



सत्यमेव जयते

Government of India

GUIDELINES

MSME INNOVATIVE SCHEME

(A component of MSME Champions Scheme)

(2022)



O/o DEVELOPMENT COMMISSIONER (MSME)

GOVERNMENT OF INDIA, NIRMAN BHAWAN, NEW DELHI-110 108

www.dcmsme.gov.in

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ABBREVIATIONS

DC (MSME)	Development Commissioner (Micro, Small and Medium Enterprise)
BI	Business Incubator
C & AG	Comptroller & Auditor General
CLCS-TUS	Credit Linked Capital Subsidy-Technology Upgradation Scheme
DAVP	Directorate of Advertising & Visual Publicity
DIC	District Industries Centres
GFR	General Financial Rules
GI	Geographical Indication
GoI	Government of India
HI	Host Institute
IA	Implementing Agency
IPR	Intellectual Property Rights
IPFC	Intellectual Property Facilitation Centres
MoU	Memorandum of Understanding
MIS	Management Information System
MSME	Micro, Small and Medium Enterprises
MSME – DI	Micro, Small and Medium Enterprises – Development Institute
NSIC	National Small Scale Industries Corporation
PAP	Project Assessment Panel
PCT	Patent Cooperation Treaty
PIB	Press Information Bureau
PMAC	Project Monitoring and Advisory Committee
PMU	Project Management Unit
TC	Technology Centre
TM	Trade Mark
TRA	Trust & Retention Account
UAM	Udyog Aadhaar Memorandum
UC	Utilization Certificate
ZED	Zero Defect Zero Effect

1. INTRODUCTION

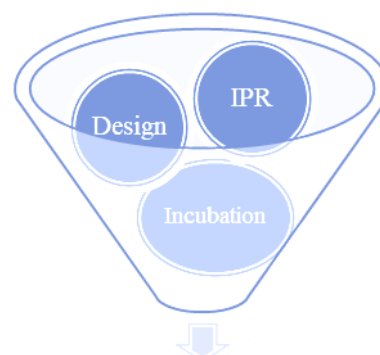
MSMEs are the strongest drivers of Nation's economic development, innovation and employment. It becomes imperative to strengthen MSME's ecosystem by developing innovative solutions and applications which will help them to move up the value chain. The Government of India, therefore, envisioned creating MSME Innovative Scheme through combination of Incubation, Design intervention and IPR protection initiatives to enhance MSME competitiveness and transform them as National and International Champions.

2. ABOUT "MSME INNOVATIVE" SCHEME

MSME Innovative Scheme will be an amalgamation of the Incubation, Design and IPR Schemes of the Ministry of MSME. These erstwhile three schemes will operate as separate verticals with interflows and connections. These verticals will also be integrated sequentially and parallelly into one singular formulation to promote and encourage innovative activities for improved synergy and higher efficiency.

MSME Innovative is a new concept for MSMEs with a combination of innovation in incubation, design intervention and by protecting IPR in a single mode approach to create awareness amongst MSMEs about India's innovation and motivate them to become MSME Champions. This will act as a hub for innovation activities facilitating and guiding development of ideas into viable business proposition that can benefit society directly and can be marketed successfully.

MSME Innovative Champions is a holistic approach to unify, synergize and converge 3 sub-schemes and interventions with a single purpose. The implementation agencies (Host Institutes, IISc, IITs, NITs and IPFCs, etc.) will be common for these sub schemes for taking them through the initial stage of idea conceptualization to handholding to business development to final growth and outreach.



MSME Innovative

3. SCHEME OBJECTIVES

- ❖ To promote all forms of innovations in the complete value chain from developing ideas into innovative applications through incubation and design interventions.
- ❖ To provide appropriate facilities and support for development of concept to market, design competitiveness and protection & commercialization of intellectual creations of MSME sector.
- ❖ To promote a culture of innovation and creative problem solving through knowledge sharing and collaboration amongst industry, academia, government institutions, research laboratories etc.
- ❖ To serve as a connecting link between industrial/academia leaders and innovators, in order to encourage new product development and hand-holding.
- ❖ To focus on developing affordable innovations that can benefit a large number of people and at the same time being commercially viable and sustainable.

INCUBATION: The primary objective of the scheme is to promote and support untapped creativity and to promote adoption of latest technologies in MSMEs that seek the validation of their ideas at the proof-of-concept level. The scheme also supports engagement with enablers who will advise such MSMEs in expanding the business by supporting them in design, strategy and execution.

DESIGN: The objective of this component is to bring Indian manufacturing sector and Design expertise/ Design fraternity on to a common platform. It aims to provide expert advice and cost-effective solution on real time design problems for new product development, its continuous improvement and value addition in existing/new products.

The Design scheme will help MSMEs to avail advice on all aspects of design. It helps MSMEs realize and achieve their design-related objectives. This specialist advice will be provided by experienced designers for new product development as well as enhancing existing product portfolio.

IPR: The objective of the scheme is to improve the IP culture in India with the following interventions:

- To enhance the awareness of Intellectual Property Rights (IPRs) amongst the MSMEs and to encourage creative intellectual endeavour in Indian economy;
- To take suitable measures for the protection of ideas, technological innovation and knowledge-driven business strategies developed by the MSMEs for their commercialization and effective utilization of IPR tools.

4. ACTIVITIES

MSME Innovative Scheme will be the combination of Incubation, Design and IPR Schemes of the Ministry of MSME. These three schemes will operate as separate verticals and the scheme-wise activities which will be a part of the Innovative Scheme is as enumerated below:

4.1. INCUBATION COMPONENT

- Recognition of eligible institutions as Host Institute (HI) to act as Business Incubator (BI)
- Approval of Ideas of Incubatees submitted through Host Institute (HI)
- Assistance for nurturing of Ideas to HI
- Assistance towards Capital Support to HI for Plant and Machinery

A. Eligibility Criteria: Registration as Host Institute (HI)

Institutions such as Technical Colleges, Universities, other Professional Colleges/Institutes, R&D Institutes, NGOs involved in incubation activities, MSME-DIs/ Technology Centres or any Institute/Organization of Central/State Government may apply for registration as an HI and act as a Business Incubator (BI) for nurturing of ideas from the initial stage of conceptualization to the commercialization stage through HIs/ BIs. The institutions may apply for registration as HI through the MIS portal of the DC MSME website (<https://innovative.msme.gov.in>). All earlier approved Host Institutes (HIs) will be continued as HI for scheme implementation.

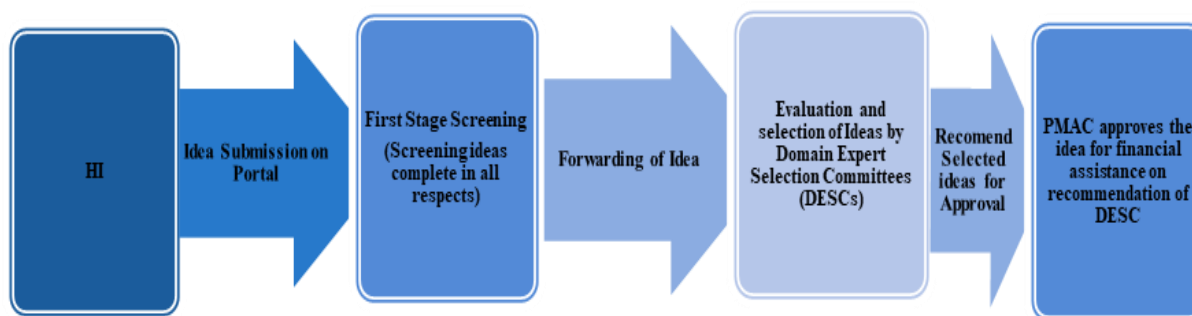
B. Approval of Ideas of Incubatees submitted through Host Institute (HI)

After getting approved as HI for the Incubation Scheme, the HI may invite ideas from MSME/others and after due diligence may submit the selected ideas through the MIS portal of the DC MSME website (<https://innovative.msme.gov.in>).

These ideas will be evaluated/approved by a committee in the Ministry of MSME per the following procedure:

Process Flow

The ideas submitted by the applicants will undergo following stages:



Stage 1- At HI Level

- On receipt of ideas from different incubatees, the HI shall first get them evaluated from experts of different institutions/industries at their end. Only the shortlisted ideas may be uploaded on the incubation portal (<https://innovative.msme.gov.in>).

Stage 2 - First Stage Screening

- After receiving shortlisted ideas from HI, the PMU will carry out the first stage screening. Only those ideas will be processed which have been received with relevant and appropriate information, fulfilling all the obligatory conditions as per the scheme guidelines. If the idea uploaded is incomplete/or with incoherent information, the idea will be liable for rejection.
- This will then be counter-checked by the programme division to ensure no eligible idea has been left out. Thereafter the screened ideas will be forwarded to the **Domain Expert Selection Committees (DESCs)**

Stage 3 - Selection of Ideas by Domain Expert Selection Committee (DESC)

- The ideas received would be segregated into the following five verticals, which will be evaluated by five **DESCs**.
- These five **Domain Expert Selection Committees (DESCs)** will comprise experts from the Industry/Academia/Government in these five verticals. There will be a provision for honorarium as per GFR for the experts. One expert from MSME DI and one member from the programme division for coordination will also constitute the DESC. DESCs will select the ideas from the ideas forwarded to them subsequent to the first stage screening.

S. No.	Sector	Composition of DESC
1	Agriculture, Rivers & Ocean Produce based industries, fertilizers, Agricultural Implements & Agro processing and any related sub-sector	1. Domain Experts from the industry/academia/government. 2. One Expert from MSME DI 3. One Member from Programme Division
2.	Healthcare & Life sciences, Medical Devices, Pharmaceuticals, Biotech, AYUSH and any related sub-sector	Same as above

3.	Power, Renewables, Electricals, Power Electronics, Energy Efficiency and any related sub-sector	Same as above
4.	Services, Education, Hospitality, Media, Publishing, Entertainment, Design, Wellness, Logistics, Sports and any related sub-sector	Same as above
5.	Miscellaneous Sector (Environment, Forests, Water & Sanitation; Foods, Beverages, FMCG, Consumer Goods; Infrastructure, Construction, Housing; IT, ITES, Electronics, White Goods, Telecommunication; Metals, Engineering, Machinery, Automation and Transportation, Automotive, E Vehicles, Railways, Aviation, UAV and any other sub-sector)	Same as above

- The DESC will evaluate the ideas as per the criteria above and would select ideas for recommending to PMAC for final approval. To ensure all the sectors and verticals get adequately represented, the number of ideas recommended must be in the ratio of them being received. The cut off ratio will be indicated by the officer from the programme division.

Stage 4 - PMAC

- After detailed evaluation by the DESCs, the recommended ideas would be forwarded to the PMAC for final approval.
- The approved ideas will be granted financial assistance as per scheme guidelines for further development.

C. Financial Assistance to HI for developing and nurturing the ideas

Financial Assistance up to maximum of Rs. 15 lakh per idea shall be provided to HI. Funds will be released after the approval of the idea by PMAC. For the ideas approved of any MSME/others, 15% of the total approved cost will be borne by them and deposited to the HIs. The remaining 85% will be contributed by MoMSME up to a maximum of Rs. 15 lakh per idea. However, students will not be required to pay any amount and the entire cost of idea will be borne by Ministry of MSME up to a maximum of Rs. 15 lakhs per idea.

It should be followed up by providing a Utilisation Certificate (UC) duly approved by the HI in-charge, failing which the HI will face penalties as decided by Project Monitoring and Advisory Committee (PMAC) of MoMSME. Further, the HI will be subjected to random checks and inspection by Ministry officials including MSME-DI (IA). In case, an Incubatee leaves the idea / project unfinished, then the work / development done by the Incubatee can be progressed by HI by engaging other deserving Incubatee(s) to further completing the idea / project. The unspent amount will be refunded to the Ministry.

Funds will be released in following two instalments:

- (i) 70% of the approved project cost as per below mentioned table, after approval of the idea by PMAC and signing of agreement between Host Institute and Incubatee.
- (ii) 30% of the approved project cost after utilization of 60% of 1st instalment utilized and submission of physical verification report by concerned Implementing Agency (IA).

Table: Indicative list of activities and likely expenditure for the idea/ project are as below (GoI assistance will be spent on pro-rata basis in the ratio of expenditure mentioned in the table below, if the assistance is less than Rs. 15 lakh): -

S. No.	Items	Likely Expenditure (Rs in lakh)
1.	Technology related expenditure like machine usage charges, electricity charges, procurement of raw materials, testing/calibration charges and any other technology related expenditure essential for development of idea.	10.00
2.	Charges for mentors/handholding supporting team.	3.00
3.	Travelling Expenses or any other overhead/administrative expenditure not covered above may be allowed as per need for development of the idea.	2.00
Total		15.00

Note: - After approval of idea/ project, variation up to 25 % of expenditure under various subheads is permitted within the total budget of maximum up to Rs. 15.00 lakh per idea.

D. Financial assistance for Plant and Machinery to HI up to Rs. 1.00 cr. (max)

Financial Assistance for Plant and Machinery to HI up to Rs. 1.00 cr. (max) shall be provided for procurement and installation of relevant plant and machines including hardware and software etc. in BI for R&D activities and common facilities for incubatees of BI. This assistance will be applicable to HIs who's minimum two or more than two ideas have been approved under the Incubation Scheme. The financial assistance will be applicable for procurement of Plant and Machinery for development of those specific approved ideas. The proposal may be uploaded by the HIs through the MIS portal of the DC MSME website (<https://innovative.msme.gov.in>). The approval of proposal for plant and machinery will be done by PMAC on recommendation of a **Domain Expert Selection Committee (DESC)**, specifically set up for the purpose.

Mechanism of Selection, Disbursement and Management of Plant and Machinery Support Selection:

For selection of beneficiaries for the Plant and Support fund, a Domain Expert Selection Committee (DESC) comprising of various Government officials, Experts and the Industry will be formed.

The proposed composition is as follows:

1. Joint Secretary, AFI, MoMSME, Chairman
2. Economic Adviser, MoMSME
3. Representative of Ministry of Heavy Industries
4. Representative of Niti Aayog dealing with AIC Programme
5. Representative of Ministry of Railways dealing with Plant and Machinery
6. Representative of IAs of MSME Innovative Scheme
7. Representative from MSME Associations (on rotation basis)
8. Any other member as decided by the Chairman, DESC
9. Director(T&P), MoMSME as Member Secretary of the Committee

Disbursement:

- This financial assistance will be provided upfront and the Utilisation Certificate for 50% of the grant be provided within 9 months of the release of the money.

- The complete UC for machinery and plant procurement and commissioning must be submitted within 18 months, failing which, the HI will face penalties as decided by PMAC.
- The financial support would cover the capital as well as maintenance expenditure for the plant and machinery for maximum five years or till the validity of the scheme or whichever is earlier.
- Expenditure, over and above of Rs. 1.00 cr., if any, would be met by HI on its own. Other cost like expenditure towards land, building, human resources etc. is not covered under this assistance.
- Any plant & machinery/infrastructure which was already present before receiving the financial assistance would not be considered. Accordingly, a list of existing equipment's/plants/machinery is required to be submitted by the HI along with the proposal.

Key aspects of funding to HI:

- HIs would be provided financial assistance for plant & machinery up-to Rs. 1 crore to cover the capital and maintenance expenditures. The exact amount of the assistance shall be decided by PMAC. Further, PMAC reserves the right to modify/terminate the support at any stage, if it is convinced that the financial assistance/grant is not being utilized properly.
- The plant & machinery procurement should be done within a maximum period of six months from the date of receipt of the financial assistance. The procurement should be done from open market at the option/choice of entrepreneurs with valid receipts/invoice with GST number through open, competitive bidding process.
- Machinery can also be imported for which the beneficiary unit shall substantiate the reason for import of machinery. In the case of imported machinery, the units shall produce the invoice, shipping bill etc. certified by Customs Authorities/DGFT/Banks with performance certificate from the supplier.
- The financial assistance under this component will be available to HIs who have not availed any Central/State Government subsidy for the same purpose, for which periodic confirmations from line ministries will be taken. An undertaking on notary stamp paper to the effect that the applicant has neither applied for nor availed of assistance under any programmes/components for the purpose of procurement of that plant and machinery, will have to be furnished while applying for assistance. The proposed procurement will be subjected to random checks and inspection by Ministry officials including MSME DI (IA).
- HIs would be required to submit a Detailed Project Report (DPR) as a justification for the requirement of appropriate plant and machinery for completing the project at the time of application on the portal. Cost of any fee paid to any external agency/individual(s) for the preparation of the DPR would not be borne by the O/o DC-MSME.
- The application, with all relevant documents and Detailed Project Report (DPR), shall be filed online. The Officer of the field office of O/o DC-MSME will conduct on-the-spot inspection of the unit, will verify all the documents, assess the quantum of financial assistance required and recommend those cases, complete in all respects, to O/o DC-MSME for obtaining sanction from the Competent Authority. Applications for financial assistance will be duly examined by the above-mentioned officers to ascertain whether the requirements have been duly complied with, and the acceptance/rejection of the application will be communicated to the applicant within 30 days from the date of receipt of the application. In case of rejection, detailed reason (s) thereof shall be communicated to the applicant.

- Host Institute shall have an account on PFMS Portal and PAN details with the same name. In the case of mismatch, allocation of funds to the HI shall not be allowed. The Host Institution shall maintain a separate account of the funds received and expenditure incurred on various activities.
- Further, the Host Institute would submit Annual Accounts, Audited expenditure Statement and Utilization Certificate to the Government as per procedure.
- The assets created through the scheme shall not be transferred/ disposed of without prior permission of the Ministry of MSME, Government of India.
- The assistance received from the O/o DC-MSME under this component shall be recoverable through legal means on the following grounds:
 - Where the assistance under the scheme has been obtained by misrepresentation of facts or by furnishing of false information; or where the machinery and premises of the unit are used for purposes other than for which the assistance was availed.
 - In case of any disputes with regard to grant of financial assistance under the scheme, the decision of the PMAC shall be final.

E. Implementation Mechanism:

All MSME-DI/TCs will act as implementing agency (IAs). However, the MSME DIs will not be eligible for Grant in Aid as per GFR. Any financial assistance to MSME DIs would be through budgetary support through suitable budget head.

Role of Implementing Agency (IA):

- a) The online proposals for registration as HIs will be forwarded to the IAs under whose jurisdiction area the proposed HI will fall. In case the proposal is incomplete then IA will revert to HI and get it completed from HI as per requirement of scheme. IAs will, after physical verification of all the parameters filled in the application for registration by HIs, forward its recommendation to the PMAC. IA needs to forward its recommendation to PMAC within 15 days of receipt of proposal, complete in all respects.
- b) IA before forwarding the proposal to DC Office may be sent to get for due diligence/recognitions/ affiliations/complaints/ grievances/ present status/clearance from AICTE /UGC and then the proposal should be forwarded with their proper recommendation on MIS portal.
- c) IA will function under the overall directions of PMAC and carry out all activities as directed by PMAC.
- d) After approval of financial assistance to any project of an HI, IA will ensure that the project is completed within the time frame of the scheme guidelines. Upon completion of the project, IA will submit a completion report and will submit the closure report to the DC Office.
- e) IA should ensure that HI not divert any part of the grant to any activity other than for which it has been sanctioned.
- f) All ideas should contain, inter-alia, following basic types of Innovation Processes:
 - Marketing & Branding: Innovation related to the customer experience.
 - Ideation: Innovation related to the product idea & concept.
 - Technology: Innovation related to the product functionality.
 - Co-creation: Innovation related to the customer involvement.
 - Social Innovation: Innovation related to the corporate culture.
 - Entrepreneurship: Innovation related to through entrepreneurial thinking.
 - Open Innovation: Innovation related to with stakeholders.
 - Business Model Innovation: Innovation related to the purpose and strategy.

4.2. DESIGN COMPONENT

The Design scheme is divided in two major parts, viz., Design Projects and Design Awareness Programme.

4.2.1. Design Project: To facilitate MSMEs to develop new design strategies and or design related products through interventions and consultancy.

4.2.2. Design Awareness Programme: The objective is to create general awareness and sensitization about the value and power of design for businesses through seminars, talks, workshops etc. The purpose of these activities is to sensitize MSMEs about the usage of design/innovation in various facets of their industry.

A. Eligibility Criteria

The beneficiary unit(s) must typically be a registered micro, small or medium enterprises as per the definition in MSMED and should have a valid UAM or Udyam Registration. The manufacturing MSMEs may be a profitable entity preferably in the at least one year out of last three financial years, PMAC can relax the criteria. The designer that a unit employs in this scheme should be qualified Industrial designers having a relevant experience in that field. Implementing agencies should verify all the relevant documents.

B. Financial Assistance under Design Component

i. Design Project - To facilitate MSMEs to develop new design strategies and or design related products through interventions consultancy. MSMEs may submit their design projects to the nominated IAs. The IAs will carry out due diligence by setting up of a suitable Project Assessment Panel (PAP) for evaluating these projects and forward the recommended projects to MoMSME for approval of PMAC. Funds will be released after the approval of the Design Project by PMAC.

Financial assistance under this activity will be utilised for engagement of design consultants for design interventions and expenses pertaining to development of prototype/product. For the design projects approved for any MSME, 75% (Micro) and 60% (Small & Medium) of the total project cost will be contributed by GoI up to a maximum of Rs. 40 lakh and the remaining project cost will be borne by MSMEs and deposited to the IA. The total project cost will be provided as grant in 3 stages:

- Stage 1 – Strategy & Concept- 40%
- Stage 2 – Detail Design - 30%
- Stage 3 – Successful Completion of the prototype/product and Final Report submission - 30%.

The IA must ensure completion of the design project within a period of one year of the receipt of financial assistance and UC is submitted accordingly. In case, the MSME drops out of the project, penalty will be imposed as decided by the Project Monitoring and Advisory Committee (PMAC) of MoMSME.

ii. Student Design Project – This subcomponent can be availed by all the students of any institution accredited by AICTE/UGC. The proposed student design project must facilitate student participation into helping MSMEs achieve Design capabilities. Student participation can be achieved in two ways—MSME can approach students or Student can offer their services to MSMEs. MSME will submit the proposal for Student Design project to the Implementation Agency under the Design Scheme, through the portal of the scheme (<https://innovative.msme.gov.in>).

This component supports design work of bona-fide students by providing financial assistance up to Rs. 2.5 lakh. For the student design projects approved for any MSME, 75% of the total project cost will be contributed by GoI up to a maximum of Rs. 2.5 lakh and the remaining project cost will be borne by MSME and deposited to the IA.

This admissible cost would include student designer's stipend (wherever applicable till the completion of the project), conveyance related to the project, documentation and expenses pertaining to development of prototype/model/product. The deliverables for the student project will be specified clearly by the IAs. The funding grant will be reimbursed in 2 stages, in the following manner:

- Stage 1 – Application approval - 50%
- Stage 2 – Successful Completion and Final Report Submission - 50%.

The IA must ensure completion of the design project within a period of one year of the receipt of financial assistance and UC is submitted accordingly. In case, the MSME drops out of the project, penalty will be imposed as decided by the Project Monitoring and Advisory Committee (PMAC) of MoMSME.

C. Project Selection Procedure

- The MSME would submit their application online on the portal through the IA. Upon receipt of the application, the IA will conduct a preliminary screening and may seek clarification or supplementary information from both the applicant design Consultant/company and applicant MSME.
- After screening, IA will submit the application together with its recommendation to Project Monitoring & Advisory Committee (PMAC) for consideration. Project proposal should be discussed and reviewed in Project Assessment Panel (PAP) before presenting it to the PMAC.
- The Project Assessment Panel (PAP) would comprise MSME-DI officials, professionals, industrialists, businessmen, designers, academics or other expert individuals. Its functions are to assess applications and project-costs, make recommendations, and monitor approved applications.
- The applicant design Consultant/ company/academic institution and applicant MSME and its project team members may be required to attend assessment meetings to present their applications and answer questions.

D. Assessment Criteria

In considering an application, due consideration, inter-alia, will be given to the following factors, wherever applicable:

- to what extent the project can help integrate design into business process;
- to what extent the project can help transform design activity into tradable deliverables that manifests exploitation and deployment in the form of intellectual property, which may comprise patent, copyright, know-how or industrial design;
- to what extent the project can add value to the products concerned and increase their competitiveness;
- to what extent the project can help commercialisation of new products and finding pathways to market;
- to what extent the project can contribute towards cost competitiveness, energy efficiency, environmental impact, process/product efficiency, quality enhancement, waste reduction, material optimisation, safety improvements, ergonomic and aesthetic enhancement;
- to what extent the project is innovative and unique;
- to what extent the project can exhibit upscaling and replication potential;
- to what extent the project can contribute towards import substitution/export enhancement;

The overall assessment criteria would be based on the measurable positive difference that a design intervention will bring to the MSME, either in absolute revenues (indicating higher profits) or in percentage terms.

E. Implementation Mechanism

Implementing Agencies (IAs):

The implementing agencies for the Scheme, presently, are:

Indian Institute of Science (IISc), Bengaluru, IITs (Kanpur, Indore, BHU, Roorkee, Ropar, Bhubaneswar), NITs (Tiruchirappalli, Warangal, Silchar, Arunachal Pradesh, Jaipur, Allahabad, J&K, Bhopal, Nagpur, Calicut, Kurukshetra, Surathkal, Raipur).

These will be continued as implementing agencies and more implementing agencies such as Indian Institute of Technology (IIT), National Institute of Technology (NIT), Reputed Industrial Design Institutes, Tool Rooms etc., may be included.

IAs will be paid 15% as implementation charges on the GoI grant released under Design/ Students Projects.

Under phase two, the following will be provided:

1. MoMSME Chair in all the IAs who will entrusted with the responsibility of promoting research and innovations in Design in MSMEs through studies, fellowships, scholarships, product-specific problem solving and the like.
2. Developing a dedicated Centre of Excellence (MoMSME-CoE) to facilitate research, ideation, technological upgradation, develop futuristic technologies, provide customised solutions, become a depository of MSME documentation, restoration of ancient domestic technology, develop sandboxes/simulators for testing products etc for the MSME sector.

Roles & Responsibilities of Implementing Agency (IA):

- IA will function as a link between the MSMEs and the Government (office of the DC (MSME)). It would also act as a single point of contact for the office of the DC (MSME).
- IAs will help the MSMEs in identifying their Design Problems in their products & will provide expert advice & cost-effective solutions for the same.
- IA will constitute a Project Assessment Panel (PAP) for scrutinizing/ evaluating the proposals received. IA should ensure that MSME is willing to pay its matching fund and it should be verifiable.
- IA will ensure that the Project is completed within the time frame of the scheme guidelines. Upon the completion of the project, IA will submit a completion report and will demonstrate the prototype product before the PMAC.
- IA shall not divert any part of the grant to any activity other than for which it has been sanctioned.
- IA would be responsible for maintaining a separate ledger account of funds of the scheme. This account shall be opened for inspection by the C&AG of India, internal audit by PAO of Ministry of MSME or any officer appointed by the office of DC (MSME) for this purpose.
- IA would release the funds directly to the beneficiaries / Industrial designers against the reports on the basis of progress of implementation of the scheme and on the satisfactory performance of the respective Industrial Designers. It will also submit necessary utilization certificate (UC) in existing prescribed format (as per GFR) along with audited statement of expenditure and detailed report to the office of DC (MSME).
- IA would submit quarterly reports to the apex body on overall progress of the scheme. It would also raise exception reports, if any, as regards to any nonresponsive behaviour or non-satisfactory performance of any of the beneficiaries and the designers.
- IA will ensure that no similar benefits have been availed from any Govt./ State Govt. Sponsored schemes or other public funding sources for the Design Project. An undertaking on notary stamp paper is to be given that similar benefits have not been availed from any other Government sponsored schemes or other public funding source.

- If the IA/MSMEs could not utilize the fund of Grant-in-aid amount within the stipulated period, the same Grant-in-aid amount shall be refunded in the Government account as per Government Rules /Sanction order.
- IA would ensure that while utilising the GoI financial assistance, no liability will be created for the Government of India.

4.3. INTELLECTUAL PROPERTY RIGHT (IPR) COMPONENT:

This component offers legal and intellectual property filing support including patents, trademarks, copyrights, designs, geographical indications (GI) etc. The programme also provides IP advisory, consultation, Patentability Searches, Technology Gap Analyses and IP commercialisation through establishment of Intellectual Property Facilitation Centres (IPFCs) across the country.

Intellectual Property Facilitation Centre (IPFC)

Eligibility for registration as IPFC

Eligible Agencies:

- MSME-Development Institutes, Technology Centres and any other associated Field Organisations directly or indirectly under the administrative control of Ministry of MSME.
- The existing IPFCs will continue for implementation of the scheme till their remaining period and the financial assistance will be applicable as per the new guidelines. After completion of their project period, they will need to reapply.
- Government Bodies/Departments /Autonomous Organisations being Run on Autonomous or Commercial Lines, MSME Industry Associations, Societies/ Cooperatives / Firms/Trust and Other profit and non-profit Bodies, NGOs representing or working for MSMEs, Research/ Technical & Educational Institutions, Universities/ colleges with a track record of assisting MSMEs etc, subject to the following:
 - They must have an established project execution infrastructure, built-up space including human resources (IP experts, business development, finance/accounting and admin staff), capital infrastructure like computing devices, printers, office with furniture; and
 - They must have demonstrated suitable work experience in matters related to Intellectual property through pilot studies, research studies, knowledge dissemination activities, in-house IP advisory resources, Technology transfer and IP supports etc.
 - The agency should in operation for at least 02 years on the date of application.
 - In case of non-government entity, the agency must present audited annual reports for last 2 years.
 - They should not have taken any other grant for the same project from any Central Ministry/State Government.

Duration: The IPFC would be recognised as IA for a period three years, initially, which can be renewed based on the IPFC's performance after approval of PMAC.

Stakeholders & Their Expected Role:

a) Ministry of MSME - PMAC

1. At the highest level, PMAC will guide, review, monitor and provide overall direction for implementation of the scheme

2. It will have an overall responsibility for policy formulation, Scheme implementation, proposal approvals and project monitoring
3. It will be empowered to take all key decisions related to the scheme, proposals or recommendations to approve minor modifications/procedural changes in the guidelines for operational expediency etc.
4. Select and empanel active IPFCs as implementing agencies to execute, launch, and implement various schemes of the MoMSME.

b) MSME DIs

1. The DI office will assist, guide and monitor the functioning of IPFCs and act as the connecting link between the MoMSME and the IPFCs.
2. It will assess the application for empanelment of agencies as IPFCs and forward the proposals along with its recommendation, for consideration of PMAC.
3. It will route the issues, feedback and requests made by IPFCs to the PMAC for redressal and suitable action. It will also submit Monthly Progress Report of IPFC activities along with its feedbacks to MoMSME.
4. It will provide MSME beneficiaries with IPFC information such as the IPFC working domain, location, entity type, core strengths, service portfolio and progress overview to assist the beneficiary in approaching suitable IPFC for their specific requirements.
5. It will conduct awareness programmes/seminars/workshops/webinars as per the target detailed out by MoMSME.

c) IPFC

1. IPFCs shall recruit IP experts, consultants, business development and marketing officers, finance/accounting, admin staff to ensure effective project operations and efficient delivery of IPFC services to the beneficiaries
2. IPFCs shall provide IP filing services (such as filing of patents, trademarks, designs, copyrights)
3. IPFCs shall provide other IP support such as IP advisory & Consultancy, IP Searches, Prior art Searches, Novelty Search, Validity Search, Freedom to Operate (FTO) analysis, Drafting & Filing of application, support for enforcement of IPR, Infringement, Opposition suits , prosecution Valuation of IP assets, IP Monetisation, IP due diligence & risk analysis, IP audits, Tech transfer and knowledge dissemination to MSME beneficiaries etc, to encourage more MSME beneficiaries to invest in efficient R&D that is strong in terms of Intellectual property
4. IPFCs shall facilitate and process the reimbursement applications for granted patents, trademarks, designs and geographical indications filed by eligible applicants through detailed validation of the submitted applications and supporting documents.
5. IPFCs shall reach out to MSME DI to flag issues, discrepancies or any other concerns or assistance pertaining to the project execution.
6. IPFCs shall submit monthly progress report of the activities to DI for compilations and onward submission to MoMSME.
7. IPFC will submit proof of achievement (Utilisation Certificate, audited statement of expenditure, detailed progress reports etc) for grant of financial assistance from the MoMSME.
8. IPFCs are expected to work in close association with the National Patent Offices/Regional Patent Offices and other National/International Agencies administering the implementation of IPR related matters.

9. While setting up of these centres, no liability will be created for the Government of India.
10. Each IPFC has to form a steering committee chaired by the Director, MSME-Development Institute and other stake holders, experts from the industry its members. Meeting of the steering committee should be organised in every three months and performance of IPFC should be evaluated by respective MSME-DI.

Financial Assistance for IPFC:

1. PMAC shall evaluate IPFCs for financial assistance. A Grant of up to Rs. 1 crore would be provided to an IPFC in milestone-based three (or) more instalments. The exact quantum of grant and instalments for each IPFC will be decided by the PMAC based on evaluation of proposals.
2. The quantum of first instalment may be up to 40% of total approved project cost or as requested by IPFC whichever is less. The IPFC may request for the next instalment, which shall be released subject to submission of proof of achievement of milestones.
3. Upon suitable utilisation of the grant on/before three years, the IPFC can approach for further funding beyond the total project cost of Rs. 1 crore, subject to approval of PMAC.
4. The renewal of the accreditation of the IPFC will be done at the end of 3 years of its approval, subject to its satisfactory performance and approval by the PMAC. Further funding will be subject to renewal of accreditation of the IPFC.
5. The first instalment grant should be utilized fully by the IPFC within a period of three years from the date of receipt of the first instalment of funds, otherwise the IPFC will not be considered for renewal of registration. It will return all unutilized funds along with interest.
6. The IPFC has to ensure free professional services to MSMEs from pre-filing services to IP commercialisation and not only to support to set up Innovation based enterprises but also strengthening their IP portfolio across the world to make them MSME Champions.
7. The administrative/implementation expenditure on the overheads, consumables, contingency and other such heads, shall not exceed 15% of the individual instalments. While setting up of these centres, no liability will be created for the Government of India.

These expenditure subheads are detailed as follows:

- Administrative/Implementation Expenditure Heads:
 - Stationery, Telephone bills, Internet charges, Printer cartridges & toners, printing materials, travel for meetings with stakeholders in the MSME ecosystem including innovators, government officials, subject experts, institutions and any other applicable expenditures pertaining to IP facilitation.
 - IPFC will be liable to claim 2% implementation charges for handling IPR reimbursement, within the upper limit of 15%.
- 8. Hiring of professional services (IP expert, IP Attorney/Agent) as per requirement will be covered in the project cost.
- 9. The above expenditure details must be indicated at the project approval stage which will be approved by the PMAC.

Eligibility for Reimbursement of Patent/ Geographical Indications/ Trademarks/ Design

A) For Patent, Trademark and Design Reimbursement:

- The applicant/entity/unit must have a valid Udyam Registration.
- Patents/Trademarks/Designs registered in the name of individuals are also eligible for reimbursement subject to holding a Udyam Registration in their name and have full

ownership of the enterprise. In case of partnership firm, applicant has to provide proof of ownership of at least 51% shareholding in the enterprise.

- Applicant has to submit a self-declaration for not claiming funding from any Central/State Government for the same patent/trademark/design.

B) For Geographical Indication Reimbursement:

All agencies, institutions, associations, institutes, non-profit bodies, NGOs, societies, trust, or similar other non-commercial bodies having valid incorporation/establishment documents, PAN number etc.

Financial Assistance for MSMEs:

Reimbursement for registration of Patent, Trademark, Geographical Indications (G.I.), Design:

- The applicant shall file the reimbursement application through the portal of the scheme. The same will be duly forwarded after comprehensive scrutiny by the IPFC to MoMSME for requisite approval. Upon approval of the application by MoMSME, the reimbursement will be done by the IPFC.
- The maximum financial assistance to the eligible applicants under the IPR component is as follows:

S. No.	Item	Maximum Financial Assistance
1.	Foreign Patent	Rs. 5.00 lakh
2.	Domestic Patent	Rs. 1.00 lakh
3.	GI Registration	Rs. 2.00 lakh
4.	Design Registration	Rs. 0.15 lakh
5.	Trademark	Rs. 0.10 lakh

- The financial assistance under the scheme for the reimbursement of expenditure incurred towards registration of patents/trademarks/Designs/GIs, will be a onetime support from GoI subject to condition that same has not been claimed by the applicant under any other scheme of Central Govt./ State Govt.
- **Patent:** The applicant may receive 100% reimbursement of the actual costs or expenses incurred towards the Patent registration with competent authority [including but not limited to facilitation fees, all government fees, design/ diagram and drawing fees, attorney fees, consultancy charges, prior art search and analysis charges, patent application drafting (provisional and complete specifications) charges, charges for patent application prosecution and hearings, examination and publication fees, fee and charges associated with PCT/international/foreign patent filings, other incidental charges]. This should be duly supported by original invoices/bills/receipts with a maximum upper limit of Rs. 1 lakh for an Indian patent and up to Rs 5 lakh for a foreign patent. However, it will not cover the cost incurred on renewal of applications or any other expenditure incurred towards assignment of IP, correction in application etc.
- **Trademark:** The applicant may receive 100% reimbursement of the actual costs or expenses incurred towards registration of a trademark with competent authority (including but not limited to facilitation fees, all Government Fees, Attorney Fees, consultancy charges, Search Fees, application drafting charges, charges for TM application prosecution and hearing, Examination fees, fee and charges associated with international/foreign TM filings, other incidental charges etc.) duly supported by original invoice/bills/receipts with a maximum upper limit of Rs. 10,000/- for each registered trademark irrespective of classes.
- **Design:** The applicant may receive 100% reimbursement of the actual costs or expenses incurred towards registration of a design with competent authority (including but not

limited to facilitation fees, all Government Fees, Attorney Fees, consultancy charges, Search Fees, application drafting charges, charges for design application prosecution and hearing, Examination fees, fee and charges associated with international/foreign design application fillings, other incidental charges etc.) duly supported by original invoice/bills/receipts with a maximum upper limit of Rs. 15,000/- for each registered design irrespective of classes.

- **Geographical Indication (GI):** The applicant may receive 100% Reimbursement of the actual costs or expenses incurred towards registering the a GI with competent authority (including but not limited to facilitation fees, Attorney Fees, Maintenance Fees, all Government Fees, consultancy charges, application drafting charges, charges for GI application prosecution, hearing and meeting with GI registry/consultative group, expenditures incurred on information collection, GI logo charges, design/ diagram and drawing charges, scientific/lab testing, other incidental charges etc.) with a maximum upper limit of Rs. 2 lakhs for each registered GI.
- There can be any number of applications may be submitted by the MSME unit for reimbursement; however, the amount will be restricted to the ceilings as per table cited above for per IP registration.
- Reimbursement will be made to eligible MSME enterprise subject to receipt of copy of MSME Udyam Registration certificate, copy of patent/trademark/Design/GI registration certificate, copy of bank mandate form & Bills/Vouchers in original.

5. COMPONENTS APPLICABLE TO ALL SUB-SCHEMES

Apex Body (Project Monitoring and Advisory Committee, PMAC)

- An apex body Project Monitoring and Advisory Committee (PMAC) will be formed with AS & DC (MSME) as Chairperson. In addition, experts will be drawn from areas including academia, VCs, financial institution, management, administration, concerned government departments, etc. The apex body will comprise of persons who are not likely to be the beneficiaries of this program.

The constitution of PMAC will be as follows:

S. No	Details of PMAC Composition	Designation
1.	AS & DC (MSME)	Chairman
2.	Joint Secretary, MoMSME	Vice Chairman
3.	Economic Adviser, MoMSME	Member
4.	Representative from concerned Ministries/ Departments	Member
5.	ADC/DDG/JDC in-charge of MSME-DIs/TCs at O/o DC (MSME)/Representative	Member
6.	Special invitees/experts/consultant/ Implementing Agencies	Member
7.	Representative of PMU	Member
8.	Representative of Industry Associations	Member
9.	Director/Nodal officer handling scheme in MoMSME	Member Secretary

- At the highest level, PMAC will guide, review, monitor and provide overall direction for implementation of the scheme. PMAC will have overall responsibility for policy formulation, scheme implementation and monitoring. It will be empowered to take all key decisions related to the scheme and to approve minor modifications/procedural changes in the guideline for operational expediency.

5.1. Awareness & Training Activities:

Awareness Activities:

The activities in this component will leverage the already existing partnerships of the Ministry of MSME with other public/private organisations and also explore to forge new partnerships so as to enable a more conducive framework for MSME Innovative Scheme with respect to its three components viz. Incubation, Design and IPR.

- 5.1.1. **Industry Awareness Programmes:** MSMEs will be made aware of the MSME Innovative through nation-wide awareness programmes (online and/or face-to-face, as appropriate) with the assistance of stakeholders like Industry Associations, Implementing Agencies, MSME-DIs, District Industries Centres (DICs).
- 5.1.2. **Training Programmes:** Training of officials of MoMSME, O/o DC (MSME), MSME-DIs, MSME-Testing Centres, Technology Centres, Design Incubation Centres, IPFC, etc. on the MSME Innovative to enable an effective implementation.
- 5.1.3. **Regional/State/National Workshops:** These workshops will be conducted for all stakeholders including the state industry department & MSMEs. They will be organised by Implementing Agencies. During the workshop promotion of scheme, discussions on outcomes of schemes, success stories, discussions on issues related with implementation of schemes, views of stakeholders, latest global developments, experience sharing, adoption of best practices etc. pertaining to the scheme will be discussed.

The financial assistances for the activities to be organised by IAs/organisations under administrative control of MoMSME/DC-MSME, in the sub-schemes, are as follows:

S. No	Type of Programme	Deliverables	Amount limit
1.	Awareness Programmes	One day programme. (Minimum 30 participants.)	Webinar: Rs. 40,000/- Physical: Rs. 70,000/-
2.	Training of officials of MoMSME, DC-MSME, MSME-DIs, MSME-Testing Centres, Technology Centres, Design Incubation Centres, IPFC, etc.	5-Day training programme ~20-25 participants per training	Virtual: Rs. 60,000/- per day Physical: Rs. 3 Lakh per day (May be prorated)
3.	Regional/ State/ National Workshop by Implementing Agencies	Multi-day Workshops (Maximum 5 Days) (Minimum 50 participants.)	Physical: Rs. 5 Lakh per day (May be prorated)

Foreign Travels, International Trainings, International Benchmarking, Exposure Visits and Study Tours for learning Best Practices relating to MSME Innovative Scheme

Adoption of world class practices for MSME Innovative Scheme is a must for the envisaged interventions. The objective of this activity is to develop a framework for best Innovation practices through international cooperation in the field of capacity building activities, study tours, international trainings/seminars/workshops/exhibitions, experience sharing, providing suitable linkages and cooperation with foreign countries and other international agencies.

To facilitate learning of relevant world class practices, proposal(s) relating to the activity will be prepared by IAs, which will be considered on case-to-case basis on its merit. Additionally, MoMSME may also enter into collaborations/partnerships with international agencies/foreign governments to explore the possibility of capacity building and experience sharing in the fields covered under the scheme. The delegation will submit a report regarding the findings of the visit which is to be shared with stakeholders. The PMAC may decide the finer details and financial implications.

5.2. Financial Assistance for SEED Capital support for Incubation/Design Schemes:

Seed Capital support fund for supporting MSMEs in setting up of business: Financial assistance of up to Rs.1.00 cr. as Equity for the Seed Capital Support shall be provided to encourage MSME/others to stimulate the commercialization of their Ideas/Designs/Patents and facilitate preparation for pre-investment series funding. This would foster the development of innovative and technology-based business enterprise leading to employment generation and economic development of the country. This would be a unique facility for venture debt funding for nurturing incubation/design ventures.

The funds shall be managed by SIDBI with management fee @ 5%. A separate Corpus will be created and managed by SIDBI for providing equity in ratio of up to 80:20, where a maximum of 80% funding will be provided by the GoI through corpus created and managed by SIDBI. This corpus would be created through the financial assistance of MoMSME and the remaining funding will be contributed by the beneficiary MSME.

The approval of proposal for seed capital support will be done by PMAC on recommendation of a **Domain Expert Selection Committee (DESC)**, specifically set up for the purpose.

The seed support would generally cater to early-stage financing for commercialization of the indigenous ideas, innovations and technologies. The Seed Capital fund will support, inter-alia, the following activities:

- Developing backward and forward linkages
- Market entry
- Commercialization
- Scaling up through convertible debentures or debt or debt-linked instruments
- Enabling funding from High Net-worth Individuals/Venture Capital Funds/Angel Investors/ Private Equity

Eligibility criteria for availing Seed Capital:

All the MSMEs/others who will be the Grantees of the Seed Capital Support must be existing beneficiaries under the MSME Innovative Scheme for Incubation/Design/IPR (Patents) Schemes, which is as follows:

- a. whose idea has been approved and supported under the Incubation Scheme
- b. whose design projects have been approved under the Design Scheme
- c. whose patents (domestic/international) have been granted and have already applied for/got reimbursement under the IPR scheme.

Definition of MSMEs:

1. All MSMEs registered with the UDYAM registration portal (of the MoMSME) will be eligible
2. However, those MSMEs registered under UAM (Udyog Aadhaar Memorandum) which has been obtained till 30.06.2020 will also be eligible to participate till 31.12.2021, or till the revised deadline (whichever is later), after which they would need to migrate to UDYAM.

The following pre-conditions may be ensured for being eligible for SEED Capital Funding:

- Preference would be given to beneficiary creating innovative solutions in sectors such as social impact, environment management, Green/Clean Energy initiatives, waste management, water management, financial inclusion, education, agriculture, food processing, biotechnology, healthcare, mobility, defence, space, railways, oil and gas, textiles, etc.
- Beneficiary will not receive seed support more than once or must not have received similar such support from any other GoI/State Government schemes.
- Any additional criteria as may be decided by the PMAC.

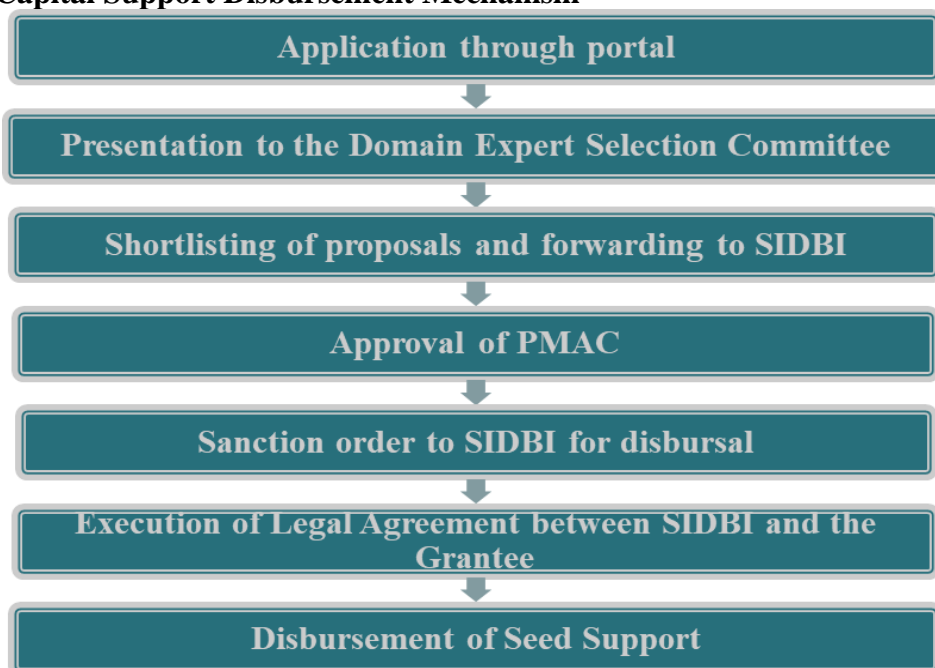
Mechanism of Selection, Disbursement, Governance and Fund Management of SEED Capital Support

For selection of beneficiaries for the SEED Capital Support fund, a Domain Expert Selection Committee (DESC) comprising of various Government officials, Experts and the Industry will be formed.

The proposed composition is as follows:

- Joint Secretary, AFI, MoMSME, Chairman
- Economic Adviser, MoMSME
- Representative of CMD SIDBI
- Representative of IAs of MSME Innovative Scheme
- Any other member as decided by the Chairman, DESC
- Director(T&P), MoMSME as Member Secretary of the Committee

Seed Capital Support Disbursement Mechanism



1. Application and Selection Procedure

- ◆ All existing beneficiaries under the MSME Innovative Scheme for Incubation/Design/IPR (Patents) Schemes and are willing to apply for Seed Capital Support can apply through a designated portal.
- ◆ Presentation of the Seed Support requirement to the Domain Expert Selection Committee (DESC)
- ◆ DESC will shortlist the proposals put forth beneficiaries which demonstrate scalability, commercial viability, financial sustainability etc for Seed Capital Support. DESC would recommend and forward the same to SIDBI for due financial diligence.
- ◆ Final proposals would be forwarded to PMAC for its approval which will give the SEED Capital Support sanction orders to SIDBI for funding.

2. Roles and responsibilities of SIDBI:

- SIDBI will design a suitable financial product specific to the SEED Capital component of the scheme. It must be unique in its design in terms of credit variables.
- SIDBI would execute a legal agreement with the beneficiary who is selected for the seed capital support and this agreement should be signed before the release of the first instalment of seed fund.

- Subsequent disbursement schedules should be linked to the achievement of mutually agreed milestones between SIDBI and Beneficiary. SIDBI should ensure that the necessary terms and conditions related to the Seed Support, repayment schedule, equity and Exit Clause SOP are clearly spelt in the agreement. Terms regarding default in repayment shall also be defined clearly in the agreement.
- SIDBI would have flexibility in disbursement of Seed Support to the beneficiaries as defined in the agreement. Detailed clauses on seed fund recovery may be developed by SIDBI and got approved by PMAC.
- SIDBI will take the responsibility in respect to, any and all losses, expenses, costs, obligations, liabilities and damages, including interest, penalties, legal consequences and attorney's fees and expenses which the beneficiary may incur as a result of any negligent or wilful acts or omissions of the beneficiary. This shall be limited to the SEED Capital being provided under the scheme.
- SIDBI shall report the business performance for each beneficiary. Appropriate matrix may be devised for this purpose.
- SIDBI would also submit detailed performance report of the Seed Capital fund disbursed with performance of the individual units for perusal of PMAC. PMAC reserves the decisions for fresh releases, exits and otherwise.

Indicators of Successful Implementation

The following shall be tracked and recorded by SIDBI for all the beneficiaries:

- i. Progress of product development
- ii. Progress of field trials
- iii. Progress of market launch
- iv. Quantum of loan, angel or VC funding raised
- v. Employment generated by the beneficiary
- vi. Business growth of the beneficiary
- vii. Any other appropriate parameter

Seed Capital Fund features:

- SIDBI shall maintain a dedicated, scheme-specific corpus for Seed Capital Support. Funds under this scheme shall be released into that account by MoMSME first as an advance (as per agreement) and subsequently disbursed after reviewing the progress of the implementation of the programme after approval by PMAC.
- Any interest earnings from the float will be recycled into the corpus.
- All loan repayments and debt servicing received from beneficiary will be recycled into the corpus.
- Each beneficiary shall report the funds sanctioned, received, and utilised to SIDBI on half-yearly basis. The beneficiary would also submit detailed report on status of utilization of funds and audited expenditure for each financial year.
- The review of the fund performance would be carried out by PMAC periodically. The decision with regards to continuation or closure of the corpus will be taken by the PMAC. In the event of closure, the corpus money must be returned to the MoMSME.

5.3. Digital Platform

The scheme would be operated end to end through online means from the registration process to the assessments, financing and monitoring through a newly developed portal the portal, which will act as a single window system, will be interoperable with a robust MIS.

5.4 Publicity & Promotion: An integrated outreach and management programme across all platforms – Electronic, Print and Digital media. It will now be open to multiple agencies such

as State Governments, DAVP, PIB and the private sector. There will also be webinars, films, newspaper advertisements etc. through the year to promote the scheme.

6. COMMON STAKEHOLDERS & THEIR EXPECTED ROLE

a) Ministry of MSME

The Ministry of MSME shall create an enabling environment and assist its partners in achieving the above-mentioned objectives by:

1. Providing the approved guidelines for the development of various strategies and frameworks.
2. Monitoring and evaluation of MSME Innovative Champions implementation.
3. Creating a PMU for smooth operations and coordination.
4. Identifying and partnering with Implementing Agencies for implementation of MSME Innovative Champions.
5. Co-ordinating including obtaining relevant consents/approvals to various Ministries/Departments/States and other stakeholders regarding the MSME Innovative Champions.
6. Ensuring nation-wide Media/PR activities for wide publicity of the MSME Innovative Champions.
7. Instituting incentives for MSME Innovative Champions.

b) MSME-Development Institutes

MSME-DIs will enable effective implementation of the MSME Innovative by:

1. Creating a mechanism for widespread dissemination of information on this initiative through its offices and assisting maximizing awareness & outreach of the MSME Innovative Guidelines to enrol MSMEs on the MSME Innovative.
2. Assist the Ministry in capacity building of the industry.
3. Explore extending graded benefits to MSMEs which obtain a MSME Innovative
4. MSME DIs will not be eligible for Grant in Aid as per GFR. Any financial assistance to MSME DIs would be through budgetary support through suitable budget head.

c) Implementing Agencies

Ministry of MSME will identify and partner with Implementing Agencies like IISc/IIT/NIT, HIs, IPFCs who will:

1. Develop a mechanism of dissemination of these guidelines in a manner that the MSMEs understand them well and adopt them to improve their systems and processes.
2. Develop a mechanism to assess the level of on-ground adoption of these guidelines.
3. Assist in providing handholding to deserving MSMEs to help them achieve a higher MSME Innovative Champions.
4. Any other task as advised by the Ministry.

d) Micro, Small & Medium Enterprises

1. Undergo Awareness Programmes & Training for a better understanding of the MSME Innovative Champions guidelines.
2. Exhibit intent and commitment towards improving their systems and processes so as to achieve higher MSME Innovative Champions.

e) Other Ministries & Departments

1. Explore benefits/incentives relevant to their respective Ministry/Department for MSMEs who obtain MSME Innovative Champions.
2. Explore extending preference to promote MSME Innovative Champions.

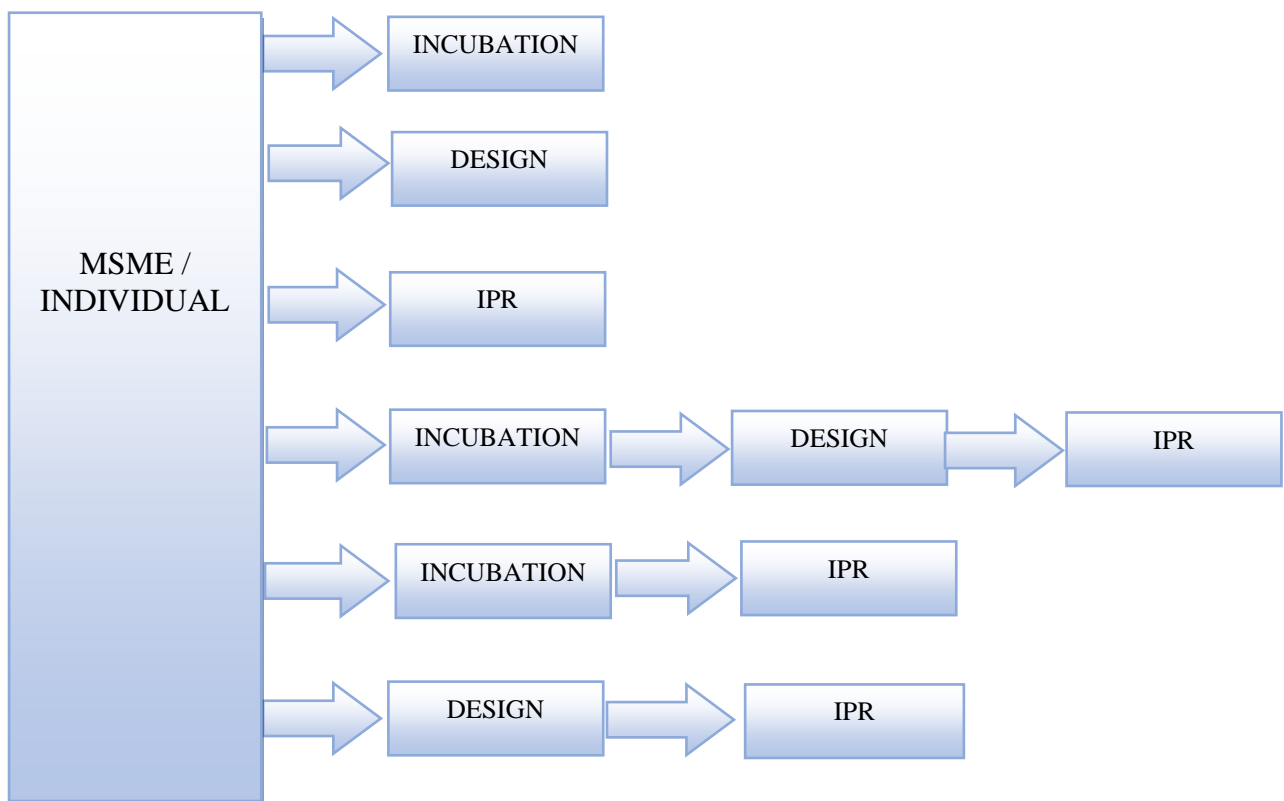
7. INTEROPERABILITY ARRANGEMENTS

7.1 The MSME Innovative scheme is designed by integrating three components of CLCS-TUS (viz., Incubation, Design & IPR) schemes to create **CHAMPIONS**, where each component can have interoperability with other components during the phases of intervention to enhance capacities/capabilities of champion MSMEs. MSME can have opportunity to suitably interlink benefits among three components during the period/stage of implementation.

- 7.2 There are some options of various combinations like
- Only Incubation OR Only Design OR Only IPR
 - Incubation-Design-IPR
 - Incubation-Design
 - Incubation to IPR
 - Design-IPR

MSME can apply for any one of the above combinations. The financial assistance will be applicable for availing the benefits as per the individual scheme component.

7.3 One scheme may enter from one completed gate to the gate of another scheme as per the requirement of the MSME, while ensuring that the original scheme it enrolled for is taken to the natural conclusion. At the time of applying for the next scheme, the applicant should adhere to the respective scheme guidelines for that particular scheme.



Guidelines is available at <https://innovative.msme.gov.in> & www.dcmsme.gov.in