



CHAPTER 4

Support systems for Technology Business Incubation

The success of a Technology Business Incubation programme is largely dependent on several external mechanisms that provide vital supplements to the main incubation activity.

PRE-INCUBATION OR IDEA STAGE SUPPORT

A new technology venture comes into existence riding on the back of an idea. To realize this, the idea needs to be nurtured in its initial stage to take it forward.

The DST-INTELT - IUSSTF programme - India Innovation Pioneers Challenge

The Department of Science and Technology (DST), Indo-US Science and Technology Forum (IUSSTF) and Intel have partnered on building technology entrepreneurship programs in India.

India Innovation Pioneers Challenge is an innovative technology business plan competition that provides an unparalleled avenue of opportunities for emerging entrepreneurs to explore and share ideas and gain insight for commercializing their venture through the mentoring and networking support that are integral to the competition.

Through this platform the best students, engineers and scientists in teams present how they plan to make the world a better place through their innovations and entrepreneurial skills.

In our Life Science Incubator, we are looking for innovations that aspire to make a difference, either by doing something different or doing the same thing differently.

Mrs. Deepenwita Chattopadhyay, CEO, ICICI-Life Science Incubator & EC member ISBA

DST - FCCI - LOCKHEED MARTIN PROGRAMME

DST and Lockheed Martin, along with a great team of partners, has developed the India Innovation Growth Program to help Indian innovators with promising early-stage technologies find markets in the United States and other locations around the world.

Through the India Innovation Growth Program, entrepreneurs learn the right commercialization strategies for their technologies. It provides for an opportunity to work with experts and educators who know what works and what doesn't.

Participant Benefits It's a highly selective program that's looking for the most innovative technologies that India has to offer.

The following benefits accrue to all selected entrepreneurs: Training in technology commercialization strategies and entrepreneurship

Program finalists will receive these additional benefits: Professional business development assistance

DST, Lockheed Martin India Innovation Growth Programme - Innovator's Competition and Awards June 13, 2009, New Delhi

Technopreneurship Promotion program (TePP) has helped many an innovative mind. Last month at the Delhi-wood 2009 expo held at Pragati Maidan, Vinayaka Pandi proudly displayed his split-type wood cutter customized for carpenters; one that combines a sophisticated design with an affordable price tag.

Activities The activities under TePP include providing financial support to selected and screened individual innovators having original ideas for converting them into working models, prototypes and so on.

TePP Phase I (Innovation Incubation)

TePP Phase II (Enterprise Incubation)

The NSTEDB has also setup a very similar SEED FUND to equip the STEP/TBIs. The quantum of NSTEDB fund made available to the incubator is Rs. 2 crores.

Table with 2 columns: Metric and Value. Rows include Number of STEP/TBIs having SEED FUND (17), Total seed fund sanctioned (19.71 crores), Funding disbursed so far (9.05 crores), and Number of Incubatee companies to have received funding (78).

Another burgeoning development has been the rise of Angel funding groups, the most notable among them being Indian Angel Network, Mumbai Angels and TIE Chennai Fund.

Started in April 2006, the Indian Angel Network is a unique concept which brings together highly successful entrepreneurs and CEOs from India and around the world who are interested in investing in start-up / early stage ventures which have the potential of creating disproportionate value.

Rapidly gaining momentum, these support systems, many of which have been initiated by DST, are likely to soon lead to an unstoppable global innovation juggernaut powered by the Indian entrepreneurial spirit.

TDB Seed support fund, an innovative mechanism for providing stipend to incubatees during the start-up period of incubatee companies to upscale & develop the proof of concept & early stage technologies into ventures during the last three years.

Shri Dinesh Sharma, Secretary Technology Development Board, GOI

Tax Exemptions for the STEP / TBI As per Notification No. 9/2007 - ST dated 1.3.2007 by the Department of Revenue, Ministry of Finance, Government of India all taxable services provided or to be provided by Technology Business Incubators and Science & Technology Entrepreneurs Park are fully exempt from levy of Service Tax subject to the following conditions:

The TBI or STEP has to be notified by the NSTEDB, Department of Science & Technology Government of India. The eligibility criteria is that the STEP or TBI should either be a Registered Society as per Societies Registration Act or should be a Section 25 company under the Companies Act.

As per Notification No. 9/2007 - ST dated 1.3.2007 by the Department of Revenue, Ministry of Finance, Government of India all taxable services provided by an entrepreneur are exempt from the levy of Service Tax subject to the following conditions:

The entrepreneur must be located within the premises of the incubatee STEP or TBI

The entrepreneur can avail of the exemption for a period of THREE years from the date he/she enters into an agreement with the STEP / TBI.

Investments by STEP / TBI in the form of equity in Incubatee companies

An Incubator (STEP or TBI recognized by NSTEDB) can invest by way of acquiring equity shares of an incubatee company.

Technology Business Incubators are an important cog in the wheel of economic development and growth. They bring a very unique dimension to Institutes and Universities where they are based.

Dr. Raghunandan R, CE, ISSATE-STEP, Noida & Treasurer ISBA

India Innovation Pioneers Challenge has taken the definition of a "Business Plan Competition" to a level higher as it offers an unlimited opportunity for aspiring entrepreneurs to plan for commercialization of their venture.

It provides young innovators with: A platform to showcase technology, Smart commercialization strategy, Guidance from experts and mentors, Excellent funding opportunities, Global business opportunities, International experience of a lifetime

The winners of the Competition get an opportunity to showcase their plan at Intel + University of California-Berkeley Technology Entrepreneurship Challenge, in USA.

Polyskin from India won the second position at the 4th International Intel + University of California, Berkeley, Technology Entrepreneurship Challenge (IBTEC) business plan competition held on 21 November 2008.

Team from DST-Intel-IUSSTF India Innovation Pioneers Challenge program wins the International Technology Entrepreneurship award at the University of California, Berkeley

The following are some highlights of the Lockheed Martin India Innovation Program: Program is open to all Indian researchers, inventors, entrepreneurs and companies with early stage technologies that possess promising commercial potential.

Table with 2 columns: Field and Sub-field. Rows include Aeronautics (IT), Agriculture (Manufacturing), Biotech (Marine), Chemistry (Materials), Communications (Medical / Life Sciences), Computing (Nanotech), Defense (Petrochemical), Electronics (Semiconductors), Environmental (Transportation)

ACCESS TO FINANCE

Funding at idea stage

As mentioned earlier, the idea is the key to the realization of a technology venture. Maturing the idea to reach a prototype stage and further to commercialise the prototype requires funding.

Quantum of financial assistance to the incubated entrepreneur: Minimum: Rs. 1 lakh, Maximum: Rs. 25 lakhs, Average: Rs. 10 lakhs

The total upper ceiling of financial assistance to be disbursed to a start-up would be Rs. 25 lakhs for the entire project. The mechanisms of providing the funding could be any of the following - soft loan, interest free loan, equity participation, grant, etc.

Broad Areas to be covered under the financial assistance: Product development, Testing and trials, Test Marketing, Mentoring, Professional consultancy to engage Professors / experts with small firms

Te-PP provides an opportunity to innovators to fail. Picking winners is not an objective - the market does it. Te-PP advocates a new philosophy - failure is not a sin. We share dreams of innovators and celebrate their success.

A. S. Rao, Advisor to the Ministry of Science & Technology

To ensure that there is adequate reach and awareness creation in the people, the TePP scheme operates through Outreach Centres designated as TUC's with the Central office being located at the Department in New Delhi.

B Funding at Incubation stage

a) SEED FUND While the STEP/TBIs are able to support the "Space + Services + Knowledge" requirements, a wide gap exists in supporting the typical and specialized capital requirements of a technology driven start-up.

Broad Areas to be covered under the financial assistance: Product development, Testing and trials, Test Marketing, Mentoring, Professional consultancy to engage Professors / experts with small firms

The awardee list till date is as follows:

Table with 2 columns: YEAR and ORGANISATION. Rows include 2000 (SJCE - STEP MYSORE), 2001 (TREC-STEP TRICHY), 2002 (PGC-STEP COIMBATORE), 2003 (GIAN, AHMEDABAD), 2004 (JSSAT-STEP NOIDA), 2005 (ICRSAT HYDERABAD), 2006 (TECHNOPARK, TRIVANDRUM), 2007 (ICICI - KNOWLEDGEPARK, HYDERABAD), 2008 (BEC - STEP BAGALKOT), 2007 (VIT - TBIVELLORE)

Fiscal Concessions provided to Incubatees and Incubators: Incubators promote new high growth enterprises which in turn create wealth and new livelihoods in the society.

The recognition of the performance of any organisation provides for a great source of motivation to the employees and also greatly enhances the perception of the stake holders and the Society towards the organization.

Recognizing this, the NSTEDB first instituted the "Best STEP Award" in the year 2000. The beneficiary institution is identified, through a rigorous evaluation carried out by a Committee that has been set up exclusively for the same.

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