculty must clearly separate and distinguish on-going research at the institute from the work conducted at the startup/ company. d. In case of selection of a faculty start up by an outside national or international accelerator, a maximum leave (as sabbatical/ existing leave/ unpaid leave/ casual leave/ earned leave) of one semester/ year (or even more depending upon the decision of review committee constituted by the institute) may be permitted to the faculty. e. Faculty must not accept gifts from the startup. f. Faculty must not involve research staff or other staff of institute in activities at the startup and vice-versa. g. Human subject related research in startup should get clearance from ethics committee of the institution. 19 MIC

Pedagogy and Learning Interventions for Entrepreneurship Development

a. Diversified approach should be adopted to produce desirable learning outcomes, which should include cross disciplinary learning using mentors, labs, case studies, games, etc. in place of traditional lecture-based delivery. i. Student clubs/ bodies/ departments must be created for organizing competitions, bootcamps, workshops, awards, etc. These bodies should be involved in institutional strategy planning to ensure enhancement of the student's thinking and responding ability. ii. Institutes should start annual 'INNOVATION & ENTREPRENEURSHIP AWARD' to recognize outstanding ideas, successful enterprises and contributors for promoting innovation and enterprises ecosystem within the institute. iii. For creating awareness among the students, the teaching methods should include case

studies on business failure and real-life experience reports by startups. iv.

Tolerating and encouraging failures: Our systems are not designed for tolerating and encouraging failure. Failures need to be elaborately discussed and debated

to imbibe that failure is a part of life, thus helping in reducing the social stigma associated with it. Very importantly, this should be a part of institute's philosophy and culture. v.

Innovation champions should be nominated from within the

students/ faculty/ staff for each department/ stream of study. b. Entrepreneurship education should be imparted to students at curricular/ co-curricular/

extracurricular level through elective/ short term or long-term courses on

innovation, entrepreneurship and venture development. Validated learning

outcomes should be made available to the students. i. Integration of expertise of

the external stakeholders should be done in the entrepreneurship education to

evolve a culture of collaboration and engagement with external environment. ii. In

the beginning of every academic session, institute should conduct an induction

program about the importance of I&E so that freshly inducted students are made

aware about the entrepreneurial agenda of the institute and available support

systems. Curriculum for the entrepreneurship education should be continuously

updated based on entrepreneurship research outcomes. This should also include

case studies on failures. iii. Industry linkages should be leveraged for conducting

research and survey on trends in technology, research, innovation, and market

intelligence. iv. Sensitization of students should be done for their understanding

on expected learning outcomes. v. Student innovators, startups, experts must be

engaged in the dialogue process while developing the strategy so that it

becomes need based. vi. Customized teaching and training materials should be

developed for startups. vii. It must be noted that not everyone can become an

entrepreneur. The entrepreneur is a leader, who 20 MIC would convert an

innovation successfully into a product, others may join the leader and work for

the startup. It is important to understand that entrepreneurship is about risk

taking. One must carefully evaluate whether a student is capable and willing to

take risk. c. Pedagogical changes need to be done to ensure that maximum

number of student projects and innovations are based around real life

challenges. Learning interventions developed by the institutes for inculcating

entrepreneurial culture should be constantly reviewed and updated. 9.

Collaboration, Co-creation, Business Relationships and Knowledge Exchange a.

Stakeholder engagement should be given prime importance in the

entrepreneurial agenda of the institute. Institutes should find potential partners,

resource organizations, micro, small and medium-sized enterprises (MSMEs),

social enterprises, schools, alumni, professional bodies and entrepreneurs to support entrepreneurship and co-design the programs. i. To encourage co-creation, bi-directional flow/ exchange of knowledge and people should be ensured between institutes such as incubators, science parks, etc. ii. Institute should organize networking events for better engagement of collaborators and should open up the opportunities for staff, faculty and students to allow constant flow of ideas and knowledge through meetings, workshops, space for collaboration, lectures, etc. iii. Mechanism should be developed by the institute to capitalize on the knowledge gained through these collaborations. iv. Care must be taken to ensure that events DON'T BECOME an end goal. First focus of the incubator should be to create successful ventures. b. The institute should develop policy and guidelines for forming and managing the relationships with external stakeholders including private industries. c. Knowledge exchange through collaboration and partnership should be made a part of institutional policy and institutes must provide support mechanisms and guidance for creating, managing and coordinating these relationships. i. Through formal and informal mechanisms such as internships, teaching and research exchange programmes, clubs, social gatherings, etc., faculty, staff and students of the institutes should be given the opportunities to connect with their external environment. ii. Connect of the institute with the external environment must be leveraged in form of absorbing information and experience from the external ecosystem into the institute's environment. iii. Single Point of Contact (SPOC) mechanism should be created in the institute for the students, faculty, collaborators, partners and other stakeholders to ensure access to information. iv. Mechanisms should be devised by the institutions to ensure maximum exploitation of entrepreneurial opportunities with industrial and commercial collaborators. 21 MIC v. Knowledge management should be done by the institute through development of innovation knowledge platform using inhouse Information & Communication Technology (ICT) capabilities

Entrepreneurial Impact Assessment a. Impact

assessment of institute's entrepreneurial initiatives such as pre-incubation, incubation, entrepreneurship education should be performed regularly using well defined evaluation parameters. i. Monitoring and evaluation of knowledge exchange initiatives, engagement of all departments and faculty in the entrepreneurial teaching and learning should be assessed. ii. Number of start ups created, support system provided at the institutional level and satisfaction of participants, new business relationships created by the institutes should be

recorded and used for impact assessment. iii. Impact should also be measured for the support system provided by the institute to the student entrepreneurs, faculty and staff for pre-incubation, incubation, IPR protection, industry linkages, exposure to entrepreneurial ecosystem, etc. b. Formulation of strategy and impact assessment should go hand in hand. The information on impact of the activities should be actively used while developing and reviewing the entrepreneurial strategy. c. Impact assessment for measuring the success should be in terms of sustainable social, financial and technological impact in the market. For innovations at pre-commercial stage, development of sustainable enterprise model is critical. COMMERCIAL success is the ONLY measure in long run