NATIONAL INITIATIVE ON DEVELOPING AND HARNESSING INNOVATIONS

(NIDHI)

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GUIDELINES
AND
PROFORMA FOR SUBMISSION OF PROPOSALS

सत्यमेव जयते

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Ministry of Science & Technology
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National Initiative for Developing and Harnessing Innovations (NIDHI)

Background

The Indian startup ecosystem has seen a lot of activity in terms of growth of number of startups that emerged and also in terms of deals for funding that got closed and amount that were funded. In the first quarter of 2015, Indian startups raised $1.7 billion from investors. On an average, at least two startup funding per day between January and February 2015 happened.

In the year 2015 in Q1, startups in India had raised close to $450 million, a 300% growth in the amount raised. There were 300 deals in the entire year in 2014 – half of that many deals were made in Q1-2015. 147 deals between January to March 2015, declared investments totaled at $ 1.7 billion. In the similar time frame, the UK startup scene saw $ 682 million investment and the U.S. startups have raised about $9.7 billion in Q1 2015.

All this data shows a robust ecosystem of Startup culture that is coming up with technology driven payments and consumer web sectors having cornered more than half of the entire funding amount; mobile, eCommerce and SaaS (Software and Services) companies and others accounted for the other half. Investor money seems to be chasing established e-commerce players but newer e-commerce entrants aren't getting funded as much.

Against this bright background, however, the challenge that the young student innovators face is to raise the initial funding for his startup. Having reached the stage where he has done the technology demonstration and has a working prototype, the innovator is now looking for preparing his business plan, product validation and launch of startup.

Product development and validation is his major challenge at this stage. Startup launch, product development and validation requires some investment part of the young innovator. The initial funds needed at this time usually comes friends, family, Angel investors and HNI who would invest in a early stage startup.

However, when technology is untested and market is unsure making returns uncertain, the risk of investment is too high for conventional investors including the Venture Capitalists to pitch in.

The funds required at this pre-incubation stage is not a very large fund by volume but it does certainly gives the startup and the young innovator a breather in this competitive space.

Objective

1. To take forward student innovations in IEDC / NewGen IEDC programme to commercialization stage,
2. To promote student startups,
3. To accelerate the journey of idea to prototype by providing initial funding assistance.

The Programme

The programme NIDHI would help the startups with initial / ignition funding and hence would be called Startup-NIDHI. Startup-NIDHI aims to support 20 student startups in each year financially. The startups essentially have to be student ups and should be a student start-up of IEDC / NewGen IEDC. Startup-NIDHI would financially support each of the selected startups with Rs 10.00 lakhs which will be given as ignition grant/award.

Essential Features

1. Only Students Startups will be supported; A student cannot be the part of multiple teams and his entire focus should be to one startup;
2. Startups have to be from NewGen IEDCs / IEDCs or Host Institution where IEDCs / NewGen IEDCs has been sanctioned by the Department of Science & Technology;
3. A maximum of 20 student startups would be supported in year;
4. Startups selection would be through a national level competition;

Activities under Startup-NIDHI

Startup-NIDHI would undertake the following activities –

1. Organize a National Level Competition to shortlist student start-up amongst NewGen IEDCs;
2. Shortlist 20 best innovative startup ideas with commercial viability;
3. Fund each startup maximum upto Rs 10.00 lakhs;
4. Monitor and review their progress;

Eligibility

Eligibility for funds disbursal –

1. Any project supported by IEDC / NewGen IEDC in the last five years (IEDC registered from 2010-11 onwards);
2. Current student projects in an IEDC / NewGen IEDC,
3. The projects have to be nominated by IEDC / NewGen IEDC;
4. The start up should own the IP fully; the host institution should have transferred or have forgone their rights on the IP;
5. No student would be a part of more than one team

Mechanism

A National Level Competition would be announced amongst the IEDC / NewGen IEDC hosting institutions. IEDC / NewGen IEDCs would nominate their best team(s) for participation. The National Experts Committee on Entrepreneurship in Education (NEAC) would recommend the final 20 startups for support. An amount of Rs 10.00 lakhs and a certificate would be awarded to the winning team. The host NewGen IEDC of the winning team would also be awarded with a cash prize of Rs 2.00 lakhs, a certificate and a trophy.

Funding

The funds would be disbursed to student startup as per the following milestone –

1. On selection – 70%;
2. On achievement of milestone/pre-defined deliverables 30%.

The IEDC / NewGen IEDC coordinator would supervise the work of the student startups on a day to day basis. NewGen IEDC would give the certificate of achievement of milestone and recommend for release of balance 30%.

Monitoring & Review

The performance of the startups would be monitored periodically to ensure the progress and also to suggest mid-term correction, if any. The startup will submit his quarterly progress report which the IEDC / NewGen IEDC will duly forward to the implementation agency. The startup can also be called for review meeting(s), if required.

Closure

The concerned IEDC / NewGen IEDC will take a review of the progress of the startup and recommend the release of balance 30%. On receiving the recommendation of the IEDC / NewGen IEDC for release for final grants, the implementing agency shall release the balance amount of 30%. IEDC / NewGen IEDC may continue to support the project for successful commercialization.

Implementing Agency

For the purpose of implementing the Startup-NIDHI programme, Entrepreneurship Development Institute of India, Ahmedabad, would be the implementing agency. DST would transfer the funds for implementation to EDII, Ahmedabad.

EDII would implement the Startup NIDHI programme as per guidelines of the Startup-NIDHI. The implementing agency would be provided programme management fees, creation and maintenance of an online MIS system and overheads, as per the norms.

The National Experts Advisory Committee on Entrepreneurship in Education will form suitable norms/metrics for selection of the student startups for Ignition grants /award.