

Indian Institute of Technology Roorkee Faculty Entrepreneurship Policy

May 21, 2018

Preamble

The Government of India had accepted the proposal of the Department of Scientific and Industrial Research (DSIR) to permit scientific staff to own equity stake in scientific enterprises/spin offs while in professional employment with their research and academic organizations. The DSIR notified the scheme approved by the Cabinet vide OM No. 3/3/2009-TU/V/Knowledge-to-equity dated May 25, 2009 which is enclosed herewith. The Board of Governors of Indian Institute of Technology Roorkee (IITR) subsequently adopted a Faculty Entrepreneurship Policy in its 27th meeting held on 10 March 2010 to promote innovations and entrepreneurship. However, it has been subsequently found that there are several ambiguities in the policy document that need clarifications to streamline the process and this revised draft policy document aims to provide a clear and crisp guidance on the issues and processes for this purpose. The document draws from practices adopted by the Council of Scientific and Industrial Research (CSIR) and the Department of Biotechnology, Government of India in addition to the IITR practices. This policy may be reviewed again after two years.

Encouraging Development and Commercialization of Inventions and Innovations

The DSIR memo notifies a Government of India scheme on “Encouraging development and commercialization of inventions and innovations: A new impetus”. The key components of the approved scheme are:

1. Permitting the researchers to have equity stake in scientific enterprises/spin offs while in professional employment with their research and academic organizations (Universities, academic and research institutions, herein referred to as Scientific Establishments);
2. Permitting the Scientific Establishment to invest knowledge-base as equity in the enterprises;
3. Encouraging the Scientific Establishment to set up incubation centres; and
4. Facilitating the mobility of researches between industry and Scientific Establishment.

On the basis of the guidelines suggested in the DSIR notification, the following set of rules and regulations for implementation at IIT Roorkee are being proposed.

1 Title

These rules and regulations may collectively be referred to as the *Faculty Entrepreneurship Policy of IIT Roorkee*.

2 Definitions

1. *Government* means the Central Government of India;
2. *Entity* means a legal person constituted under Indian Laws primarily to commercialize knowledge-base;
3. *Scientific Enterprise* means a special case of new Entity that leverages scientific research, inventions and innovations and transform them into commercialization technologies / products;
4. *Institute* means the Indian Institute of Technology Roorkee.
5. *Faculty* means scientific / academic staff of the institute.
6. *Knowledge-base* means all inventions / innovations (whether eligible for patent or not) invention / innovation disclosures, trade secrets, know-how, proprietary information, technical data, documentation, data collections, databases, concepts, processes, software, designs drawings, materials, support services and the like, whether or not the foregoing are in tangible or intangible form.

3 Operating Rules and Regulations

Technological growth in a society depends primarily on the translational research to take ideas from laboratory to marketable form. To accelerate this process, the institute encourages creation of Scientific Enterprises in the campus and incubate such ventures in the Technology Innovation & Development of Entrepreneurship Support (TIDES). Such measures are expected to ensure continued involvement of the researcher in translating the inventions or innovations to marketable knowledge. With a view to permitting and enabling the researchers to get involved with such science and engineering driven Scientific Enterprises, the Government of India has permitted researchers to have an equity stake in Scientific Enterprises while in professional employment with the institute.

3.1 Eligibility

The scheme shall be applicable to all *Faculty* of the institute.

3.2 Procedure

1. The Associate Dean Innovation and Incubation (ADII) shall be the nodal person for handling requests from *Faculty* seeking permission under the provision;
2. Any *Faculty* desiring permission shall apply to the Director, IIT Roorkee—through ADII—in the prescribed form (Appendix A) seeking permission to have a stake in a Scientific Enterprise and to be associated with the Entity as non-executive Director, in accordance with the procedures;
3. In the event of more than one *Faculty* collectively investing in the Entity, each one of them will have to seek the permission to have a stake in the Entity and to be associated with the Entity as non-executive Director;
4. The Director, IIT Roorkee shall be the competent authority to approve (or, turn down) applications received from scientific/academic staff in this regard.
5. For implementing the provision for having equity in a Scientific Enterprise and to be associated with a Scientific Enterprise as non-executive Director, the Government has approved exemption in CCS (Conduct) Rules such as 15 (relating to private trade and employment), 16 (relating to investments, lending and borrowing), 18 (relating to movable, immovable property) and FR-11 and other related rules. However, only those of the *Faculty* will be exempted from these exemptions from CCS (Conduct) Rules, who are permitted to have equity stake in Scientific Enterprise by the competent authority.
6. The approval must also specifically mention instructions to avoid anticipated conflict of interest (as indicated in section 5 of Appendix A) in the form of dos and don'ts.

3.3 Responsibilities and Liabilities of Scientific/Academic Staff

1. The primary responsibility of the scientific/academic staff is to the institute and (s)he shall be bound by any instruction, general or specific that the institute may issue from time to time.
2. The scientific/academic staff making application under the scheme shall bring the potential conflict of interest issues to the knowledge of the Director, IIT Roorkee (or, ADII) and shall be governed by the instructions issued by the Director. The guidelines on issues relating to conflict of interest will form the basis for this purpose.
3. Notwithstanding any permission granted, no member of the scientific/academic staff shall directly or indirectly:
 - (a) associate himself/herself with any process to license knowledge-base to the Scientific Enterprises;
 - (b) associate himself/herself with any process for the purchase or hiring of any goods and services from the Scientific Enterprises; and
 - (c) associate himself/herself with the evaluation of any goods or services that compete with the goods or services of the Scientific Enterprises.

4. The scientific/academic staff may provide professional advice to the Scientific Enterprises in accordance with the IIT Roorkee Sponsored Research and Industrial Consultancy (SRIC) norms.
5. If the scientific/academic staff desires to be associated with the Scientific Enterprise in the initial stage on a full time basis, (s)he shall be on a lien for a maximum period of three years, or take sabbatical/extra-ordinary leave from the institute as may be due.

3.4 Responsibilities and Liabilities of Scientific Enterprise

1. The Scientific Enterprise shall enter into an agreement with the institute (represented by Dean SRIC) for terms of engagements including royalty. Royalty shall be payable to the institute on account of the contribution of the *Faculty* of the institute at the rate of $x\%$ of ten percent of the gross annual revenue for a period of ten years from the date of registration, where x is the percent equity holding of the *Faculty* in the Scientific Enterprise.
2. The Scientific Enterprise should not be construed as an agent or representative or part of IIT Roorkee. The Scientific Enterprise shall be solely responsible for the activities undertaken by it or for any liabilities that may arise from its activities.
3. The Scientific Enterprise can utilize the resources of the institute on the payment of prescribed usage fees.
4. Subject to the existing rights or licenses, the Scientific Enterprise shall have the option to obtain the license of knowledge-base from IIT Roorkee by paying royalty (upfront or staggered with milestones or a combination of both).
5. The Scientific Enterprise shall continue to be liable to the institute for payment of royalty as per agreement (at least at the minimum rate of 1.0% of gross annual revenue) even if the concerned *Faculty* offloads his/her stake in the Entity.

3.5 Responsibilities and Liabilities of IIT Roorkee

1. The institute may take equity stake in the Scientific Enterprise in lieu of royalty/premia or its combination, as per agreement. In case, institute decides to divest the equity, it will be first offered to the promoters of the Scientific Enterprise.
2. Inventor will have the first right of refusal of exploiting the knowledge-base to create Scientific Enterprise. However, the institute shall license knowledge-base to the Scientific Enterprise on terms that are no worse than the terms on which the institute would have licensed the knowledge-base to another entity on arms length basis.
3. The institute shall reserve the right to take an independent decision as it deems appropriate, in the event of the Entity merging with another Entity or acquiring another Entity.
4. The institute can offer its equity to be placed under the Initial Public Offering (IPO), in the event the Entity decides to go public with an IPO offer.

3.6 Resolution of Disputes

Any dispute arising out of the agreement shall be referred to an arbitral tribunal comprising of three arbitrators; one arbitrator to be appointed by each party to the dispute and two arbitrators in turn shall appoint a third arbitrator. The three arbitrators shall constitute the arbitral tribunal. The decision of the arbitral tribunal shall be final and binding on the parties. The venue of the arbitration shall be Roorkee. The arbitration proceedings shall take place in accordance with the Indian Arbitration and Conciliation Act 1996, or any subsequent amendment thereof. The cost of arbitration proceedings shall be equally shared by both the parties. The language of arbitration proceedings shall be English.

A Application for seeking approval of the institute for investing in the equity stake of a Scientific Enterprise/spin off

A.1 Details of the *Faculty*

1. Name:
2. Designation:
3. Department/Centre:
4. Address for communication including telephone and IITR e-mail:
5. Residential address including telephone and e-mail:

A.2 Details of the Entity

1. Registered name of the Entity:
2. Registration number and other details:
3. Registered address of the Entity with telephone and e-mail:
4. If the entity is operating from location other than the registered office, place give details of the location and complete address including telephone and e-mail:
5. Profile of the Entity including broad outlines of the activities:
6. Business plan of the Entity:
7. Give brief details of knowledge-base and where it is acquired (enclose a proof of acquisition):
8. Give details of the promoters including address with telephone and e-mail, brief background and their personal equity stake in the Entity:
9. Give details of the Board of Directors including address with telephone and e-mail, brief background and their personal equity stake, if any, in the Entity:
10. Give details of the present functioning of the Entity including the name and contact details of the Chief Operating Officer / Managing Director, etc. In the event the Entity is yet to be established, give proposed functioning of the Entity and the role of the scientific/academic staff who is seeking to take an equity stake in the Entity:

A.3 Details of Equity Stake Proposed to be Acquired by the Scientific/Academic Staff

1. Face value of each equity:
2. Number of equity shares to be acquired:
3. Total value of the stake (in INR):
4. How it is proposed to finance:
5. In case the acquisition is in a phased manner, please indicate the phases and approximate number of shares in each phase:
6. Do the family members (spouse/children) of the scientific/academic staff hold or propose to hold equity in the same Entity, please give details:

A.4 Other Permissible Provisions

1. Does the scientific/academic staff intend to take lien?
2. If yes, state the period and date from which the scientific/academic staff intend to take lien:
3. Does the scientific/academic staff wish to be associated with the Entity as non-executive director on the Board of Directors (BoD)?
4. If yes, specify the role of scientific/academic staff as Director on BoD:
5. Does the scientific/academic staff propose to offer consultancy to the Entity?
6. If yes, give the approximate consultancy man days per year:

A.5 Conflict of Interest Disclosure

The conflict of interest arises due to dual responsibility of a scientific/academic staff, who invests in an Entity, has to take on one hand as scientific/academic staff of the institute and on the other as an investor in the Entity. A conflict of interest may prejudice a scientific/academic staff's ability to perform his/her duties and responsibilities objectively. This is particularly important if there are IIT Roorkee resources in their control which are also sought by the Scientific Enterprise with which they are involved. A similar situation arises if they are developing Intellectual Property (IP) in a research activity / project in IIT Roorkee that is closely related to the IP they may be developing when on lien/leave and working in the Scientific Enterprise. Another situation arises when the relative shareholding of the IIT Roorkee scientific/academic staff is sought to be changed by infusion of fresh capital in the Scientific Enterprise by the IIT Roorkee staff. While such a move could be a bona-fide move on the part of the IIT Roorkee staff to support the Scientific Enterprise, it could potentially have a mala-fide motive of changing the relative shareholding pattern prior to some anticipated upward evaluation and infusion of investment by other parties. Yet another potential conflict of interest arises when shares

are allotted by the Scientific Enterprise to a close relative (spouse, children, parents) of the scientific/academic staff of IIT Roorkee who is involved with the Scientific Enterprise.

Every person who seeks approval to invest in a Scientific Enterprise shall have to identify such issues which are likely to become conflict of interest and project these up front for the IIT Roorkee administration to assess and suggest possible remedial measures to be followed by the scientific/academic staff.

1. Please state the possible/anticipated conflicts of interest:

(While the approval is in force, if any other conflict of interests are envisaged these may also be brought to the notice of the ADII.

A.6 Approvals are being sought for

1. to take equity stake in the Entity: number of equity shares (% of the equity authorized share capital)
2. to take lien for a period of years beginning (dd/mm/yyyy)
3. to associate with the Entity as non-executive Director

A.7 Undertaking

I resolve to undertake that:

My primary responsibility is towards Indian Institute of Technology Roorkee and I shall abide by the extant instructions of the institute.

I am personally responsible for the activities of the Entity and the liabilities arising out of it.

I shall not involve the Indian Institute of Technology Roorkee name, without its express permission, in the matters pertaining to the Entity.

Notwithstanding any permission granted to me, I shall not directly or indirectly associate myself:

1. with any process to license knowledge-base to the Scientific Enterprise;
2. with any process for the purchase or hiring of any goods and services from the Scientific Enterprise; and
3. with the evaluation of any goods and services that compete with the goods or services of the Scientific Enterprise.

Signature

Name of the scientific/academic staff

Witnesses (Name and signatures with complete address)

1.
2.



भारत सरकार

विज्ञान और प्रौद्योगिकी मंत्रालय

वैज्ञानिक और औद्योगिक अनुसंधान विभाग

टेक्नोलॉजी भवन, नया महरौली मार्ग,

नई दिल्ली - 110 016

GOVERNMENT OF INDIA

MINISTRY OF SCIENCE AND TECHNOLOGY

DEPARTMENT OF SCIENTIFIC AND INDUSTRIAL RESEARCH

TECHNOLOGY BHAVAN, NEW MEHRAULI ROAD,

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File No. 3/3/2009-TU/V/Knowledge-to-equity

Date: May 25, 2009

OFFICE MEMORANDUM

Subject: Encouraging Development and Commercialization of Inventions and Innovations: A new impetus.

1. The Government of India has approved the proposal of DSIR on **Encouraging Development and Commercialization of Inventions and Innovations: A new impetus**. The key components of the proposal approved for implementation are:

- i. Permitting the researchers to have an equity stake in scientific enterprises / spin offs while in professional employment with their research and academic organizations (universities, academic and research institutions, herein after referred to as Scientific Establishment);
- ii. Permitting the Scientific Establishment to invest knowledgebase as equity in the enterprises;
- iii. Encouraging the Scientific Establishment to set up incubation centers; and
- iv. Facilitating mobility of researchers between industry and scientific establishment.

2. A brief write up on the components is given at Annexure-1.

3. Who can implement the scheme: Scientific Establishments such as Council of Scientific & Industrial Research (CSIR), Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Central and State Universities and affiliated colleges, Indian Institutes of Technology (IITs), National Institutes of Technology (NITs), Indian Institutes of Information Technology (IIITs), Indian Institute of Science (IISc), Indian Institutes of Science Education & Research (IISERs), National Institute of Science Education & Research (NISER), and the scientists engaged in Department of Science & Technology (DST), Department of Bio-technology (DBT), Department of Scientific & Industrial Research (DSIR), Ministry of Earth Sciences, Ministry of Communications and Information Technology, Department of Pharmaceuticals-Ministry of Chemicals & Fertilizers and Department of Health Research-Ministry of Health and Family Welfare as well as the autonomous institutions under them.

4. The Annexures 2 to 5 define the broad guidelines for implementing the scheme. These are: Annexure-2-Broad principles guiding Scientific Entrepreneurship Scheme; Annexure-3-Broad principles guiding Knowledge for Equity Scheme; Annexure-4-Broad principles guiding the initiative on Setting up of Technology Incubation Centers; and Annexure-5-Broad principles guiding Mobility of researchers among research institutions, academic institutions, universities and industries. Based on these guidelines, the substantive rules and regulations shall be evolved, following the due consultative process, by the respective Scientific Establishment. The Scientific Establishment after seeking the concurrence of their administrative ministry shall seek the approval of its Governing Council/Body for implementing the schemes in their respective establishments.

5. For implementing the provision at para 1(i) by Scientific Establishment that is following CCS (Conduct) Rules, the Government has approved exemption in CCS (Conduct) Rules such as 15 (relating to private trade and employment), 16 (relating to investments, lending and borrowing), 18 (relating to movable/immovable property) and FR-11 and other related rules. However, only those scientists will be exempted from CCS (Conduct) Rules, who are permitted to have equity stake in companies by the Competent Authority. Remaining scientists of the Scientific Establishment will continue to be governed by the CCS (Conduct) Rules. If the Scientific Establishment is following its own conduct rules, then it has to provide exemption to the relevant rules to enable scientists permitted by the Competent Authority to avail the provision.

6. The Committee of Secretaries chaired by Cabinet Secretary with Secretaries of DSIR, DBT, DST, Department of Higher Education and DARE as members, is empowered to add any additional Scientific Establishment for implementing the provisions of the scheme. DSIR will act as the nodal department for seeking such approvals as well as notification of the same.

7. This OM is issued for implementation of the scheme.



(R.R. ABHYANKAR)
Scientist 'G'

- (1) All Secretaries to Govt. of India
- (2) All Chief Secretaries of all States and Union Territories
- (3) Directors of all IITs, NITs, IISc, IISERs, NISERs, NIPERs,
- (4) Chairman, University Grant Commission
- (5) Chairman, AICTE
- (6) Vice-Chancellors of all Central and State Universities

Salient features of the Scheme

1.0 SCIENTIFIC ENTREPRENEURSHIP SCHEME

- 1.1 Many developed nations world over encourage and enable their researchers from publicly funded research organizations such as universities, academic and other research institutions to set up commercial entities while in professional employment with the organizations. This measure not only ensures the continued involvement of the researcher in translating the inventions or innovations to commercializable knowledge but also unleashes the entrepreneurial skills of researchers and thereby contributing to the economic development of the nation. Creation of scientist-based companies is the key indicator of the effectiveness of a national innovation system.
- 1.2 Scientific enterprises (ventures that leverage scientific research, know-how, inventions, innovations and expertise) are a special class of new ventures that have peculiar needs and resource requirements. Strong domain expertise, contemporary skills and access to specialized manpower, facilities and know-how are often essential for nucleating new scientific enterprises. Given these requirements, it is no surprise that such enterprises are often founded on the campuses of research institutes and universities with the active involvement of the staff of these institutions. Universities and Research Institutes in many countries and regions have thus become drivers of local economy. For example, in the bay area, University of California seems to be the key driver of the local economy.
- 1.3 The potential of this approach in transforming regional economies by creation of new companies is best exemplified by the start-up companies that have emerged from MIT (Boston, USA), Stanford (Silicon Valley, USA) and the University of Cambridge (UK). It is also well established that research staff of leading research institutes and universities have been instrumental in founding many new path-breaking knowledge-based enterprises. An inevitable conclusion of the global analysis is that we must permit and enable our researchers to set up science driven enterprises, with continued active research in the laboratories/universities and while being in the employment with their respective organizations.
- 1.4 Thus promoting science and engineering based enterprises and entrepreneurship is the future challenge for Indian R&D institutes and universities as the way to create continued impact on society and the economy. This measure will encourage not only creation of new businesses / spin off companies but also employment opportunities for highly skilled technical and scientific personnel. This would further enable our researchers to create practical solutions meeting social challenges, and to create and sustain a globally competitive industry for decades to come.

- 1.5 Based on a proposal of DSIR/CSIR, Government has approved to permit the researchers (scientists, engineers, professors) working in Scientific Establishments to have an equity stake in scientific enterprises / spin offs while in professional employment with their organizations. Such an equity stake can be taken at any stage of the entity through investment of their personal money.

2.0 KNOWLEDGE TO EQUITY SCHEME

- 2.1 Governments all over the world endeavor to find newer means to support the start up companies bubbling with new ideas, having innovative capacity, possessing considerable intellectual portfolios and are ready to seek new frontiers in the realm of technology and business. Studies indicate in the developed countries that the inventive capacity of start-up companies or early stage companies are significantly higher than the bigger companies. Further their risk taking capacity is also equally higher, which results in new and cutting edge technologies. Here the support of Government on one hand and Scientific Establishment on the other are essential to keep the high confidence levels of techno-entrepreneurs.
- 2.2 Launching a new product or setting a knowledge-based new Entity requires investment on many fronts particularly for capital-intensive infrastructure, manpower, technology costs, working capital etc. Thus, the requirement of heavy investment discourages many aspiring techno-entrepreneurs and companies to launch new projects/products. Governments try to support entrepreneurs in different ways to ease the burden of initial investment including offer of knowledgebase in exchange for equity.
- 2.3 Although the offer of technology/knowledge for equity by the Scientific Establishment is small when compared to overall investment in the Entity, it enhances the confidence among the entrepreneurs, as the Scientific Establishment is behind them for further development of the, technology/knowledge. Often such confidence boosting measures attract investors to invest in such ventures. Thus, the spin off benefits of such a small measure could at times be immense. Further, the offer of equity in lieu of knowledgebase besides playing a catalytic role for industrial growth in the country would provide more financial returns to Scientific Establishment compared to that obtained from premia and royalty.
- 2.4 Thus, one of the initiative that would be necessary to put in place is to permit Scientific Establishments and Scientific and Industrial Research Organizations (SIROs) recognized by Department of Scientific and Industrial Research (DSIR) to invest Knowledgebase (as defined in Annexure-2) as well as cost of support services as equity in private sector companies.

3.0 SETTING UP OF TECHNOLOGY INCUBATION CENTERS

3.1 Nurturing early stage innovations and developing them to technologies and products is the key to success. Early stage scientific enterprises are special class of ventures that have peculiar needs and resource requirements. Thus, proximity and ready access to strong domain expertise, business skills, centralized modern infrastructure, problem solving capabilities and knowledge base shall go a long way in nucleating the scientific enterprises. The concept of 'incubation centres' has served well in moving innovations to marketplace in advanced countries. Further, making a success of business from early stage innovations is associated with considerable risks, requires large investment of risk capital and significant effort by the entrepreneur. This measure would contain the initial capital investments in converting the innovations into commercializable knowledge.

3.2 Institutions like CSIR, IISc and IITs have devised mechanisms to open incubation centers on their campuses to nurture start up companies. Partial funding is provided by National Science and Technology Entrepreneurship Development Board (NSTEDB) under Department of Science & Technology for setting up such technology incubation centres. However these technology incubation centres need to be established in large numbers, in and around other Scientific Establishments and Scientific and Industrial Research Organizations (SIROs) as also private institutions in order to nurture start up companies. Such technology incubation centres shall compliment and help the researchers who wish to utilize the scientific entrepreneurship scheme as mentioned earlier.

3.3 Thus one of the initiatives that would be necessary to put in place is to allow Scientific Establishments to set up Technology Incubation Centers in their campuses. The proposed technology incubation centers would be a multipurpose facility. On one hand, it would aim to provide high quality infrastructure and ecosystem to entrepreneurs while on the other, it would help to nurture start up companies and encourage early stage innovation through appropriate handholding mechanisms. It will work towards commercialization of technologies/products and shall provide a breeding ground for start up companies and technopreneurs.

4.0 MOBILITY OF RESEARCHERS AMONG RESEARCH INSTITUTIONS, ACADEMIC INSTITUTIONS, UNIVERSITIES AND INDUSTRY

4.1 For setting up of scientific enterprises, Scientific Establishments need to inculcate entrepreneurship skills in its scientists. One of the most effective mechanisms for developing entrepreneurship skills in scientists working in Scientific Establishments is prior exposure to industry environment. This exposure can be brought about in two ways; by allowing scientists of Scientific Establishments to work in industry for certain duration, and/or by

accepting scientists from private industry to work in Scientific Establishments. The movement of scientists from one Scientific Establishment to other and to industry and vice versa is termed as mobility of researchers. Thus, the mobility of scientists/ technologists/ engineers among Scientific Establishments is an essential component of seamless transfer of knowledge and technologies, besides imparting newer skills as well as for fostering long lasting relationships. The mobility could be used for leveraging knowledge, commercialization and/or further development of knowledgebase jointly and for developing / learning together newer specialized skills. This type of interaction would enhance the technical knowledgebase of the industry.

4.2 In order to build newer skills, competencies and capabilities in scientists, a new initiative is proposed to conscientiously promote and encourage seamless mobility of scientists / technologists / engineers among Scientific Establishments.

4.3 The mobility will build newer skills, capabilities and competencies in the scientists of Scientific Establishment by providing them exposure to industry and to other organizations. This will help in seamless transfer of knowledge from one organization to other and from industry to Scientific Establishment. Mobility from industry will give them first hand account of research and development being pursued in Scientific Establishments. Thus the proposed scheme will bring amalgamation of ideas and skills across the entire spectrum of R&D in the country. Further, there is shortage of competent manpower to manage new institutions being established by the Government. The mobility scheme will ease this problem temporarily and provide time to new Scientific Establishments to recruit competent people. The mobility will be for research, teaching, R&D activities including further development of innovation and inventions as well as associated functions such as technology dissemination and diffusion, business development, knowledge management, technology and IP management, quality assurance, informatics, information technology etc. and also for the technology driven production, quality control and marketing at any relevant organization in India.

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Broad principles guiding Scientific Entrepreneurship Scheme

1. Short Title:

These guidelines may be called the **"Scientific Establishment special provisions 2008"**.

2. Definitions:

2.1 In these guidelines, unless the context otherwise requires –

- (a) "Government" means the Central Government;
- (b) "Entity" means a legal person constituted primarily to commercialize Knowledgebase;
- (c) "Scientific Enterprise" means a special class of new Entity that leverages scientific research, inventions and innovations and transform into commercializable technologies/products.
- (d) "Scientific Establishment" means the bodies such as CSIR, ICAR, ICMR, Central and State Universities and affiliated colleges, IITs, NITs, IIITs, IISc, IISERs, NISER, and DST, DBT, DSIR, Ministry of Earth Sciences, Ministry of Information Technology, Ministry of Chemical & Fertilizers and Ministry of Health as well as the autonomous institutions under them. The Government may add to, delete from, amend or modify this list;
- (e) "Scientists" means such categories of staff as notified by the Scientific Establishment from time to time and shall include scientists and engineers in the case of department and offices of the Government and the autonomous organizations and academic staff in the case of Academic institutions / Universities;
- (f) "Knowledgebase" means all inventions / innovations (whether patentable or not) invention / innovation disclosures, trade secrets, know-how, proprietary information, technical data, documentation, data collections, databases, concepts, processes, software, designs drawings, materials, support services and the like, whether or not the foregoing are in tangible or intangible form.

3. Procedure:

- (a) Every Scientific Establishment, within a reasonable period of the date of the notification of these schemes, shall establish procedures for handling requests from Scientists for permission to have a stake in an Entity and to be associated with the Entity as non-executive director;

- (b) Any Scientist who desiring permission shall apply to the Scientific Establishment in prescribed format; and
- (c) The Scientific Establishment shall examine each application for permission in accordance with procedures established by it and after giving the Scientist opportunity for personal hearing if necessary, either:
 - refuse permission; or
 - accord permission subject to such terms and conditions as appropriate.

4. Operative provisions:

- (a) The scheme shall be applicable to Scientists / Engineers and Academic staff such as Lecturers, Assistant Professors, Associate Professors, Professors, etc.;
- (b) Notwithstanding anything contrary contained in any other rule, order or notification but subject to the provisions of this Scheme, Scientific Establishment shall permit a Scientist to have an equity stake in Scientific Enterprise;
- (c) The Entity should not be construed an agent or representative or part of the Scientific Establishment. The Entity is solely responsible for the activities undertaken by the Entity or for any liabilities that may arise from the activities of the Entity;
- (d) The primary responsibility of the Scientist is to the Scientific Establishment and will be bound by any instructions, general or specific, that the Scientific Establishment may issue from time to time.
- (e) The Scientists shall bring potential conflict of interest issues to the knowledge of the Scientific Establishment and be guided by the instructions that the Scientific Establishment may issue. Each Scientific Establishment may issue guidelines for management of conflict of interest, relevant to such Scientific Establishment if necessary;
- (f) The Entity can utilize the resources of the Scientific Establishment (the term 'resources' shall be construed widely and include, without limitation, laboratories, equipments, personnel and space of the Scientific Establishment) with prior approval in writing and on such terms and conditions as the Scientific Establishment may prescribe;

- (g) Subject to the existing rights or licenses, the Entity shall have the option to license Knowledgebase from the Scientific Establishment by paying royalty (upfront or staggered with milestones or a combination of both). The Scientific Establishment in its discretion may take equity stake in the Entity in lieu of royalty. In such case the Scientific Establishment decides to disinvest the equity, it will be first offered to the promoters of the Entity;
- (h) Scientific Establishment shall license Knowledgebase to the Entity on terms that are no worse than the terms on which the Scientific Establishment would have licensed the Knowledgebase to another person on arms length basis;
- (i) The Entity shall continue to be liable to the Scientific Establishment for payment of royalty even if the Scientist disinvests his/her stake in the Entity;
- (j) Notwithstanding any permission granted to a Scientist, no scientist shall directly or indirectly
 - (i) associate himself/ herself with any process to license knowledge base to the Entity;
 - (ii) associate himself/ herself with any process for the purchase or hiring of any goods and services from the Entity;
 - (iii) associate himself/ herself with the evaluation of any goods or services that compete with the goods or services of the Entity;
- (k) The scientist could provide professional advice to the Entity, on such terms and conditions as the Scientific Establishment may prescribe;
- (l) If the scientist desires to be associated with the company in the initial stage, he/she has to take lien from the Scientific Establishment. Such lien can be taken for a maximum period of 3 years.
- (m) The competent authority to approve the individual proposal will be Head of Scientific Establishment or any officer nominated by him/her.

5. Disputes:

All disputes between the Scientist and the Scientific Establishment relating to the permission granted under these Rules shall be settled by arbitration in accordance with the procedural and substantive law of India. The place of arbitration shall, in the discretion of the Scientific Establishment, be the Headquarters of the Scientific Establishment or the location of the laboratory where the Knowledgebase was developed or the location where the Scientist was employed when permission as hereinbefore was granted. The language of arbitration shall be English.

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Annexure – 3

Broad principles guiding Knowledge for Equity Scheme

1. Equity Investment would be permitted / made by Scientific Establishments listed at para-3 of OM;
2. Equity investment shall be made in lieu of royalty (upfront or staggered with milestones or a combination of both) resulting or expected from Knowledgebase as defined in Annexure-2 through a valid licensing agreement only. Such Scientific Establishments could also invest the cost of support services as equity;
3. Scientific Establishments shall not take the management of such joint ventures in hand. Management of such companies shall vest in the promoters or next majority stakeholder;
4. Scientific Establishments shall be allowed to nominate its representative on the Board of Directors of the company;
5. The dividend received from such companies as well as divestiture of equity shall be distributable with the innovators and staff as per the extant rules of the Scientific Establishment;
6. Dividend received from the income of such companies as well as the amount received due to divestiture of equity shall be ploughed back by Scientific Establishments in furthering its research objectives;
7. Scientific Establishments at an appropriate opportunity, on their discretion, shall be allowed to divest their equity as per the financial norms and they shall be allowed to utilize the services of financial institutions for managing the portfolio.
8. As the whole objective of this scheme is to help private company to commercialize Knowledgebase developed at Scientific Establishments, the spirit of camaraderie should reflect in divestiture of equity also. Thus, the company shall be given the first right to buy back the equity, without compromising on financial returns; and
9. Powers to approve investment of Knowledgebase as well as cost of support services as equity in private sector companies shall vest with the competent authority of the Scientific Establishment.

Based on the above broad guidelines, the Scientific Establishments shall evolve Rules & Regulations to implement the Scheme.

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Broad principles guiding the initiative on Setting up of Technology Incubation Centers

1. The Technology Incubation Center will function as an independent entity under Section 25 company mode or a society and will be professionally managed;
2. The Incubation Center would endeavor to be a self-sustaining entity within a reasonable period of its commencement;
3. In case the research organization has spare built up area, the same could be utilized for setting up of the incubation center. Other necessary facilities could be set up through grants-in-aid support from government or other agencies. Wherever, spare built up space is not available, the same may permitted to be constructed within the budgetary provisions of the Scientific Establishment;
4. All the support services that are provided by the institute/university to incubation center will be separately costed and recovered from the incubation center on a regular basis;
5. Head of the Scientific Establishment / an eminent scientist nominated by the Head of the Scientific Establishment shall act as Chairman of the Board of Directors of the Section 25 company or society specifically set up to operationalize the incubation center. He/She will have the over all authority for running the incubation center (of the concerned Scientific Establishment). The Board of Directors and Managing Director or CEO shall assist the Chairman in the management of the incubation center. The company shall have the powers, among others, to select the applicants based on a rigorous assessment of the applications received;
6. The Board of Directors would meet at least once in six months to discuss and take decisions for smooth running of incubation centre;
7. The incubation centre can identify a suitable person from the Scientific Establishment or hire the services of a professional as Managing Director or CEO (at competitive market prices) to manage the incubation centre. He/She would be responsible for the day-to-day operations and assist the Chairman for smooth running of the company;
8. Each such incubation centre shall endeavor to tie-up with venture capital funds to facilitate financing of the companies in the incubation centre; and
9. The performance of the incubation centre shall be reviewed form time to time through an external committee and a decision on their continuance or otherwise, would be taken.

Based on the above broad guidelines, the Scientific Establishment shall evolve Rules & Regulations to implement the Scheme.

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Annexure – 5

Broad principles guiding Mobility of researchers among research institutions, academic institutions, universities and industry

1. The mobility of researchers may be permitted between academia, research institutes and industry including approved Scientific and Industrial Research Organizations (SIROs). The objective of such mobility must clearly be defined;
2. Mobility shall be permitted only within the country;
3. The mobility under the scheme will be admissible to researchers working in Scientific Establishments listed at para-3 / industry / SIROs, as recognized by DSIR, and notified who have rendered at least three years of service;
4. The mobility will be for research, teaching, R&D activities including further development of innovation and inventions as well as associated functions such as technology dissemination and diffusion, business development, knowledge management, technology and IP management, quality assurance, informatics, information technology etc. and also for the technology driven production, quality control and marketing at any relevant organization in India;
5. Around 10-20% of researchers/faculty of any Scientific Establishment may be permitted to avail the scheme at any given moment of time. The host institute may be permitted to engage temporary staff during the period for sustaining the activities;
6. Each faculty member/researcher may spend up to 10-15% of his/her service period on mobility. This could be in small periods, but a minimum period of 2 months and a maximum period of two years at a stretch may be permitted;
7. The researcher/faculty shall receive his/her salary from the parent organization, whereas the accepting organization shall provide dislocation allowance of a minimum of 20% of his basic salary in addition to TA/DA. In case of mobility to industry/SIROs, the person concerned will be allowed to retain allowances offered by industry without any restrictions;
8. Family members retained at his/her headquarters shall be extended with medical and other facilities as applicable to other researchers;
9. During the period of mobility, the person concerned will be allowed to retain the accommodation on the same terms and conditions as are applicable to other researchers;
10. For all purposes, the mobility period under the scheme will be treated not only as a period on duty but also be counted for all future benefits and assessments. However the rigour of evaluation for professional advancement shall not be diluted;

11. Accepting organization shall provide all logistic support to the researchers;
12. The researchers on mobility and the faculty of accepting institutions shall be encouraged to write joint project proposals and jointly guide the research students;
13. The person being considered under the Mobility scheme must have at least 2 years of residual service after completion of Mobility period under the scheme; and
14. In case of mobility from industry to Scientific Establishments, the researchers concerned shall be paid competitive and consolidated salary by Scientific Establishment. Consolidated salary will be decided by the organization on the basis of its location, experience of the incumbent and area of the proposed work. The organization could provide accommodation and charge for the same as per rules. Further, the incumbents shall also be allowed to retain any payment on account of salary etc. from their parent organisation.

Based on the above broad guidelines, the Scientific Establishment shall evolve Rules Regulations to implement the Scheme.

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