

## 4.2. DESIGN COMPONENT

The Design scheme is divided in two major parts, viz., Design Projects and Design Awareness Programme.

**4.2.1. Design Project:** To facilitate MSMEs to develop new design strategies and or design related products through interventions and consultancy.

**4.2.2. Design Awareness Programme:** The objective is to create general awareness and sensitization about the value and power of design for businesses through seminars, talks, workshops etc. The purpose of these activities is to sensitize MSMEs about the usage of design/innovation in various facets of their industry.

### A. Eligibility Criteria

The beneficiary unit(s) must typically be a registered micro, small or medium enterprises as per the definition in MSMED and should have a valid UAM or Udyam Registration. The manufacturing MSMEs may be a profitable entity preferably in the at least one year out of last three financial years, PMAC can relax the criteria. The designer that a unit employs in this scheme should be qualified Industrial designers having a relevant experience in that field. Implementing agencies should verify all the relevant documents.

### B. Financial Assistance under Design Component

**i. Design Project** - To facilitate MSMEs to develop new design strategies and or design related products through interventions consultancy. MSMEs may submit their design projects to the nominated IAs. The IAs will carry out due diligence by setting up of a suitable Project Assessment Panel (PAP) for evaluating these projects and forward the recommended projects to MoMSME for approval of PMAC. Funds will be released after the approval of the Design Project by PMAC.

Financial assistance under this activity will be utilised for engagement of design consultants for design interventions and expenses pertaining to development of prototype/product. For the design projects approved for any MSME, 75% (Micro) and 60% (Small & Medium) of the total project cost will be contributed by GoI up to a maximum of Rs. 40 lakh and the remaining project cost will be borne by MSMEs and deposited to the IA. The total project cost will be provided as grant in 3 stages:

- Stage 1 – Strategy & Concept- 40%
- Stage 2 – Detail Design - 30%
- Stage 3 – Successful Completion of the prototype/product and Final Report submission - 30%.

The IA must ensure completion of the design project within a period of one year of the receipt of financial assistance and UC is submitted accordingly. In case, the MSME drops out of the project, penalty will be imposed as decided by the Project Monitoring and Advisory Committee (PMAC) of MoMSME.

**ii. Student Design Project** – This subcomponent can be availed by all the students of any institution accredited by AICTE/UGC. The proposed student design project must facilitate student participation into helping MSMEs achieve Design capabilities. Student participation can be achieved in two ways—MSME can approach students or Student can offer their services to MSMEs. MSME will submit the proposal for Student Design project to the Implementation Agency under the Design Scheme, through the portal of the scheme (<https://innovative.msme.gov.in>).

This component supports design work of bona-fide students by providing financial assistance up to Rs. 2.5 lakh. For the student design projects approved for any MSME, 75% of the total project cost will be contributed by GoI up to a maximum of Rs. 2.5 lakh and the remaining project cost will be borne by MSME and deposited to the IA.

This admissible cost would include student designer's stipend (wherever applicable till the completion of the project), conveyance related to the project, documentation and expenses pertaining to development of prototype/model/product. The deliverables for the student project will be specified clearly by the IAs. The funding grant will be reimbursed in 2 stages, in the following manner:

- Stage 1 – Application approval - 50%
- Stage 2 – Successful Completion and Final Report Submission - 50%.

The IA must ensure completion of the design project within a period of one year of the receipt of financial assistance and UC is submitted accordingly. In case, the MSME drops out of the project, penalty will be imposed as decided by the Project Monitoring and Advisory Committee (PMAC) of MoMSME.

### C. Project Selection Procedure

- The MSME would submit their application online on the portal through the IA. Upon receipt of the application, the IA will conduct a preliminary screening and may seek clarification or supplementary information from both the applicant design Consultant/company and applicant MSME.
- After screening, IA will submit the application together with its recommendation to Project Monitoring & Advisory Committee (PMAC) for consideration. Project proposal should be discussed and reviewed in Project Assessment Panel (PAP) before presenting it to the PMAC.
- The Project Assessment Panel (PAP) would comprise MSME-DI officials, professionals, industrialists, businessmen, designers, academics or other expert individuals. Its functions are to assess applications and project-costs, make recommendations, and monitor approved applications.
- The applicant design Consultant/ company/academic institution and applicant MSME and its project team members may be required to attend assessment meetings to present their applications and answer questions.

### D. Assessment Criteria

In considering an application, due consideration, inter-alia, will be given to the following factors, wherever applicable:

- to what extent the project can help integrate design into business process;
- to what extent the project can help transform design activity into tradable deliverables that manifests exploitation and deployment in the form of intellectual property, which may comprise patent, copyright, know-how or industrial design;
- to what extent the project can add value to the products concerned and increase their competitiveness;
- to what extent the project can help commercialisation of new products and finding pathways to market;
- to what extent the project can contribute towards cost competitiveness, energy efficiency, environmental impact, process/product efficiency, quality enhancement, waste reduction, material optimisation, safety improvements, ergonomic and aesthetic enhancement;
- to what extent the project is innovative and unique;
- to what extent the project can exhibit upscaling and replication potential;
- to what extent the project can contribute towards import substitution/export enhancement;

The overall assessment criteria would be based on the measurable positive difference that a design intervention will bring to the MSME, either in absolute revenues (indicating higher profits) or in percentage terms.

## **E. Implementation Mechanism**

### **Implementing Agencies (IAs):**

The implementing agencies for the Scheme, presently, are:

Indian Institute of Science (IISc), Bengaluru, IITs (Kanpur, Indore, BHU, Roorkee, Ropar, Bhubaneswar), NITs (Tiruchirappalli, Warangal, Silchar, Arunachal Pradesh, Jaipur, Allahabad, J&K, Bhopal, Nagpur, Calicut, Kurukshetra, Surathkal, Raipur).

These will be continued as implementing agencies and more implementing agencies such as Indian Institute of Technology (IIT), National Institute of Technology (NIT), Reputed Industrial Design Institutes, Tool Rooms etc., may be included.

IAs will be paid 15% as implementation charges on the GoI grant released under Design/ Students Projects.

Under phase two, the following will be provided:

1. MoMSME Chair in all the IAs who will entrusted with the responsibility of promoting research and innovations in Design in MSMEs through studies, fellowships, scholarships, product-specific problem solving and the like.
2. Developing a dedicated Centre of Excellence (MoMSME-CoE) to facilitate research, ideation, technological upgradation, develop futuristic technologies, provide customised solutions, become a depository of MSME documentation, restoration of ancient domestic technology, develop sandboxes/simulators for testing products etc for the MSME sector.

### **Roles & Responsibilities of Implementing Agency (IA):**

- IA will function as a link between the MSMEs and the Government (office of the DC (MSME)). It would also act as a single point of contact for the office of the DC (MSME).
- IAs will help the MSMEs in identifying their Design Problems in their products & will provide expert advice & cost-effective solutions for the same.
- IA will constitute a Project Assessment Panel (PAP) for scrutinizing/ evaluating the proposals received. IA should ensure that MSME is willing to pay its matching fund and it should be verifiable.
- IA will ensure that the Project is completed within the time frame of the scheme guidelines. Upon the completion of the project, IA will submit a completion report and will demonstrate the prototype product before the PMAC.
- IA shall not divert any part of the grant to any activity other than for which it has been sanctioned.
- IA would be responsible for maintaining a separate ledger account of funds of the scheme. This account shall be opened for inspection by the C&AG of India, internal audit by PAO of Ministry of MSME or any officer appointed by the office of DC (MSME) for this purpose.
- IA would release the funds directly to the beneficiaries / Industrial designers against the reports on the basis of progress of implementation of the scheme and on the satisfactory performance of the respective Industrial Designers. It will also submit necessary utilization certificate (UC) in existing prescribed format (as per GFR) along with audited statement of expenditure and detailed report to the office of DC (MSME).
- IA would submit quarterly reports to the apex body on overall progress of the scheme. It would also raise exception reports, if any, as regards to any nonresponsive behaviour or non-satisfactory performance of any of the beneficiaries and the designers.
- IA will ensure that no similar benefits have been availed from any Govt./ State Govt. Sponsored schemes or other public funding sources for the Design Project. An undertaking on notary stamp paper is to be given that similar benefits have not been availed from any other Government sponsored schemes or other public funding source.

- If the IA/MSMEs could not utilize the fund of Grant-in-aid amount within the stipulated period, the same Grant-in-aid amount shall be refunded in the Government account as per Government Rules /Sanction order.
- IA would ensure that while utilising the GoI financial assistance, no liability will be created for the Government of India.

#### **4.3. INTELLECTUAL PROPERTY RIGHT (IPR) COMPONENT:**

This component offers legal and intellectual property filing support including patents, trademarks, copyrights, designs, geographical indications (GI) etc. The programme also provides IP advisory, consultation, Patentability Searches, Technology Gap Analyses and IP commercialisation through establishment of Intellectual Property Facilitation Centres (IPFCs) across the country.

#### **Intellectual Property Facilitation Centre (IPFC)**

##### **Eligibility for registration as IPFC**

##### **Eligible Agencies:**

- MSME-Development Institutes, Technology Centres and any other associated Field Organisations directly or indirectly under the administrative control of Ministry of MSME.
- The existing IPFCs will continue for implementation of the scheme till their remaining period and the financial assistance will be applicable as per the new guidelines. After completion of their project period, they will need to reapply.
- Government Bodies/Departments /Autonomous Organisations being Run on Autonomous or Commercial Lines, MSME Industry Associations, Societies/ Cooperatives / Firms/Trust and Other profit and non-profit Bodies, NGOs representing or working for MSMEs, Research/ Technical & Educational Institutions, Universities/ colleges with a track record of assisting MSMEs etc, subject to the following:
  - They must have an established project execution infrastructure, built-up space including human resources (IP experts, business development, finance/accounting and admin staff), capital infrastructure like computing devices, printers, office with furniture; and
  - They must have demonstrated suitable work experience in matters related to Intellectual property through pilot studies, research studies, knowledge dissemination activities, in-house IP advisory resources, Technology transfer and IP supports etc.
  - The agency should in operation for at least 02 years on the date of application.
  - In case of non-government entity, the agency must present audited annual reports for last 2 years.
  - They should not have taken any other grant for the same project from any Central Ministry/State Government.

**Duration:** The IPFC would be recognised as IA for a period three years, initially, which can be renewed based on the IPFC's performance after approval of PMAC.

#### **Stakeholders & Their Expected Role:**

##### **a) Ministry of MSME - PMAC**

1. At the highest level, PMAC will guide, review, monitor and provide overall direction for implementation of the scheme