

**G.O. (Ms.) No.17, Micro, Small and Medium Enterprises (D2) Department, dated
19.06.2018**

ANNEXURE-I

Salient features and Guidelines of Innovation Voucher Programme (IVP)

a) Objectives :

- (i) To increase the innovation capacity of Micro, Small, Medium Enterprises and Start-ups 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/Start-ups 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
- Research and Development (R&D) for development of a new product or process

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 total budget 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 total budget 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 MSMEs and Start-ups willing to innovate and improve their business. However the following eligibility conditions need to be met:

- . Should be a Manufacturing/Service MSME/Start-up
- 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 (if applicable)
- Shouldn't have any prior contract with Knowledge Partner on the same innovation activity

f) Knowledge Partners

The IV will be valid for use through any of the following knowledge partner:

- Reputed National Research Institutions 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 MNCs or other large industries.
- Product Design Consulting firms and Design Labs with at least 3 years of 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 on the same innovation activity.

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 an 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 and approve.

h) IVP Technical Committee

The Technical Committee would be comprised of Members as follows:

- I. Dean (Innovation & Incubation), IIIT-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 specialty 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) Commissioner IC &DIC | - Chairman |
| (b) Director, Entrepreneurship Development and Innovation Institute | - Member Convenor |
| (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), IIIT-D&M or a senior nominee | - Member |
| (g) Commissioner (FAC)-Directorate of Technical Education | - Member |

Entrepreneurship Development and Innovation Institute - Tamil Nadu will act as the permanent technical secretariat for the IVP

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**



ENTREPRENEURSHIP DEVELOPMENT AND INNOVATION INSTITUTE
(An autonomous society of the Government of Tamil Nadu)
a compass for your business destination



INNOVATION VOUCHER PROGRAM (IVP)

Frequently Asked Questions

2018

ANNEXURE-II

1. Why the Innovation Voucher Programme (IVP)?

- Promote research/innovation among MSMEs/Start-ups for creating commercially viable products and services.
- Encourage and sustain collaboration between industry, academia and Government.
- Increase awareness and participation of MSMEs/Start-ups in Science & Innovation.

2. Who are the partners / Stakeholders in this Innovation Voucher Programme?

- Applicant - MSME/Start-up
- MSME units - the clusters where the intervention/validation will be tested out for example if the innovation attempts to increase mechanical strength of existing motors, then the pump clusters will be targeted for validation.
- EDII - Implementing agency
- ICDIC - Sponsoring Head
- Knowledge partner:
 - Reputed National Research Institutions – like CLRI, CIPET, CECRI, IICPT, CFTRI, etc.
 - Research Departments in reputed institutes of higher education recognized by MHRD/UGC like- IIT, NIT, Anna University, etc.
 - Research Labs of MNCs or other large industries.
 - Product design consulting firms and design labs.

3. Who are all eligible to apply under Innovation Voucher Programme?

All Start-ups and MSMEs registered and located in Tamil Nadu with innovative research idea and an identified knowledge partner for the proposed innovation are eligible. However the following should also be met:

1. Should be a Manufacturing/Service MSME/Start-up only.
2. Willing to co-finance the innovation investment as per IVP norms.
3. Should have a CIBIL score of 750 or more (if applicable).
4. Shouldn't have any prior contract with Knowledge Partner on the same innovation activity.

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 open to all registered Start-ups and MSMEs working on innovating their product through research.

5. What is the mode of selection to be a beneficiary?

All the proposals will be evaluated in a multi-step competitive process. The Innovation Vouchers will be awarded based on the merit of the proposal submitted, the scope of the innovation and the impact of the proposed innovation.

6. How can an applicant use the innovation voucher program ?

Innovation Vouchers are of two categories: A & B.

Innovation Voucher A is for support to research studies including:

- Any R&D for development of new product, process or service
- Technology roadmap
- Market research
- Feasibility studies, financing plan, technology audit
- Material & design studies

Innovation voucher B is for promoting commercialization of an innovative product, process or services. The following are illustrative list of activities:

- Service engineering
- Prototyping
- Technology transfer
- IP procurement
- Product testing, quality assurance, validation and certification

7. Who is the target beneficiary in the Innovation Voucher Programme ?

Any Start-up or 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.

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

1. Reputed National research institutions – like CLRI, CIPET, CECRI, IICPT, CFTRI, etc.
2. Research departments in reputed institutes of higher education recognized by MHRD/UGC like- IIT, NIT, Anna University, etc.
3. Research labs of MNCs or other large industries.
4. Product design consulting firms and design labs.

9. Why do MSMEs 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 MSMEs via the interaction between research organizations such as the Universities, Colleges and Institute of Technology and MSMEs.

10. What is the maximum assistance an MSME/Startup can get under Innovation Voucher?

Voucher A : 80% of the total budget 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 total budget for approved activities, subject to a maximum of Rs.5.00 lakhs for implementation of product /process /business model innovation project.

11. 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.

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

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

13. 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.

14. 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.).

15. How an applicant is awarded under the Innovation Voucher Programme?

1. Stage-1: Knowledge Partners selection by applicant, Application submission to EDII, Issue of Voucher.
2. Stage-2: Detailed Project Report submission, release of applicant contribution to Knowledge Partners, agreement between Knowledge Partners & Applicant submitted.
3. Stage-3: Government contribution of IV released and 12 month clock starts ticking.
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.

16. 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/Start-ups' capacity for implementing and sustaining the results and findings.
2. Need: a description of the problem the MSME/Cluster/Start-up would like to, solve. The problem should be very practical in nature, in the sense that MSME/Start-up/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 MSME 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.

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

They should be

1. Preferably within Tamil Nadu.
2. Proximity to the area of the MSME/Start-up.
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 on the same innovation activity.

18. How should I apply under the Innovation Voucher Programme?

Applications are 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.

19. 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 physically or through Video conference to present your cases to the Innovation Voucher Programme - Technical Committee.

20. 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.

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

Yes, the KP and MSME/Start-up 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/Start-up 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/Start-up, Work on the project can then commence.

22. My business is located outside Tamil Nadu – can I apply?

No. Only businesses registered, operating and developing their innovation in Tamil Nadu are eligible (including sole-traders, private sector firms, partnerships and non-profit entities).

23. Can I submit more than one application?

Yes, you may submit more than one application but they must be for different ideas/innovations. However, applicants (entity applying) and the innovation are only eligible for one Innovation Voucher.

24. I am a NRI owning a company in TN. Can I apply for the IVP?

Yes, you may apply if the company is registered and operating in Tamil Nadu and 51% of the company shares are held by Indian citizens.

- 25. My Company is operating in Tamil Nadu but registered elsewhere. Can I apply to IVP?**
No. Strictly, Companies registered and operating in TN are only eligible.
- 26. How Innovation voucher applicants are selected for funding?**
The Innovation Voucher Program Steering Committee makes recommendations on funds based on the Technical Committee's recordings.
- 27. I'm an applicant who won the voucher. Can I apply again in the forthcoming calls for the same product?**
The applicant who won a Voucher can apply again for the Voucher in the forthcoming calls for the same product based on the progress and success achieved through the earlier funding.
- 28. Will previous expenses of the company be accounted as the company's contribution to funding estimate?**
No. The previous expenses will not be considered. The company has to meet the estimate at the time of funding.
- 29. What is the role of EDII in the IVP?**
EDII is the implementing agency. It scrutinizes the applications, conducts technical and strategical meetings for evaluating applications and informs the government based on the requests made by the stakeholders for evolving the programme.
- 30. What should be the role of Knowledge Partner in IVP?**
Taking innovation to product which is commercially viable.
- 31. Will the whole fund be released at a time?**
No. The funds will be released based on the achievement of the technical milestones proposed as well as the financial contribution by the applicant.
- 32. Does the funding require any percentage of stakes from my company?**
No. The fund is allotted by the Government of TN to promote the growth of innovative MSMEs/ Startups.
- 33. Is there any caste / gender based reservations for this programme?**
No. The programme is strictly Merit based and does not depend upon caste or gender.
- 34. Can I apply if I have any legal hearings against my company?**
Yes, you may apply as long as you are a MSME/Start-up.

35. Is there a deadline for application submission?

No. It's a rolling call hence can be submitted throughout the year.

36. Where should the applications be submitted?

Applications should either be sent through courier/post to “ **Director, Entrepreneurship Development and Innovation Institute, Parthasarathy koil St, Hindustan Teleprinters Staff Quarters, SIDCO Industrial Estate, Guindy, Chennai, Tamil Nadu 600032**” or the soft copy should be emailed to address “ivp@editn.in” .

37. Will my idea be made public or shared with others?

The content of all unsuccessful applications will remain strictly commercial-in-confidence. Shortlisted and winning ideas may be promoted in a way which retains the commercial integrity of the project in the public domain.