ABSTRACT

Micro, Small and Medium Enterprises – 110 announcement made by the Hon’ble Chief Minister for the year 2018-19 - Financial support to MSMEs to increase their innovation Capacity in the business operation - Establishing of Innovation Voucher Program (IVP) from the year 2018-19 - Administrative Sanction - Orders issued.

MICRO, SMALL AND MEDIUM ENTERPRISES (D2) DEPARTMENT

G.O.(Ms) No. 17

Dated : 19.06.2018

From the Principal Secretary / Director, Entrepreneurship Development and Innovation Institute - Tamil Nadu, Rc. No. 1870/EDI/Dir/ 2016-17, dated 12.12.2016.

From the Principal Secretary/ Industries Commissioner and Director of Industries and Commerce, letter R.C No.1759/EDP/ 2017, dated 24.02.2017.

ORDER:

On 13.06.2018 Hon’ble Chief Minister made the following 110 Announcement on the floor of the Assembly:-

2. From the Principal Secretary / Director, EDII has submitted a proposal along with detailed guidelines and list of 23 Frequently Asked Questions (FAQs) through the Industries Commissioner and Director of Industries and Commerce to Implement the Scheme of Innovation Voucher Program (IVP) in Tamil Nadu with request
to support 400 entrepreneurs every year at a Budget provision of Rs.20 crore per year which will include a maximum cost of 10% of the Budget allocation towards administration, training, documentation and awareness creation.

3. In the letter second read above, the Additional Chief Secretary / Industries Commissioner and Director of Industries and Commerce has requested the Government to accept the proposal of the Principal Secretary/ Director, Entrepreneurship Development and Innovation Institute with the following amendments to the guidelines and FAQ of the proposed Innovation Voucher Program (IVP).

   i. The Member – Convener of the IVP Steering Committee should be the Director, Entrepreneurship Development and Innovation Institute - Tamil Nadu, instead of Additional Director, Industries and Commerce Department.

   ii. The release of IV Grant / Funds under the Scheme shall be done by Entrepreneurship Development and Innovation Institute - Tamil Nadu instead of the Industries Commissioner and Director of Industries and Commerce.

   iii. The tripartite agreement will be signed between the applicant, Knowledge Partners and Entrepreneurship Development and Innovation Institute - Tamil Nadu instead of the Industries Commissioner and Director of Industries and Commerce.

4. The Government, in pursuance of the 110 statement made by Hon’ble Chief Minister on the floor of the assembly and after careful consideration of the proposal submitted by the Principal Secretary / Director, Entrepreneurship Development and Innovation Institute - Tamil Nadu approve the Innovation Voucher Program (IVP) along with the draft guidelines and FAQs for the proposed Innovation Voucher Program (IVP) as appended in Annexure I & II to this order for implementation. The Government also accord administrative sanction for implementation of the Scheme from the year 2018-19 under New Entrepreneurs - cum-Enterprise Development Scheme (NEEDS) subsidy head of account to support 400 entrepreneurs every year at a Budget provision of Rs.20 Crore per year which will include expenditure upto a maximum of 10% of the Budget allocation towards administration, training, documentation and awareness creation.

5. Financial sanction will be considered in phased manner.

(BY ORDER OF THE GOVERNOR)

DHARMENDRA PRATAP YADAV
SECRETARY TO GOVERNMENT

To
The Principal Secretary / Industries Commissioner and
   Director of Industries and Commerce,
Thiru. Vl. Ka. Industrial Estate,
Guindy, Chennai - 32.
The Principal Secretary / Director,
Entrepreneurship Development and Innovation Institute - Tamil Nadu, Chennai-32.
The Additional Chief Secretary to Government,
Finance Department, Chennai - 9.
All Additional Chief Secretaries / Principal Secretaries / Secretaries to Government,
Secretariat, Chennai - 9.
All Head of Departments
All District Collectors

Copy to
The Private Secretary to Secretary to Government,
Micro, Small and Medium Enterprises Department, Chennai-9.
The Micro, Small and Medium Enterprises ("B" & "OP") Department, Chennai-9.
The Finance (Ind.) Department, Chennai-9.
Stock file / Spare copy. (C.No.291/D2/2017)

// FORWARDED BY ORDER //

SECTION OFFICER
ANNEXURE-I

Salient features and Guidelines of Innovation Voucher Programme (IVP)

a) Objectives:

(i) To increase the innovation capacity of Micro, Small and Medium Enterprises and to turn ideas into innovative products or services which are commercially viable

(ii) To encourage & sustain collaboration between industry, academia and government.

(iii) To raise the level of awareness and participation of MSMEs in science and innovation.

b) Categories of Innovation Voucher

Innovation Vouchers will be of the following categories:

Voucher A - Entry into Research

Voucher-A shall be used for Innovation Potential Analysis prior to development of a new product or production process, which includes, but not limited to:

- Technology roadmap and market research.
- Feasibility studies, Financing plan & Technology Audit.
- Material studies.
- Design studies
- Tailored training on innovation management
- Research and Development (R&D) for development of a new product, process or service

Voucher - B - Entry into market

Voucher - B is to be used to promote existing or an early stage company in quickly accessing potential markets by developing an innovative commercial product and includes activities leading to not limited to:

- Service engineering
- Prototyping
- Design services
- Technology Transfer & IP procurement
- Product testing, Quality Assurance, validation and certification
- Project management.

c) Validity period of Innovation Vouchers

The validity period of an Innovation Voucher will be 12 complete months from the date of issue. As the purpose of this program is to solve relatively small technological problems or scope out larger technological issues it is believed that a one year time period is largely sufficient and hence the validity.
d) Funding support

Funding support will be as follows:

(i) Voucher A: 80% of the Knowledge Partner’s cost for approved activities, subject to a maximum of Rs.2.00 lakh for idea validation i.e., techno commercial feasibility for implementation of new ideas as well as for development of technological and Innovation road-map for the company.

(ii) Voucher B: 50% of the Knowledge Partner’s cost for approved activities, subject to a maximum of Rs.5.00 lakh for implementation of product/process/business model innovation project.

The IVs are not transferable and projects with estimates less than Rs.1.00 lakh will not be considered. Any estimate of cost in excess of the funding prescribed above in (i) and (ii) or escalation of costs will have to be met by the applicant.

e) Eligibility Criteria

IVP is open to all manufacturing or service MSMEs willing to innovate and improve their business. However, the following eligibility conditions need to be met:

- Should be a manufacturing MSME.
- Be registered and located in Tamil Nadu.
- Willing to co-finance the innovation investment as per IVP norms.
- Should have a CIBIL score of 750 or more.
- Shouldn’t have any prior contract with Knowledge Partner.

f) Knowledge Partners

The IV will be valid for use through any of the following Knowledge Partner:

- Reputed National Research Institution such as CECRI, CFTRI, IICPT, CLRI, CIPET, etc.
- Research department attached to a University or Institution of Higher learning recognized by UGC.
- Research labs of KNCs or other large industries.
- Product Design Consulting firms and Design Labs with at least 3 years experience.

KP’s shall fulfill the following eligibility criteria:

- Preferably located within Tamil Nadu.
- Capable of providing scientific or technical expertise and
- Has resources to perform research and development (R&D)
- KP/Researcher and applicant should not be related.

KPs will be required to apply and empanel themselves through the IVP online portal. IVP-Technical Committee will scrutinize and recommend fit applications, while the IVP-Steering Committee will approve the same.

g) Application Process

The Department of Industries and Commerce will invite applications every year through open call for the sake of visibility. However, applications can be filed throughout the year through the web portal of the Department and all the applications have to be filed only online. Applications will be scrutinized by a Innovation Voucher Program Technical Committee, which shall meet once in a month to clear applications pending at each stage. The Innovation Voucher
Program Steering Committee of Innovation Voucher Program will decide on the recommendations of the Technical Committee.

h) IVP Technical Committee

The Technical Committee would be comprised of Members as follows:

I. Dean (Innovation & Incubation) IIT-D&M or a senior nominee : Chairman
II. HOD of Manufacturing Engineering, Anna University or his nominee : Co-Chairman
III. President: TANSTIA or any officer bearer nominated by him : Member
IV. Additional Director, Industries and Commerce or a senior officer nominated by Industries Commissioner and Director of Industries and Commerce : Member
V. General Manager -SIDBI or senior officer nominated by SIDBI : Member
VI. Chief Executive Officer, IIT – Madras Research Park or as senior expert nominee : Member
VII. Director, TANSTIA-FNF : Member
VIII. Special Invitee (technical expert in any speciality so required) : Member
IX. Additional or Joint Director, Entrepreneurship Development and Innovation Institute - Tamil Nadu : Convenor

i) IVP Steering Committee

The Innovation Voucher Program Steering Committee shall examine and pass orders on recommendations of the Innovation Voucher Programme-Technical Committee. The Innovation Voucher Programme-Steering Committee shall have the following composition:

(a) IC &DIC - Chairman
(b) Director-Entrepreneurship Development and Innovation Institute - Member
(c) HOD Manufacturing Engineering, IIT-Madras or a senior nominee - Member
(d) President, TANSTIA or a senior nominee office bearer - Member
(e) General Manager SIDBI or a senior nominee - Member
(f) Dean (Innovation & Incubation) IIT-D&M or a senior nominee - Member
(g) Director, EDII-TN - Member Convenor
j) Training and Facilitation

Recognizing that Innovation requires capacity, Entrepreneurship Development and Innovation Institute - Tamil Nadu will organize awareness programs for Innovation Vouchers across the State in key clusters. All successful applicants will have to undergo a short training program to be organized by Entrepreneurship Development and Innovation Institute - Tamil Nadu on IPR, project management, etc. Entrepreneurship Development and Innovation Institute - Tamil Nadu will also organize monitoring workshops and undertake third party evaluation studies from time to time. Entrepreneurship Development and Innovation Institute - Tamil Nadu will also document success stories and feature them in the media. Expenditure will be incurred out of the administrative grant of 10% of the funds allocated and to support 400 entrepreneurs in a year with a Budget provision of Rs. 20 crore a year which will include a maximum cost of 10% of the Budget allocation towards administration, training, documentation and awareness creation.

DHARMENDRA PRATAP YADAV
SECRETARY TO GOVERNMENT

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Annexure -II

1. **Why the Innovation Voucher Programme (IVP)?**
   
   Objectives of the IVP are as follows:
   
   1. To increase the innovation capacity of Micro, Small and Medium Enterprises to turn ideas into innovative products of services that are commercial business successes.
   2. To encourage & sustain collaboration between industry, academia and Government industry.
   3. To raise the level of awareness and participation of MSMEs in science and innovation.

2. **Who are the partners / Stakeholders in this Innovation Voucher Programme?**
   
   The Applicant MSME, TANSTIA FNF, Anna University, IIT - Madras, other Research Institutions, Industries & Commerce Department, Entrepreneurship Development and Innovation Institute - Tamil Nadu and Government are the Stakeholders.

3. **Who are all eligible to apply under Innovation Voucher Programme?**
   
   IVP is open to all MSMEs willing to innovate and improve their Business.

4. **I am a single proprietor of my small scale unit; can I apply for an innovation voucher?**
   
   Yes, the scheme is open to sole proprietors, partnerships and limited companies. The scheme is also open to new start ups and those business at pre-business stage.

5. **What is the mode of selection to be a beneficiary?**
   
   The Innovation Vouchers will be awarded on a competitive basis through open application on an online portal to eligible SMEs based on the eligibility criteria.

6. **What is the eligibility criteria?**
   
   IVP is open to all manufacturing or service MSMEs willing to innovate and improve their business. However the following eligibility conditions need to be met:
   
   1. Should be a manufacturing MSME.
   2. Be registered and located in Tamil Nadu.
   3. Willing to co-finance the innovation investment as per IVP norms.
   4. Should have a CIBIL score of 750 or more.
   5. Shouldn't have any prior contract with Knowledge Partner.
   6. MSME should have an acceptable CIBIL score of 750 and above.

7. **How does the Innovation Voucher Programme work?**
   
   An Innovation Vouchers are of two categories: A & B. **Innovation Vouchers-A** allows pre-market innovation research and studies. **Innovation Vouchers-B** allows a idea to be designed, prototyped, tested and marketed. It allows MSMEs access expertise to put their innovative ideas to action to get better business performance and competitiveness while furthering to improve the innovation capability of the MSMEs business and, to build links
between academia and Industry. MSMEs may use the innovation vouchers to get help where they themselves do not have the expertise, technology or facilities needed to progress a project or solve an issue.

8. **Who is the target beneficiary in the Innovation Voucher Programme?**

Any MSME located within Tamil Nadu who is interested in seeking the expertise of Academic and research institution to further his / her business growth in terms of technology or business solution.

9. **Who are the Knowledge Partners involved in the Innovation Voucher Programme?**

1. Reputed National Research Institution such as CECRI, CFTRI, IICPT, CLRI, CIPET, etc.
2. Research Department attached to a University or Institution of Higher learning recognised by UGC.
3. Research labs of MNCs or other large industries.
4. Product Design Consulting firms and Design Labs with at least 3 years experience.

10. **Why do SMEs need the Innovation Voucher Programme?**

MSMEs lag behind in innovation and improving their production capability and competitiveness though it is a well known fact that innovation is utmost essential for business growth, sustainability and competitiveness. This initiative will increase the level of innovation in SMEs via the interaction between research organizations such as the Universities, Colleges and Institute of Technology and MSMEs.

11. **What can you use an Innovation Voucher for?**

**Voucher A - Entry into Research**

Voucher - A shall be used for Innovation Potential Analysis prior to development of a new product or production process, which includes, but not limited to:

1. Technology roadmap and market research.
2. Feasibility studies, Financing plan & Technology Audit.
3. Material studies.
4. Design studies.
5. Tailored training on innovation management
6. R&D for development of a new product, process or service.

**Voucher B - Entry into market**

Voucher - B is to be used to promote existing or an early stage company in quickly accessing potential markets by developing an innovative commercial product and includes activities leading to not limited to:

1. Service engineering
2. Prototyping
3. Design services
4. Technology Transfer & IP procurement
5. Product testing, QA, validation and certification.
6. Project management.
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2. Prototyping
3. Design services
4. Technology Transfer & IP procurement
5. Product testing, QA, validation and certification.
6. Project management.
12. **What is the maximum assistance an SME can get under Innovation Voucher?**

**Voucher A**: 80% of the Knowledge Partner’s cost for approved activities, subject to a maximum of Rs.2.00 lakhs for idea validation i.e. techno commercial feasibility for implementation of new ideas as well as for development of technological and innovation road-map for the company.

**Voucher B**: 50% of the Knowledge Partner’s cost for approved activities, subject to a maximum of Rs.5.00 lakhs for implementation of product/process/business model innovation project.

13. **What is the validity of a voucher under Innovation Voucher?**

The validity period of a Voucher is one year / 12 complete months from the date of release of the first installment by Entrepreneurship Development and Innovation Institute - Tamil Nadu. The voucher is not transferable.

14. **Where can I redeem the voucher under Innovation Voucher for?**

The voucher will be valid for use through Knowledge Partners empanelled under IVP.

15. **What is the eligible expenditures under Innovation Voucher for?**

- **Technical research**: eg. studies for technology landscaping, technology & innovation audit, Research and development and compliance testing like Ideas for new or improved products, processes and services, trial production runs or processes to demonstrate technical concepts.

- **Design development** and validation, product development by tapping into research and scientific expertise, eg. engineering design work.

- **Technology transfer** and intellectual property acquisition and **Prototype testing, validation, certification** and Commercialization support services, the development of innovative production processes.

16. **Is there any ineligible expenditures under Innovation Voucher Programme?**

Yes, the following are not eligible:

1. Work already undertaken.
2. Usual requirements of a business - its operational / planning activities.
3. Training courses
4. Salaries
5. Purchase of machinery, equipment, hardware or software purchases.
6. Planning, marketing or website development.
7. Sales and Advertising costs
8. Outsourcing of R&D activities that are usually performed in-house.
9. Standardized industry related design and programming services.
10. Traditional consulting firms (for example; strategy consulting, organizational consulting, business consulting) and business coaching.
11. Non-technical professional services (such as accounting or legal services)
12. Maintenance or upkeep of facilities.
13. Internships for students of Research institutions.
14. Bachelor, master, graduate, doctoral and post doctoral studies and student projects as part of a training or continuing education unit (seminar, course, etc.).
17. **What are the different stages of funding under the Innovation Voucher Programme?**

1. Stage-1: Knowledge Partners selection by applicant, Application submission, Issue of Voucher.

2. Stage-2: Detailed Project Report submission, release of applicant contribution to Knowledge Partners, agreement between Knowledge Partners & Applicant submitted online.

3. Stage-3: 50% value of IV released and 12 month clock starts ticking, visits by CTDT to review progress.

4. Stage-4: Knowledge Partners and Applicant report completion and upload completion reports, Innovation Voucher Programme - Technical Committee clear and balance 50% of Innovation Voucher value released.

18. **What are the criteria adopted for Evaluation of the Application?**

Eligible applications will be evaluated against the following criteria.

1. Application aligns with the IVP objectives and the applicant MSMEs capacity for implementing and sustaining the results and findings.

2. Need: a description of the problem the SME / Cluster would like to solve. The problem should be very practical in nature, in the sense that SME / applicant identify the idea / innovation addresses a need / market issue and a market gap.

3. Level of Impact: whether the idea pitched will bring in tangible / transformational change in the SME industries.

4. Additional points if the innovation is going to benefit a cluster of industries of one particular sector.

5. Potential and Capacity: that the applicant has the capability and capacity to use the specialist service outcomes to advance their idea / innovation.

6. Competitive Advantage: the proposed idea / innovation has a competitive advantage in their market (i.e. through differentiation - cost benefits, product features, delivery and any other unique features).

7. Financial Viability: the applicant will be viable as a distinct operating entity and continue to achieve its operating objectives and fulfill its goals for a period of one year from the commencement of IVP funding.

19. **What are the requirements of Knowledge partner Institutions under IVP?**

They should be

1. Located within Tamil Nadu.

2. Proximity to the area of the SME.

3. Capable of providing scientific or technical expertise and resources to perform research and development (R&D).

4. The researcher and applicant should not be related.

20. **How should I apply under the Innovation Voucher Programme?**

Applications will made available online. You can apply using the application form available at indcom.tn.gov.in/ivp. You will need to answer a few basic questions on the website to determine if you are eligible to apply. If so, you will then be able to access the application form. You should ensure that you allow sufficient time for your application to be submitted and received in
advance of the closing date as late applications will not be considered. Electronic submission is mandatory. Your KP can help you in this.

21. What happens after my application has been submitted?

Applications are assessed you will receive a call within 4 weeks if your application was successful. You and your KP may be asked to come on Video conference to present your cases to the Innovation Voucher Programme - Technical Committee.

22. Can I apply again if I am unsuccessful the first time?

Yes, IVP-TC will give comments on your proposal if it is rejected. You can submit after rectifying any shortcomings during the next call.

23. Whether there is any agreement before the project activity commences?

Yes, the KP and MSME must sign a tripartite agreement which shall be signed by Entrepreneurship Development and Innovation Institute - Tamil Nadu online. Knowledge Partners and Innovation Voucher holding MSME must agree to the Terms of Reference for the project and this should broadly reflect the Innovation Project as outlined on the original application form. They should give the scope, time-frame, deliverables and cost of the project. When agreement has been signed by both Knowledge Partners & Innovation Voucher holding MSME, Work on the project can then commence.

DHARMENDRA PRATAP YADAV
SECRETARY TO GOVERNMENT

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SECTION OFFICER

//17th /2018//