



GOVERNMENT OF KARNATAKA
STARTUP POLICY OPERATIONAL GUIDELINES

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IV. New Age Incubation Network

4.1 Background :

4.1.1 Creation of an ecosystem that promotes innovation in educational institutions is one of the key objectives of the Startup Policy – 2015. With the above focus, the scheme of ‘New Age Incubation Network’ which is operational in 9 Districts of the state (since 2014) will be extended to chosen colleges across all the districts of the State outside Bangalore in a phased manner.

Under the New Age Incubation Network,

4.1.2 Students are encouraged to identify local problems and address those using concepts of frugal innovation, and to develop appropriate technology-based solutions and working prototypes. It is also expected that the mentors assigned to the students help them to formulate a business model based on this new technology and encourage them to think like entrepreneurs.

4.1.3 NAIN scheme will be expanded to professional and post-graduate institutions in Tier – II cities in a phased manner. A minimum number of 50 academic institutions shall be covered under this program during the policy period of five years.

4.1.4 Preference will be given to women’s colleges in case they satisfy other requirements.

- 4.1.5 The NAIN incubators would be networked and connected to a common portal to facilitate exchange of thoughts, ideas and collaboration across institutions and disciplines. Selected institutions would be graded on the basis of Key performance indicators defined in this document and / or as decided by N-STIC from time to time.
- 4.1.6 Financial assistance for running the incubators and for student projects will be initially provided for three years which may be extended for another two year based on the criteria as defined in this document and as amended from time to time.
- 4.1.7 N-IA shall be assisted by a Project Management Agency. The Government shall identify a Project Management Agency who shall assist in the process of capacity building of institutional personnel responsible for management of the program at institution level, conduct networking and mentoring events for benefit of participants and other related activities.

4.2 Process of Selection of NAIN:

- 4.2.1 Eligibility: NHI must satisfy the following conditions to be able to apply for assistance under the NAIN.
- a. HI must be affiliated to State University in Karnataka or must be a deemed University located in Karnataka. NHI must be at least 10 years old since its inception.
 - b. **Parameters for evaluation** : Data must be provided in year-wise manner for past 5 years regarding the following:

- (i) Number of students passed in the final year Graduating class with First Class in University exam
- (ii) Total number of students in the graduating class
- (iii) Number of full-time Faculty in the NHI with PhD / M.Phil. / M.Tech.
- (iv) Total number of full-time faculty members on rolls
- (v) Number of research publications in peer reviewed journals (please do not include publications in conference proceedings and paid publications in journals)
- (vi) Number of patents awarded, if any (originating from the respective department in case of Deemed Univ. / State Univ.)

4.2.2 Capex investment by the applicant host institution: The NAIN is a project done in PPP mode. The Capital Expenses – Capex are provided by the HI.

Following is the list of minimum specified Capex that NHI must agree to establish:

- (i) Minimum **2000 sqft** carpet area in a location which is appropriate to host an incubation center on college / institution campus.
- (ii) 15 computers of latest configuration. (Minimum configurations as on Jan 2015: Core i5 / i7; 5th Gen; 1Tb hard disk, 4GB / 6GB Ram, 3GHz. Monitor at least 21 inches). These configurations could be revised with each call for applications.
- (iii) Work spaces to accommodate up to 15 start project / team / start-ups simultaneously
- (iv) Independent high-speed dedicated internet connection for the NAIN center (Minimum speed: 4Mbps line with 30GBdata limit).

These configurations could be revised with each call for applications

- (v) Uninterrupted power backup for NAIN center
- (vi) Make available on campus Projection facility, Discussion & Meeting room. The NHI should have enough infrastructure and capacity to conduct mentoring and networking events accommodating up to 125-150 participants.

Institutions will be selected based on their infrastructure, quality of faculty and excellence in education. Notwithstanding the above parameters, N-STIC may give preference to Government institutions and institutions located in backward regions of the State.

Capex investment requirements from Government institutions will be evaluated separately. If deemed necessary by the selection committee, one time financial support of up to Rs. 10 Lakhs may be provided to the Government-HI towards Capex. This grant shall be exclusively used items listed under 2.2b through 2.2e. The physical space of 2000 sqft as mentioned in 2.2a must be identified and made available by the Government-HI.

4.2.3 Format for Application: Applications from eligible and interested institutes will be called on an annual basis. The application form must be supported by necessary documents and forwarded by the Head of the Institution. Format of application - Appendix – 1.

4.2.4 Process of Fund Disbursal Government may provide Operational support for three years from date of selection in form of grant support.

The grant will be provided to the NHI for the NAIN facility under the following two heads

- (i) NAIN - Operational Expenses (N-OPX) and
- (ii) NAIN - Student Project Seed Fund (N-SPF)

4.3 N-OPX: NAIN Operational Expenses Grant of Rs. 10 lakh per annum (released in phases of Rs. 5 lakhs at a time) shall be operated like revolving fund i.e. upon submission of audited utilization the next installment could be claimed. This grant will include expenses for:

- 4.3.1 Salary of Two Full-time employees i.e. (i) Incubation center manager and (ii) Assistant for Operational support. Minimum Qualification of the two full-time employees is defined in Section 5.13
- 4.3.2 Funds for organizing events like Ideathons, Hackathons, Entrepreneurship boot camps etc.
- 4.3.3 Meeting, Travel and other miscellaneous expenses.
- 4.3.4 Contingent & Administrative overheads – up to Rs. 50,000/- per annum.

4.4 N-SPF: NAIN Student Project Seed Fund Grant: As the Custodians of Public money it is expected that transparent procurement procedures and canons of financial propriety are followed at all times.

- 4.4.1 A seed fund of up to Rs. 3 lakh per project shall be awarded to every selected team. Up to 10 teams shall be funded in each NHI (total fund granted to NHI = Rs. 30 lakh per annum). This fund shall be released to student innovators. In exceptional cases, where the project cost is beyond Rs. 3 lakh, additional amount not exceeding 20% of Rs. 3 lakhs may be granted based on review of outcomes by N-IIC within the limit

of seed fund granted to the institution. All such cases may be referred to N-STIC for its information and ratification.

4.4.2 The fund will be released in stages i.e. Rs. 10 lakh at a time which shall be operated like a revolving fund i.e. upon submission of audited utilization of up to 75% of the released amount, the next installment could be claimed by the HI. This fund can be used for

- (i) Procurement of raw materials to develop a prototype or working model to demonstrate the technology solution being suggested. The individual project costs must be estimated at time of application and changes will only be permitted upon approval of the N-STIC or as specified in Clause 4.2.
- (ii) These funds cannot be used for procurement of hardware like computers/laptops, pen drives, printers, scanners, calculators, cell phones, cameras, UPS etc. The hardware is expected to be provided by the host institution. However if there is a critical need of an equipment which is not present on the inventory of the host institution, the same may be hired on rental basis at an acceptable rate. Total rental of the equipment must not exceed 20% of the individual project cost.
- (iii) It will be responsibility of the N-HI to ensure that appropriate procurement procedures and supporting documents be maintained and produced when asked for.
- (iv) All the assets acquired or created from the grant shall be installed in the premises of the NAIN only and will not be placed in any other department/division of the host institute, unless specifically approved by N-IA.

- (v) NAIN would maintain a record of all the equipment procured. Assets acquired wholly or substantially out of government grant, shall not be disposed without the prior approval of the Government. All equipment, hardware and the NAIN prototypes will be property of the NAIN and must be retained in the incubation center at all times.
- (vi) Should there be a need to dispose any equipment within three years of its procurement, a written permission with reasons to do so must be submitted to N-IIC and a concurrence / clearance / permission must be obtained from N-STIC for the same.
- (vii) Concerned officers of Government or its authorized representatives may visit the NAIN / N-HI for ascertaining the progress of work and attempt to resolve any difficulties that might be encountered by the students. All Project and NAIN related documents must be produced by N-HI for inspection to the inspection committee / officers / agency assigned by the Government.
- (viii) Department will have no responsibility in case any loss is caused to any life or property due to accident, fire or any other reasons. The Host Institute is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to NAIN. Dept. will have no liability on account of any omission or commission of regulatory/statutory requirement by the NAIN or its incubatees and their companies.
- (ix) Host Institution should open a separate bank account in any nationalized bank to receive grants under section 7.1 and 7.2.
- (x) Accounts must be kept properly with all supporting documents.

4.5 Monitoring and Evaluation : The sanctioning authority in the institute must pay due regard to the following:

- 4.5.1 Each N-HI shall enter into MoU with the N-IA.
- 4.5.2 N-HI shall also submit an indemnity bond. Indicative MoU is attached– Annexure 2
- 4.5.3 Each N-STSP must a lead by a project leader. The team must agree on deliverables and milestones as proposed in the Project proposal submitted by the team.
- 4.5.4 NAIN may be subjected to third party audit of the accounts as per discretions of the N-STIC. Book of accounts, Cash books and related ledgers must be produced for inspection.
- 4.5.5 The expenditure should not prima facie be more than the occasion demands, and vigilance must be exercised in respect of expenditure incurred out of public money.
- 4.5.6 The amount of allowances such as travelling allowance, granted to meet expenditure of a particular type, should be so regulated that the allowances are not on the whole a source of profit to the recipients.

4.6 NAIN Institution & State Innovation Council: Project monitoring will be done at two levels:

- 4.6.1 N-STIC: NAIN – State-Level Innovation Council chaired by Principal Secretary - IT, BT and S&T, Government of Karnataka.
- 4.6.2 N-IIC : NAIN – Institution-Level Innovation Council

4.6.3 **N-STIC:** NAIN – State-Level Innovation Council chaired by Principal Secretary - IT, BT and S&T, Government of Karnataka has been constituted vide Office Order No. Ref: ITS/CEO/17/2014-15 Dated 28-10-2014. This committee constitutes of members drawn from Government of India, industry, heads of leading incubation centers and academia. ICT Skills Development Society shall serve as the NAIN-Implementing Agency N-IA for rolling out the NAIN project under this Startup Policy. This committee shall meet once every six months.

4.6.4 **N-IIC:** NAIN – Institution-Level Innovation Council: This council shall be chaired by the Principal of the N-HI. Senior Professor-Level faculty member shall be nominated as the NAIN-College coordinator N-CC who shall serve as member secretary and the NAIN-Incubation Centre Manager shall be the convener.

This committee should have a minimum 12 members:

Members		
a.	Principal	Chairperson
b.	N-CC	Member Secretary
c.	N-ICM	Convener
d.	Local successful entrepreneurs	Minimum 3
e.	Academia Principals of local colleges	Minimum 2
f.	Head / Convener of Alumni cell	
g.	Local representative of the Collegiate education department	
h.	Local mentors in specific areas of technology / specialization	Minimum 3
i.	All heads of Departments	Invited members
j.	Any other member as deemed fit	

This committee must meet once a quarter. Proceedings of each meeting must be uploaded on the NAIN-Portal once it is established. Till such time, a copy of the proceedings may be sent for information to the N-IA.

This committee must constitute of members from academia, industry and Government and must initiate all steps not limited to implementation of NAIN for promoting innovation in education and for developing an ecosystem where students are given the necessary resources and support to convert their ideas into proof of concept and create IPs.

4.7 It is **proposed** that ownership of any IP generated at the NAIN will be shared in the following manner

Student / Inventor – 90%

N-HI – 10%

N-HI shall reverse the royalty earned from 10% stake back into its own NAIN corpus i.e. to the account meant for receiving the grants under section 7.1 & 7.2

4.7.1 Each N-HI shall facilitate to showcase the prototypes and new technologies in appropriate forum to generate revenue and become a self-sufficient / independently functional unit post-three years of funding support from the Government.

4.7.2 Following minimum activities are expected to be conducted by the institution in addition to the programs conducted by the N-IA.

(i) Invited talks by Successful entrepreneurs – 4 per annum

- (ii) Tech workshops on upcoming areas like IoT, Big Data Analytics, Cloud Computing, ESDM, Bioinformatics, etc. – 2 per annum
- (iii) Hackathons or Ideathons – 2 per annum

4.8 Institutions should offer elective courses on Entrepreneurship / Specific Technology with focus on commercialization which may be audited by students. In case of autonomous institutions, these courses could enable students to earn academic credits or marks depending on the evaluation system being followed by N-HI.

4.9 Each student innovator team must constitute of atleast 3 members. Primary applicant must be an on-roll full time student of the college. Alumni and local entrepreneurs are eligible to join the teams but cannot be the primary applicants of NAIN. The teams must be well-rounded and may consist of members from diverse disciplines and various departments of N-HI to support collaborative projects.

4.10 The N-IA will offer summer / winter internships for top performing students. The N-HIs shall facilitate student participation into these internship programs.

4.11 Performance of each N-HI and its NAIN incubator at will be evaluated based on parameters described below. These will be evaluated for three years:

- i. Number of projects which have reached prototype stage
- ii. Number of IPs generated
- iii. Application of solution in the field

iv. Key Performance Indicators like:

- a. Number of companies incorporated,
- b. Conduct of actual business by student innovator teams
- c. Angel / Venture funding received for innovator groups,
- d. Number of Independent Events conducted (excluding the events mandated by NAIN and funded by GoK)

4.12 **Extension of Funding beyond three years:** NAIN centers which are in third year of their operation shall be evaluated for cumulative performances since award based on parameters indicated in Section 9. N-HI that excel would be further supported for another two years. Extension of funding for additional two years (making the total duration of funding not exceeding five years) will be done based on criteria listed in Section 5.9. This additional grant will also have scope for broadening the outcomes.

4.13 N-HI desirous for extended funding must apply as a consortium of adjoining colleges from within the district. The primary applicant will be N-HI must propose to serve as Hub of local innovation and the must propose a plan to develop the entrepreneurial ecosystem in the three spoke institutions whom the N-HI shall mentor to establish entrepreneurial ecosystem. Additional funding will be made available for the additional scope of work at spoke institutions.

4.14 Disputes if any, shall be resolved amicably by negotiations. The appellate authority for dispute resolution will be the Principal Secretary IT, BT and S&T, Government of Karnataka and the decision shall be final and binding. Should there be a need to approach the court of law, all such matters will be referred to the Bangalore jurisdiction only. The language of communication shall be English.

4.15 NAIN Incubation Centre Manager (N-ICM):

4.15.1 The NAIN Incubation Centre Manager must interact and promote innovation in academic setting and bring in a flair of industry to the academic campus. The innovation could be in social enterprise, technical or non-technical domain. The Manager will report to and work with Head of the Host institution and the College Coordinator on a regular basis.

Roles & Responsibilities of N-ICM include

- a) Running of the incubator program;
- b) Basic business coaching and assistance in business plan writing;
- c) Management and operations of the Incubation centre;
- d) Networking and fundraising for innovator groups ;
- e) Conduct and coordinate various NAIN and related events etc.;
- f) Monitoring of student innovative projects.

4.15.2 Duties include basic marketing of NAIN program including regular social media posts, event participation, material distribution, website updates, develop and maintain collaborations with partnering agencies and NGOs relevant to the student innovator groups, Schedule regular meeting and reviews, ensure physical and financial compliance and any other work assigned by the either the Government of the Head of Host institution.

4.15.3 **Minimum Qualification** : Technical / Professional graduate with at least 5 years of working experience in industry at managerial level.

Revised Standard Operating Procedures will be issued by the Government from time to time to evolve the program for effective implementation and desired outcomes.