GOVERNMENT OF INDIA
MINISTRY OF PLANNING

LOK SABHA

UNSTARRED QUESTION No. 3349
TO BE ANSWERED ON 18.12.2015

COMMITTEE ON INNOVATION AND ENTREPRENEURSHIP

3349. SHRIMATI P.K. SREEMATHI TEACHER:

Will the Minister of **PLANNING** be pleased to State:

(a) Whether the Expert Committee on Innovation and Entrepreneurship has submitted its report;

(b) If so, the details thereof along with major recommendations;

(c) whether the Government has received any proposal for awarding cash prize to motivate people having novelty of ideas to expedite research in preparing a market of products in the country; and

(d) If so, the details thereof and the action taken thereon?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MINISTRY OF PLANNING
AND MINISTER OF STATE FOR DEFENCE
(RAO INDERJIT SINGH)

(a) & (b): Yes Madam, the Expert Committee on Innovation and Entrepreneurship under the Chairmanship of Prof. Tarun Khanna, Director, South Asia Institute, Harvard University, USA has submitted its report in October, 2015. The Committee has made wide ranging recommendations for short term (where action can be taken relatively quickly to deliver almost immediate payoffs), Medium term (that can be addressed within a 5-7 year time frame) and Long term, which are likely to have long gestation periods, but will lead to a profound transformation in the entrepreneurial fabric of the country. A gist of the recommendations of the Expert Committee is at Annexure-I.

(c) & (d): No, Madam.

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<u>Gist of the recommendations of the Expert Committee on Innovations and Entrepreneurship</u>

The Recommendations of the Expert Committee on Innovation and Entrepreneurship, constituted by NITI Aayog under the Chairmanship of Prof. Tarun Khanna, to accelerate the entrepreneurship agenda in the country, have been categorized in to short, medium, and long-term recommendations

(A) Short Term - Providing Adequate Support to Early-Stage Ventures

1. Utilization of AIM Funds:
The AIM budget should be used entirely towards introducing competitions to solve pressing economic and social problems (12 Grand prizes/Grand Challenges annually) through the Incentivize Innovation in India (i3) programme for finding out ultra—low—cost solutions.

2. Harnessing Corporate Funds to Finance R&D by
(i) Incentivizing the Corporate to invest a part of their profits in research labs in universities and/ or industry—university collaborative research and towards corporate venture capital funds, for the purposes of investment in start—ups and/ or incubators; and (ii) Introducing a clause for directing 5% of the value of all contracts with foreign defense companies, to fund R&D in universities.

3. Improving the Efficiency of Incubators by
(i) Increasing public investment in incubators and roping in private sector funding; (ii) Creating Virtual Incubators; (iii) Keeping Incubators Up to Date; (iv) Linking Funding of Incubators with an Institutionalized Annual Ranking; (v) Introducing Specialized Sector-based Incubation Services; and (vi) Strengthening Linkage between the Corporate Sector and Incubators.

4. Utilisation of SETU Funds:

To jumpstart innovation, Rs. 500 crore from SETU funds should be used for upgrading the existing incubators in the country and the remaining Rs. 500 crore for setting up 500 Tinkering Labs across the country for introducing a "Make in Universities" program with one 3D printer per institute and trained people.

5. Fostering a National Entrepreneurship & Innovation Movement by
(i) Instituting a National Entrepreneurs' Day; (ii) Creation of National Action Brigade-on the lines of the "Teach for India" or the National Cadet Corps (NCC); (iii) Harnessing the NRI talent pool; and (iv) Introducing "faculty entrepreneurial fellowships" to encourage professors to be Stakeholders / partners of the entrepreneurial and incubation eco-systems in universities.

(B) Medium Term - Creating an Enabling Environment for Innovation

1. Embracing the Platform Mindset by

(i) Creating digital platforms, similar to Aadhaar to inspire innovation & entrepreneurship Building sector—specif1c searchable digital platforms like: Health Care records, Pensions, Insurance, and Education; and Digitization of government processes. AIM may be empowered to appoint India's Chief Information Officer to manage the Digital Platforms programme.

2. Reforming the Education System and Upskilling Workers by

adopting a multi-layered approach which include: Reorienting school curricula; Annual assessment of schools and faculty; Providing easy access to entrepreneurship education courses at secondary and tertiary levels; Focusing on technology-based solutions to education; and Opening up the market to global education providers.

3. Strengthening the Intellectual Property (IP) Rights Regime

including Setting up of Dedicated IP Courts to improve the efficiency and speed in IP judgement; Increasing the number of Patent Examiners; and Establishment of National Virtual II' Platform containing a database of all the resolved IP cases in India, as well as details of those under litigation.

4. Improving the Ease of Doing Business through

 a series of measures which include: (i) Digitization of government permits; (ii) Creation of a Central ID for enterprises; (iii) Revisiting the Companies Act to distinguish between closely held private companies, public companies, and publicly listed companies; (iv) Revisiting Section 56 of the Income Tax Act that has greatly impacted fair market valuation norms on angel investments; (v) Moving service tax back to actuals rather than accruals; (vi) Improving access to capital; (vii) Labour market reforms; (viii) Creation of an online nationwide real estate registry-Registration for all real-estate transactions should be made mandatory within 48 hours, with strict penalties for non-compliance; (ix) Creation of an AIM Entrepreneurship Index for measuring entrepreneurial activity in India; (x) Creation of a separate regulatory category for new business; and (xi) Creating an enabling environment for social enterprise by involving the corporate sector to fund social enterprise.

(C) Longer Term: Addressing the Cultural Context: To expedite cultural changes, the Expert Committee has made the following recommendations:

1. Attach Entrepreneurship to Large Scale Economic and Social Programs like: "Swacch Bharat" to encourage and promote social entrepreneurs focused on the areas of cleanliness, hygiene and civic responsibility.

2. Promote New, High-Potential Sectors via the "Make in India" Campaign – set-up incentive structures to develop a few chosen high-potential industries as part of the "Make in India" initiative.

3. Foster and encourage a Culture of Coordination and Collaboration between ministries, departments, enterprises and incubator cells across the country.

4. Re-define Success:

Innovation-centred organizations within the government system must be allowed to pursue projects and experiments that are high risk and may fail. Different measures of accountability and success must be outlined.

5. Make Entrepreneurship Part of the Social-inclusion Agenda –

Bringing in more women, dalits, rural population and the urban underprivileged into the fold of new Indian entrepreneurs and innovators.

(D) Proposed Structure of the AIM

The Expert Committee has recommended establishment of a 'Not for Profit' 'Section 8' Company for implementation of the Atal Innovation Mission with Vice Chairman, NITI Aayog as the Chairman, four independent directors from Industry, Civil Society, Academia and judiciary. In addition, there will be seven more Directors (Secretaries to GOI of various Ministries/Departments) on the Board of the Company.

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