

MNIT NATIONAL INNOVATION AND STARTUP POLICY MNIT NISP FEP-2021



Office of Dean (Research & Consultancy)
Malaviya National Institute of Technology, Jaipur
(An Institute of National Importance)

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Malaviya National Institute of Technology Jaipur

Faculty Entrepreneurship Policy

Preamble: Faculty members at MNIT Jaipur are continuously engaged in knowledge generation and dissemination. A large number of R&D activities are being carried out by faculty members and students in several cutting-edge science and technology areas. However, most of these research outcomes do not get translated into commercial products, benefiting the society in general, due to several reasons including lack of interest in the industry in commercializing new and futuristic technologies and restriction on the Institute's employees to start entrepreneurship. Towards this end, MNIT Jaipur, in line with the best practices of other institutes of higher learning across the world, encourages interested faculty members to incorporate companies to engage in the businesses, that are direct result of the research and development activities of the faculty member of MNIT Jaipur, be on the board of such companies in the capacity of a Director, Chairman, Promoter or any such role, subject to the terms and conditions of this Faculty Entrepreneurship Policy. The document draws from practices adopted by The National Innovation and Startup Policy 2019 , Ministry of Education (MOE) Government of India. This policy may be reviewed again after one year .It is expected that faculty members will make all efforts to balance their academic responsibilities while assuming the above role and will respect the adherence of this Policy.

Definitions:

- i. “**MNIT Jaipur**” or the “**Institute**” shall mean “Malaviya National Institute of Technology, Jaipur”.
- ii. “**Policy**” means Faculty Entrepreneurship Policy of Malaviya National Institute of Technology Jaipur.
- iii. “**Faculty Member**” shall mean a faculty member of Malaviya National Institute of Technology Jaipur.
- iv. “**Promoter**” means a promoter as defined under Section 2(69) of Companies Act



2013.

- v. “**Executive capacity**” shall mean a role as a Director or a Chief Executive Officer, Chief Operating Officer or Manager or any person, enjoying similar role, by Whatever name called, in the Company, having executive power(s) in the Company
- vi. “**Equity**” shall mean ‘liability free’ equity shares (fully paid up), having voting Rights of the Company.
- vii. “**Company**” shall mean a start-up Company, having at least one Faculty member from MNIT Jaipur in Executive or in Non-Executive Capacity in the company.

1. Kind of Companies

MNIT Jaipur encourages and prioritizes the Companies in the following order.

- a. Companies jointly owned by the faculty members and/or graduating students/alumni (along with possible others).
- b. Companies owned by the faculty members (one or many) along with possible others.

Companies eligible under this “Policy”:

Such a Company must pursue businesses that are a direct result of the research and development activities of the faculty member of MNIT Jaipur. In such cases, the faculty member(s) and student(s), if applicable, will be known as a founding member(s)/Promoter(s) in a Non-Executive position of the Company.

Companies not eligible under this Policy:

A faculty member cannot associate, either as a Promoter or in an “Executive Capacity”,

With:

- a. Companies involved in Teaching and/or development of educational content. On the other hand, companies developing innovative technology platforms that facilitate delivery of content are permissible.
- b. Companies whose business will be to provide consultancy services.
- c. Such class of Companies that may be prescribed and notified by MNIT Jaipur from time to time.



2. Role of the Faculty Member

The Faculty member has to take prior permission from the Institute before associating with any business venture or starting a new venture in the application format as prescribed by MNIT Jaipur (Annexure I). It is expected that the faculty member would be a Promoter of such Companies and/or a Director on its Board. In addition, the faculty member can choose one of the following options:

- a. Provide consultancy to the Company in a non-executive capacity. However, the total number of days allocated by the faculty member for the consultancy activities should not exceed the maximum number of days allowed by the Institute for such activities.
- b. Undertake projects that could be executed at MNIT Jaipur, and manage through the Company. However, this may be undertaken only after obtaining explicit permission from the competent authority at MNIT Jaipur and entering into an explicit agreement with the Institute following existing processes.
- c. Take a sabbatical and/or Leave without pay and work full-time for the Company in an Executive Capacity (COO, CEO, Vertical Head etc). Eligibility and approvals of such leave are governed by the extant rules of the Institute.

It should be noted however that the faculty member of MNIT Jaipur should take all possible steps to ensure that his/her duties and responsibilities as a member of MNIT Jaipur faculty, take precedence over all other activities regardless of the nature of his/her engagement with the Company.

If the academic staff desires to be associated with the company 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. Intellectual Property Rights and Usage of Institute Resources

Institute IPR Rules will have to be followed.

4. Disclosure and Compliance

Financial and non-financial disclosure agreement will be signed as per the existing



Institute norms. Also, a separate Conflict of Interest Disclosure Statement (Annexure II) will have to be furnished every six months (April 30th and October 31st) by the Company. At all times, the faculty member(s) must ensure that the Company/Companies he/she is associated with is/are compliant with all the norms of the Government of India. Non-compliance by the faculty member(s) shall have no bearing on MNIT Jaipur.

5. Support from other Faculty Members

Support from other faculty members of the institute during and after the incubation (if applicable, see below) period of the Company would be treated under the Institute's extant consultancy norms (other than assigned faculty mentor(s)).

6. Support from Students

Any support received from students for the Company would be as per the existing guidelines of the Institute.

7. Outsourcing of Sponsored Research/ Consultancy Assignment to the Company

Outsourcing of full/in part of Institute's projects to the Company would be governed by the existing policies of the institutes. If in case such a policy is not available then a decision on outsourcing would be taken on a case by case basis by the Institute and in accordance with the guidelines provided by the sponsor, if applicable.

8. Funding for the Company

The Company will have its own funding and accounting procedures in line with the prevailing statutory norms.



9. Methodology

A Company will necessarily be required to be incubated in the Institute.

The Process of entrepreneurship will be as below:-

A faculty member will submit the duly filled application form for establishing a new company to the Dean (Research & Consultancy) of MNIT Jaipur. This form needs to be forwarded by a series of offices, as indicated in the document.

- a. Once permitted, the faculty member may form a Company. A faculty member may approach the Institute even before the formation of a Company for an in-principle approval for incubation of the Company.
- b. For the incubation of the Company, evaluation will be as per the policy of the Institute.
- c. Upon approval, the Institute and the Company may negotiate and enter into an agreement for financial consideration by the Company towards MNIT Jaipur which will consist of consideration via equity shares in the Company and/or a share in the revenue of the Company, as mentioned below:
 - i. **Liability-Free fixed equity (*Paripasu*) of 5% in the Company.** MNIT Jaipur will reserve the right to liquidate any or all of the equity shares after seven years of formation of the Company while the Company will reserve the first right of refusal for purchase of the equity shares from MNIT Jaipur.
OR
 - ii. A pre-determined, and agreed upon, share in the revenue of the Company, measured in terms of cost of units of product or services rendered by the Company, at fair market value on a given date.
OR
 - iii. A combination of liability free equity in the Company and share in the revenue of the Company, measured in terms of cost of units of product or services rendered by the Company, at fair market value on a given Date.



- d. (V) **Exit:** The Company shall work towards a plan that would give MNIT Jaipur an “Exit”. It should be noted that this policy will cease to be in effect, other than the part governing his/her responsibility towards MNIT Jaipur as listed in points 2a, 2b and 2c above, once the “Exit”, as defined below, takes place.
- i. Company raises investment at a valuation of INR 10 crores or more.
This threshold value may be changed from time to time.
 - ii. Seven years from the date of Incorporation of the Company.
 - iii. The faculty member relinquishes executive position in the Company and/or ceases to be a Promoter of the Company.

10. Resolution of Conflicts

In situations in which the objectivity of a faculty member – due to his/her association with the Company - could reasonably be questioned, the Director of MNIT Jaipur may establish an independent committee to investigate the operation of the Company and possible conflict of interest between the functioning of the Company and the academic duties of the faculty member(s) associated with the Company.

The faculty members may appeal to the Board of Governors of the Institute for review Of the committee’s decisions. The decision of the Board, In this regard, would be final.