

Panel Discussion

Innovation Vouchers Programme... *an innovation incentive for SMEs*

Date: September 16th 2020

Time: 11 am to 1 pm

Platform: Google Meet

Stepping forward towards the aim of promoting innovation in MSMEs, the Government of Tamil Nadu has launched the 'Innovation Voucher Programme' (IVP) as a flagship scheme thereby becoming the first state to initiate this kind of scheme. This move was aimed at enhancing innovation amongst small industries in the manufacturing domain as advancements in trends of technology like that of 3D printing, Industry 4.0, space manufacturing, advent of electric vehicles, etc. has generated both new opportunities as well as challenges for the private sector especially the small industries.

Drawn on the model that has been successfully implemented in Europe and Australia, IVP fosters the creation of an effective cycle amongst the industrial unit, the knowledge partners (universities or research institutions) and the government. The programme primarily focuses on strengthening the innovation capability of the industrial sector especially SMEs by aiding them to venture into R&D and advanced manufacturing. It is a simple, yet effective instrument that allows SMEs to realize the importance and benefits that could emerge from their involvement in innovative actions, and to exploit the technical knowhow of organisations that can contribute by offering solutions to the problems they are facing, while increasing their abilities in the research and innovation areas.

The Government of Tamil Nadu implements the initiative through Entrepreneurship Development and Innovation Institute (EDII), Chennai and Department of Industries and Commerce of the state government.

Mandate of the Meeting/Panel Discussion

This panel discussion was a closed session conducted to understand the working of a policy instrument like Innovation Vouchers and the experience of EDII, Chennai in implementing IVP. The discussion also aimed at learning from the experience of beneficiaries of the IVP. A series of discussions will be held for assessing the feasibility of replication of such a scheme in other states of India.

Participants of the Panel Discussion

S. No.	Name	Affiliation
1.	Dr. Venugopalan Premnath	Director, Venture Centre, Pune
2.	Mr. P. Selvarajan	Addl. Director, EDII, Chennai
3.	Mr. R. Muthuraman	Deputy Director, EDII, Chennai
4.	Dr. Sudhir Varadharajan	Dean, Indian Institute of Information Technology, Design and Manufacturing (IIITDM), Kancheepuram
5.	Dr. Jatinder K. Arora	Executive Director, Punjab State Council for Science & Technology (PSCST), Chd.

Beneficiaries of the IVP -			
Company Name	Company Representative	Knowledge Partner (KP)	KP Representative
Diffusion Coatech	Mr. S.C. Atul	Sri Venkateswara College of Engineering, Tamil Nadu	Prof. S. Ilaiyavel
ReKindle Automation Pvt Ltd	Mr. Radhakrishnan Jothiram	Crescent Innovation and Incubation Council, Chennai, TN	C.N. Prem Kumar, Incubation Manger

The session was opened with Welcome Address by Prof. C. Nirmala, Coordinator, DST-CPR at Panjab University, Chandigarh. Subsequent to her address, Prof. Rupinder Tewari, IPR-Chair Professor, Panjab University, Chd. laid down the premise for the discussions. He introduced the concept of innovation and the importance of plugging the gap between public and private sector research and stimulate a healthy knowledge-exchange with the academic sector. He stressed that the mandate of this series of discussion was to understand this initiative and assess the feasibility of replication of such a scheme in other states of India.

Dr. V. Premnath, Director, Venture Centre, Pune, in his opening remarks congratulated the Team from Tamil Nadu on implementing the Innovation Vouchers Programme Initiative. He brought forward the context of the disparity in requirement of start-ups and SMEs/MSMEs viz-a-viz, innovation and general businesses. The start-ups are generally foresight driven and therefore it is important to define the grantees of economic incentives carefully. He iterated

how initiatives like Innovation Vouchers help in mapping innovation as they are set around clear objectives and the grantees are clearly defined as well. Comparing them to cash grants, he spoke about the pros and cons of such economic incentives and how they affect the innovation ecosystem. He articulated that it is necessary to understand the sort of services sought by start-ups, which are driven by innovation are different from the services that are sought by SMEs in general, before deciding upon the incentive programme.

The Team from EDII Chennai, Mr. P. Selvarajan, Additional Director & Mr. R. Muthuraman, Deputy Director, EDII, Chennai, introduced the Innovation Voucher Programme of the Tamil Nadu government. They spoke about the objective of the initiative and that through this flagship initiative the government of Tamil Nadu aims at benefitting -

1. The entrepreneurs of MSMEs by helping them enhance the competitiveness of their products by means of technological advancement and innovative activities
2. Early stage start-ups/technopreneurs

They iterated that the Tamil Nadu government intends to reach about 400 entrepreneurs/year through IVP.

Dr. Sudhir Varadarajan, Dean, Indian Institute of Information Technology, Design and Manufacturing (IIITDM), Kancheepuram and an Expert Member of the Technical Committee of IVP spoke about the driving factors of the scheme. He stressed a lot on the efforts made towards generating awareness about the scheme and imparting appropriate trainings for effectively implementing the scheme. The Beneficiaries of the scheme and their knowledge partners shared their experiences and the protocol followed for availing the scheme to its full benefits.

The key points from the discussions have been listed as follows –

1. The conceptualization of the programme was started in 2017 by the government and it was initiated in 2018. The programme was initiated with focus toward innovation in manufacturing sector, i.e. a very definite mandate. It was initially focussed on supporting SMEs & MSMEs, however with time the start-ups were included. The eligibility conditions are kept definite. Since then from 410 applications nearly 70 have been shortlisted and 34 have been granted the vouchers.
2. The proactive participation of knowledge providers is crucial for the success of the programme. From the experience of EDII, it is critical for knowledge partners to make efforts such as undertaking practical research, identifying the problems of industry, drafting project proposals, etc. for driving this initiative.

3. The academic and research institutions acting as knowledge partners benefit tremendously from this initiative by means of engaging in research that is industry-oriented and therefore has higher probability of generating a commercially viable entity. Any institutions providing technical expertise is eligible to register as knowledge partner but pure consultancy organizations are not allowed to participate in IVP.
4. The applications for grant of Innovation Voucher are scrutinized by a dedicated Technical committee as well as a Steering Committee. In an effort to make the application process less cumbersome and easygoing, the programme allows for online filing only. Applications are assessed in accordance with the type of Voucher sought by the applicant, i.e. Voucher A (Entry into Research) or B (Entry into Market).
5. The Technical Committee meets every month to scrutinize and make commendations on the applications, which are then forwarded to the Steering Committee for further decisions.
6. Intense efforts at increasing the awareness of the concept were made through conducting 'Discovery Workshops'. These workshops are conducted with industrial clusters and the local knowledge partners where discovery activities along with MSMEs are undertaken. The academic institutions help the MSMEs identify problems of interest and probable solutions that can be worked upon. The aim of these workshops is to develop partnerships and frame a proposal.
7. The fund flow of IVP is tied to deliverables. The fund is disbursed in 50%, 40% and 10% instalments.
8. To get the demand side involvement i.e. MSMEs it is also important to tap the Corporate and getting them to look at their supply chain innovations. Corporates can push MSMEs to take a lead in innovation and create accelerator programmes in industrial clusters. An example of accelerator programme in one of the industrial hubs of Chennai with TVS Training and Services Ltd., for bringing in demand side focus in the activity. Industrial associations also need to be tapped.
9. To leverage the strength of knowledge partners and enable them to take part in IVP, an entrepreneurial ecosystem needs to be developed in the academia.
10. Three week programme for training programmes and boot camps are conducted with knowledge partners for training the students and shaping them to pitch for such incentives. Four rounds of such programmes have been conducted.
11. Through a hub and spoke model, EDII has developed 'Entrepreneurship Cells' in universities and colleges Tamil Nadu and undertakes the 'Academic Innovation Entrepreneurship Programme' within the academia has also been initiated.

12. Value added courses on entrepreneurship have been added to curriculum especially by autonomous institutions. Certificate programmes are conducted by the E-Cells in the academia.
