Dear Directors/ Dean,

ICMR aims to promote intellectual property development, technology transfer, start-up creation by medical professionals and scientists at medical, dental colleges/institutes and biomedical research institutions. There is a need to enable institutions to actively support their personnel to participate in innovation and entrepreneurship-related activities. Therefore, ICMR has developed a “Guidance Document for Innovation and Entrepreneurship for Medical Professionals and Scientists at Medical / Dental Institutes/ Colleges and allied Biomedical Research Institutions” to enable institutions to facilitate their personnel to innovate and indulge into entrepreneurship.

In view of the above, we earnestly request you to kindly provide your comments/suggestions on the enclosed document by email (shekharc57@yahoo.com or div.itr.icmr@gmail.com) or by post which can be incorporated in the final version.

With regards

Sincere Regards

(Chander Shekhar)

To,
The Directors/Deans
Medical/Dental Institutes/Colleges & allied Biomedical Research Institute.
Guidance Document for Innovation and Entrepreneurship for Medical Professionals and Scientists at Medical / Dental Institutes/ Colleges and allied Biomedical Research Institutions
Disclaimer:

(i) These guidelines are in addition to and in continuous with DSIR OM No. 3/3/2009-TU/V/ Knowledge-to-equity dated May 25, 2009 which may be used by all medical/ dental colleges/institutes and biomedical research institutions.

(ii) This is a guidance document for all medical colleges and hospital but will not have any legal binding. Institutes may frame their own respective Innovation and Entrepreneurship policies based on their legal framework.

(iii) Due care has been taken to ensure that the information and guidance provided in this document is up to date and in sync with relevant global best practices at the time of publication of this document. However, in view of ongoing changes in government regulations and the constant flux of new information, the reader is urged to check for the latest notifications/rules/regulations provided by the Government of India from time to time.
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### Abbreviations

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Definitions

(i) ‘Institute’ refers to any Medical / Dental Colleges/ institute and/or any Biomedical Research Institutions

(ii) Entrepreneurship: refers primarily to an economic function that is carried out by individuals, entrepreneurs, acting independently or within organisations, to perceive and create new opportunities and to introduce their ideas into the market, under uncertainty, by making decisions about location, product design, resource use, institutions, and reward systems.

(iii) Finance: Includes access to debt; access to venture capital; access to grants; access to angels; banks; microfinance institutions; public capital markets; development finance institutions; government finance.

(iv) Business Support: Includes industry networks; incubators/accelerators; legal/accounting services, business mentors and technical advisers; credit rating agencies

(v) Policy: Includes tax rates; tax incentives; costs to start a business

(vi) Markets: Includes domestic corporations; international corporations; consumers; distribution networks; retail networks; marketing networks

(vii) Infrastructure: Includes electricity providers, transport providers; communications (mobile, internet); other utility providers (gas, water).

(viii) Research & Development: Includes public research centres and laboratories; private research centres and laboratories
About ICMR

The Indian Council of Medical Research (ICMR) is a premier autonomous organization of the Department of Health Research, Government of India for the planning, promoting, coordinating and conducting bio-medical research in India. The objectives of ICMR are in consonance with the National Health policy and aim towards improving the health of the people of India through biomedical research. The ICMR (established in 1911) is one of the oldest medical research organizations in the world with a broad mandate to generate new knowledge through the conduct and support of bio-medical research in all areas that would have a bearing on improving the health of Indian people. The council carries out its mandate through the network of 30 institutes/centers and extramural research support system to investigators in various institutes and medical colleges in India and active international collaboration. There is a well recognized need in India to strongly promote healthcare innovation and entrepreneurship. As such, ICMR would like to encourage and promote new intellectual property development, technology transfer, start-up creation by medical professionals and scientists at medical, dental colleges/institutes and biomedical research institutions.
Vision

These guidelines aim to promote bio-medical innovations in medical colleges/ Dental Colleges and other Biomedical research institutions by faculty, scientists, residents, students and research scholars as measured by socially impactful commercialization of these innovations. It is widely accepted that entrepreneurship is one of the most promising if not the only medium through which meaningful medical innovations can be brought to patients that need them. There is therefore a need to enable institutions to actively support their personnel to contribute in innovation and entrepreneurship associated activities. Innovation and entrepreneurship are challenging journeys in their own right – irrespective of the setting. Often times, employment with an academic medical or allied institute tends to add further layers of complexity– making them all the more challenging. As long as institutional policies are designed to regulate and control entrepreneurial activities, rather than encourage and facilitate them, innovative output from biomedical academia may remain low. Keeping this view, ICMR aims to enable institutions to facilitate their personnel to innovate.
Introduction

Over the last decade, there has been a growing recognition of the important role of innovation-driven academic entrepreneurship at national, state and institutional policy-making levels. This is especially true of academic medical centres/ research institutions funded by public, private, or not-for-profit sector: This is to be enabled through a cohesive ecosystem that fosters cross-functional multi-pronged partnerships amongst medical and biomedical research, clinical medicine, private industry and the non-profit sectors. As required, technological institutions may have a key role to play in this ecosystem. Fostering such innovations will lead to innovation-driven growth, sustainable employment creation and equitable economic development.

Several important initiatives have been taken by the Government at the national, state and institutional levels that focus on supporting inventions, innovations, entrepreneurship and start-ups in higher educational institutions.. e.g. Start-up India, Atal Innovation Mission (AIM), Scheme for Facilitating Start-ups Intellectual Property Protection (SIPP) by DPIIT etc and Several innovation programs have been set up to foster medical innovations e.g School of International Biodesign (SIB) at AIIMS, New Delhi, HTIC at IIT Madras, CfHE at IIT Hyderabad, SINE at IIT Mumbai and so on. These initiatives have already started bearing fruit as demonstrated by the commercialized and socially impactful innovations coming out from them. Several policies of Government of India and its agencies continue to promote involvement of faculty in educational institutions to get involved in entrepreneurship related activities.

The most disruptive solutions, with the biggest clinical impact and largest return on investment, may emerge from within health care. They may also emerge from, “outside” sectors that interact closely with the healthcare system—at the convergence of disciplines such as medicine, quantitative science, engineering, design, and the social sciences, including behavioural psychology. Successful commercialization is the key to social impact and it requires an amount and nature of funds for which the Government may not be best suited. A biomedical research leading to IP and thus entrepreneurship clinicians play a key determinant of the success as the possess Deep and meaningful involvement throughout the innovation cycle – from need identification to commercialization - of the academic clinician is critical to the success of medical innovation and enterprise because of the following reasons:

(i) Deep and acute awareness of unmet needs: Academic clinicians in India treat thousands of patients every month. This gives them an unmatched grasp over what is causing the most unmitigated suffering.

(ii) Familiarity with state of the art and gaps: Being abreast with global trends in medicine and medical technology, academic clinicians are well aware of what solutions are available and what are the precise gaps that need to be filled.

(iii) Ownership of flow of care: Clinicians own the flow of care and know it inside out. Therefore they can reasonably predict what will work and what won’t work - from a flow-of-care perspective.
(iv) Awareness of and influence over current expert consensus: Medical college faculty, by virtue of their experience and excellence are often the thought leaders in respective fields. They are aware of all current evidence and current thinking in professional circles. Conversely, thanks to their commitment to objectivity and knowledge of evidence-based medicine they also wield considerable influence on contemporary professional thinking.

(v) They are potential end users of the proposed innovations.

(vi) Clinical validation: No medical innovation can be successful in the absence of strong clinical validation. The latter requires deep trust of the clinician in the innovation. When clinicians themselves are the innovators, such trust becomes natural, and required evidence (howsoever rigorous) becomes easier to amass. In this scenario, medical college faculty are especially positioned given the large number of patients they treat.

(vii) Credibility: any innovation originating within a respected medical institution is likely to be more credible for the outside world compared to those coming from elsewhere – from a little known start-up for example.

These guidelines aim to encourage innovation, entrepreneurship and creation of, or participation in, spin-offs & start-ups by faculty members/scientists/staff members/ trainees of academic medical institutions and publicly funded medical institutions based on innovative ideas and research output of the former.

Scope

We continue to witness unprecedented change in technology and health care. There is a need for academic medicine to promote, educate, and support trainees for potential careers at the convergence of basic and translational research, healthcare-delivery, science, and emerging digital health technologies. Additionally, young trainees and faculty are needed in this area and may require career paths that incorporate new analytical or technological tools, including connected devices, behaviour change, and social media.

Innovation in healthcare covers innovation in all facets that impact the creation and functioning of the national healthcare system. This includes innovations in Public health delivery systems, Healthcare Business Model Innovations (including digital healthcare delivery systems) and category specific innovations such as those pertaining to Pharmaceuticals (Drugs and Biosimilars), Vaccines, Diagnostics Medical Devices (including healthcare software systems and health and wellness mobile apps as medical devices).

The health-tech start-ups in India can be broadly classified under 11 categories including online pharmacy, personal health management, home healthcare, telemedicine, fitness & wellness, biotech R&D, diagnostics, medical devices, healthcare IT, genomics and bio-pharma. Within India, start-ups are operating in one of these verticals and are using Artificial Intelligence or Machine Learning and other modern technology to improve quality of health care, access and affordability.
These guidelines are applicable to all Medical Professionals and Scientists at Medical / Dental Institutions/ Colleges and other Biomedical Research Institutions which includes: (i) Academic staff (professors, lecturers, assistant lecturers) (ii) Medical residents, Doctoral trainees and research/technical assistants (iv) Nursing staff (v) incubator or support staff or (vi) any other short term or long term trainee or employee of the said institutions who may be engaged in biomedical innovations, entrepreneurship or related activities.

**Guidelines**

Creating a true culture of innovation in an academic medical institution has been a challenge in the past due to the rigors of academic careers, milestones for faculty and institutions, and limitations arising from financial concerns or mistrust of developing partnerships with Industry. Academic faculty and trainees have typically been taught that innovation or entrepreneurship is something you do on the side, if you have time. However, now, innovation for many academic medical institutions is now becoming the fourth pillar of academic excellence. It is imperative to develop a holistic ecosystem where academic surgeons/physicians and trainees can be more effective innovators and translate their solutions for beneficial impact for their patients [1].

Institutions must create or strengthen an institutional framework or structure to oversee, support and facilitate an innovation-led entrepreneurial venture eco-system in academic medical institutions and bio-medical research institutions in India with the ultimate goal of positively impacting human health and well-being.

**For the Institute:**

1) Institutions must establish a holistic innovation framework that (a) recognises what motivates each of the relevant stakeholders and (b) enables the stakeholders to receive the specific benefit they expect in exchange for their contribution to the innovation process. To incentivise participation, every stakeholder must receive due recognition and well enunciated measurable incentive.

2) Institutions must encourage private sector to invest in Research & Development and Entrepreneurship. The joint use of resources is considered as one of the main drivers of stakeholders to engage in public-private partnerships: academic research can offer a high degree of disruptive innovation to diversify therapeutic research; vice versa the private research industry can provide the technical, organisational, and financial means to scale-up early research to proof of concept. The closer collaboration between governments, academia, and the private research community can enable a more efficient use of complementary strengths in order to generate and deploy innovation for health.

3) The Institution needs to create an ecosystem for innovation including incubation centre and other initiatives for creation and transfer of knowledge. The Institution should conduct workshop/seminars on Intellectual Property Rights (IPR) and Industry-Academia Innovative prac-
Institutes. Awards for innovation won by Institution/teachers/research scholars/trainees, start-ups incubated on-campus are explicitly commended by the Institution.

4) Intramural, extramural, investigator-initiated research activities are constantly carried out by the faculty members of these institutes with trainees and staff members. These ideas are being continuing to add on to the domain of medical innovations and often unable to brought out for their utility for its wide spread use in the population. The Heads of such institution are given the responsibility to develop a suitable mechanism to develop a platform to utilise various schemes of Government of India like Start up India, Start-Ups Intellectual Property Protection (SIPP) schemes by Department for Promotion of Industry and Internal Trade (DPIIT), Atal Innovation Mission, Skill India etc. by various agencies. Heads of these medical institutions must enable the faculty members to balance the academic and patient care responsibilities along only research and innovation and more importantly acquiring Intellectual property rights their successful translation and promoting entrepreneurship.

5) Institutes should improve utilisation of Government and Private Sector schemes that support greater, better and purposeful protection, use and leveraging of Intellectual Property created by faculty, scientists, researchers and trainees in academic medical institutions and biomedical research institutions in India.

6) The institute should encourage and prioritise such participation and involvement in the following order:
   i. Company jointly owned by the faculty members, researchers, scientists, clinical innovators, trainees, and alumni (along with external partners).
   ii. Company owned by the faculty members (one or many) along with other entrepreneurs from outside the institute.
   iii. Section 8 company or other Non-Profit Organisation jointly owned/managed by Government (Central, State or UT), Institute, faculty member(s), researcher(s), scientist(s), clinical innovator(s), trainee(s) and alumni and/or external partners.
   iv. Company, including section 8 company, or Non profit Organisation owned by the graduating trainees, alumni along with other collaborators.
   v. Running a collaborative research translation project to support a company, including a Section 8 company, or Non-Profit Organisation.
   vi. Special Purpose Vehicle such as an LLP, Trust, Society, etc jointly owned/managed by Government (Central, State or UT), institute, faculty member(s), researcher(s), scientist(s), clinical innovator(s), trainee(s) and alumni and/or external partners.

7) Institutes’ to set up Office of Licensing of Innovation Ventureship & Enterprise (OLIVE):
   i. Medical Colleges/universities/institutions are encouraged to set up OLIVEs to encourage trainees to learn, involve and take up entrepreneurship at the graduate and
postgraduate level in the College or institution. Workshops and symposiums need to be organized to make trainees and faculty aware of intellectual property rights, collaborative research with other academic institutions, developing innovations and their industrial translation in their respective institutions. This should enable various modalities required to adopt the conversion of knowledge to entrepreneurship. The OLIVE will also engage suitable committees with internal and external members (from other incubators or technical institutions or industry having experience in entrepreneurship) to handle Intellectual Property Rights and their Translation into entrepreneurship. OLIVE can avail sufficient funds from various funding mechanisms of Govt. of India (e.g. BIRAC, Atal Innovation or from State entrepreneurship agencies) to establish and promote Incubators in their institutions to temporarily establish innovative companies to promote entrepreneurship for the period of ~3 years from the date of establishment of said company. The OLIVE can engage/hire external professionals (such as patent agents, charted accountants, company secretary) or companies, on permanent or contractual basis to provide professional services to the innovation companies established by the OLIVE.

ii. Alternatively, OLIVE can engage another registered incubator through MOU’s to carryout innovation translations.

iii. Provide business development expertise to support investigators’ ability to execute partnerships.

iv. The usage of space and facilities of incubator facility (if any) at the institute by the faculty owned company should be paid as per existing incubator norms.

v. The OLIVE shall provide services of charted accountants/company secretary, patent agent, attorney and other professional services to the company free of cost or at discounted rates for the period of first three years and will host funding sessions within the institute’s premises for the company.

vi. A liability free equity of ~10% in the company for a period of ten years. Against this equity, the institute shall allow the use of IP developed within the medical institute by the founding faculty members and trainees and provide through the OLIVE, services of charted accountants/company secretary, patent agent, attorney and other professional services to the company free of cost or at discounted rates for the period of first three years and host funding sessions within the institute’s premises for the company. If the Faculty Company is incubated at the institute’s incubator, the equity against incubation will be paid as per the Incubators Policy of the institute.

8) The institute may take 2-10% (not more than 10 %) equity/stake in the company based upon the support provided, brand use and use of institute’s IPR. In case, the institute does not have in its rules the ability of taking equity in the company, then the company may pay the equivalent sum to the institute as Royalty. IP generated from extramural funded projects (e.g. DST/DBT/ SERB/ ICMR etc), the funding agency should be a co-assignee in the IP with no financial liability.
9) Any patents/copyrights/ trademark etc. filed by the company will continue to be the property of the company [2]. It is expected that the institute will share the IP rights for the technology developed within the institute. A free use of which is permitted to be used by the company. The involved faculty member(s) and trainee(s) may sign such an agreement with the institute. The company may utilize the testing facilities of the institute as per the institute’s prevailing norms. During the incubation period within the institute premises, the company may be permitted to use the common laboratory facilities (which are free of charge), library and other facilities which are chargeable (as per the norms). The available provisions under Government of India programs can be used to set up Incubators in their respective campus. However, utilization of lab facilities/ resources will be subject to its availability. Priority may be granted to intramural funded projects of the institute. The free utilization will be subject to acceptance by the concerned department. Moreover, the department may also have the right to levy a nominal charge as and when it deems it required. In case institute facilities are not used for the purposes of IP creation or start-up generation, a separate agreement may be signed between the faculty member and the institute.

10) Duration: As per the start-up norms the company established by the faculty or staff of the medical institution is allowed to operate strictly for the duration of ~ 3 years. After 3 years it must be spun off from the premises. However, the faculty can be allowed maintain equity in the company functioning outside the premise. An extension of three years may be granted to the company upon request to the OLIVE on the merits of the business opportunity it holds.

11) Entrepreneurial Impact Assessment
Faculty’s entrepreneurial initiatives should be assessed regularly using well defined assessment parameters:

i. Monitoring and evaluation of IP filed, technologies licensed or commercialised, products developed by the faculty should be assessed.

ii. Number of employment generated, start-ups created, support system provided at the institutional level and satisfaction of participants, new business relationships created by the institutes should be recorded and used for impact assessment.

iii. Impact assessment should also include the support system provided by the medical institute to the faculty member, trainee and other staff for IPR protection, technology incubation, industrial collaboration, exposure to entrepreneurial ecosystem, etc.

The impact assessment may also include sustainable social, financial and technological impact in the market. The technologies which are at pre-commercial stage, development of sustainable enterprise model is critical. Commercial success is the best measure for long term assessment.

12) For the Innovator/ Faculty/ Researcher:

i. Role of Faculty Member/ Researchers/ Trainees may differ from being an owner/ direct promoter, advisor, consultant or as member of the start-up. It is expected that the
innovator Faculty/ Researchers/ Trainees would be owners /shareholders of the company/ start-up/ off spin and may hold the position of a Director on the Board. Also, the Faculty Member/ Researchers/ Trainees may opt for an operational role (Scientific Advisor, Consultant, CEO, On-board member etc). The Faculty Member/ Researchers/ Trainees can choose one of the following options as may be applicable:

ii. He/ She may opt for sabbatical and work full-time in the company. He/ She may avail maximum leave (as sabbatical/ casual leave/ unpaid leave/ earned leave) of one semester per year may be permitted to the faculty member. This may be extended based upon the decision of review committee constituted by the institute. The maximum period of 2 years at a stretch may be permitted.

iii. He/ She may dedicate a part or all of the days for consultancy work in the company start-up/ off spin. However, under no circumstance the total number of days of non-institution activities would exceed the institution’s norms.

iv. The Faculty/ Researchers/ Trainees faculty member may act as a licensor to the business, whereby the business pays a recurring licensing fee to the Faculty/ Researchers/ Trainees for the intellectual property created by the Faculty/ Researchers/ Trainees for the business.

v. A Faculty/ Researchers/ Trainees must ensure that his/her duties and responsibilities conform to his/her institution’s policy regarding conflict of interest and commitment. This will, amongst other things, ensure that the balance of time spent by Faculty/ Researchers/ Trainees amongst his/her diverse duties and responsibilities conforms to his/her institution’s policy regarding conflict of commitment.

vi. Faculty member may undertake projects (Public or Private funded) that could be conducted at the medical institute/ college, and managed through their companies. However, the institute's overhead charges should be duly paid as per the applicable norms and standards of the institution concerned.

vii. Faculty may spend up to 20% of their time on research linking entrepreneurship. The equity of up to 24% may be taken by the research team at the institutions. If the equity is being taken by faculty (research teams)- the time of faculty may be considered to be 'off-duty/leave without pay'. If the equity is being transferred to the research institute, the research time of up to 20% may be taken as on duty.

viii. The Bank account of the innovation-driven spin-off or start-up must be kept separate and must be audited time to time.

ix. Any honorarium/overhead obtained as a result of consultant for engaging in a company in incubator or sponsored project of an innovation will be considered as income and the percentage of income bifurcation need to be made as an institute/college share and consultant share for such remunerations.

x. Financial, non-financial disclosure, collaborative research and any other necessary agreements needs to be signed as per the existing institute norms and standards of practice. In case the faculty is involved in a clinical validation of bio-medical research
and innovation in start-up, prior ethics committee (EC) approval may be obtained from the institute. Any scientific presentation coming out of such initiative must have the clear disclosure about the faculty's financial interest in such innovations.

xi. Any financial assistance (in form of salary, honorarium, or consultancy or licensing fee) paid to the founding members of the company will be considered entirely as income of the involved faculty members during the incubation period within the campus. Once the company moves out of the institute, the faculty member may be permitted to take sabbatical and work with the company as per the existing rules of the institute. He/she may also receive financial assistance in form of consultancy fee as per the applicable rules of the institute.

13) Outsourcing of sponsored research/ consultancy assignment: In case of transfer of equity be done through empanelled techno-facilitator agencies. The techno-commercial facilitators (such as Kalam Institute, BCIL, FITT, Atal incubators under NITI Aayog, BIRAC, Bio-Nest centres under DBT, etc) are allowed to take upto 2% equity for their role. Outsourcing of institute’s projects (part or full) to faculty owned company would be governed by institutes existing policy. In absence of such policy framework, the outsourcing decision would be undertaken on a case by case basis by a committee comprising of Director of the medical institute, Head of the concerned department and a representative from sponsoring agency. The existing policies prevailing in other institutes like IITs can be taken as a guide while taking the decision.

14) Taxation of innovation, entrepreneurship and start-ups as per Annexure-I

15) Resolution of conflicts

i. It is imperative that a faculty member to disclose development of a Conflict of Interest Management Plan to clarify allowable research activities and to ensure that such activities occur within the boundaries of institutional policy and applicable laws. The faculty member must always operate from the principle that the primary duties and obligations towards his/her medical institute.

ii. If trainees/postdoctoral fellows/resident doctor supervised by the faculty member will be working on a Research Project sponsored by that faculty’s start-up company, an ombudsman must be appointed to oversee such activities.

iii. In conditions where the objectivity of a faculty member are questioned, the Director or Dean of the institute may constitute an independent committee under OLIVE to take steps including (but not limited to) the following: to evaluate the suitability of the proposed research to be conducted at the medical college/institute, to oversee the overall conduct of the research and ensuring open and timely dissemination of the research outcome.

iv. In case of any disputes which are not settled within the independent committee, the matter may be taken for arbitration as a dispute resolution mechanism as per
the Arbitration and Conciliation Act 1996.

16) Policy Review & Updating this Policy
ICMR may formulate a standing sub-committee to review every six months the implementation of the policy and challenges faced in its implementation. The ICMR shall undertake in a consultative manner an evidence based review to the extent possible of this policy document once in every two-year period and update.

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References
2) Indian Institute of Technology Kanpur Faculty Entrepreneurship Policy
Guidance Document for Innovation and Entrepreneurship for Medical Professionals and Scientists at Medical / Dental Institutes/ Colleges and allied Biomedical Research Institutions

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ANNEXURE-I

1) Taxation of innovation, entrepreneurship and start-ups.

1.1) Eligibility for Start-up India

As per the Start-up India Action plan, the followings conditions must be fulfilled in order to be eligible as Start-up:

i. Being incorporated or registered in India for less than seven years and for biotechnology start-ups up to 10 years from its date of incorporation.

ii. Annual turnover not exceeding Rs 25 Cr in any of the preceding financial years.

iii. Aims to work towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

iv. It is not formed by splitting up or reconstruction of a business already in existence.

v. It must obtain certification from the Inter-Ministerial Board setup for such a purpose.

vi. It can be incorporated as a private limited company, registered partnership firm or a limited liability partnership.

vii. Tax exemptions allowed to Eligible Start-ups under Start-up India Program

Following tax exemptions have been allowed to eligible start-ups:

1- 3 year tax holiday in a block of seven years

The Start-up incorporated after April 1, 2016, is eligible for getting 100% tax rebate on profit for a period of three years in a block of seven years provided that annual turnover does not exceed Rs 25 Cr. in any financial year. This will help the start-ups to meet their working capital requirements during their initial years of operation.

1.2) Exemption from tax on Long-term capital gains:

A new section 54 EE has been inserted in the Income Tax Act for the eligible start-ups to exempt their tax on a long-term capital gain if such a long-term capital gain or a part thereof is invested in a fund notified by Central Government within a period of six months from the date of transfer of the asset. The maximum amount that can be invested in the long-term specified asset is Rs 50 lakh. Such amount shall be remaining invested in the specified fund for a period of 3 years. If withdrawn before 3 years, then exemption will be revoked in the year in which money is withdrawn.
1.3) Tax exemption on investments above the fair market value
The government has exempted the tax being levied on investments above the fair market value in eligible start-ups. Such investments include investments made by resident angel investors, family or funds which are not registered as venture capital funds. Also, the investments made by incubators above fair market value are exempt.

1.4) Tax exemption to Individual/HUF on investment of long-term capital gain in equity shares of Eligible Start-ups u/s 54GB.
The existing provisions u/s 54GB allows the exemption from tax on long-term capital gains on the sale of a residential property if such gains are invested in the small or medium enterprises as defined under the Micro, Small and Medium Enterprises Act, 2006. But now this section has been amended to include exemption on capital gains invested in eligible start-ups also.

Thus, if an individual or HUF sells a residential property and invests the capital gains to subscribe the 50% or more equity shares of the eligible start-ups, then tax on long term capital will be exempt provided that such shares are not sold or transferred within 5 years from the date of its acquisition. The start-ups shall also use the amount invested to purchase assets and should not transfer asset purchased within 5 years from the date of its purchase.

This exemption will boost the investment in eligible start-ups and will promote their growth and expansion.

1.5) Set off of carry forward losses and capital gains allowed in case of a change in Shareholding pattern. The carry forward of losses in respect of eligible start-ups is allowed if all the shareholders of such company who held shares carrying voting power on the last day of the year in which the loss was incurred continue to hold shares on the last day of previous year in which such loss is to be carry forward. The restriction of holding of 51 per cent of voting rights to be remaining unchanged u/s 79 has been relaxed in case of eligible start-ups. https://www.startupindia.gov.in/content/sih/en/startup-scheme.html