

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:3927
ANSWERED ON:21.03.2013
INNOVATIVE FUND
Singh Shri Mahabali

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government proposes to create Innovation Fund in order to make Small and Medium Enterprises (SMEs) all over the country technologically better and more competitive to produce better products by research and development;
- (b) if so, the details thereof;
- (c) whether the Govt. proposes to provide incentives for new innovations under the scheme to increase competition among the SMEs; and
- (d) if so, the details thereof along with the action plan formulated in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI K.H. MUNIYAPPA)

(a) & (b) : No Madam. National Innovation Council in collaboration with Ministry of Micro, Small and Medium Enterprises (MSME) has proposed to set up a dedicated fund in the name of 'India Inclusive Innovation Fund' for promoting grass-root innovations with social returns as well as modest economic returns. The total corpus of this fund is proposed to be Rs.5,000 crores of which the Government contribution may be upto the maximum of only 20% i.e., Rs.1,000 crores.

(c) & (d): No Madam. The India Inclusive Innovation Fund would back enterprises developing innovative solutions primarily for citizens who lie in the lower half of India's economic pyramid, with limited physical and institutional access to basic services. This fund and its investee enterprises would not only address developmental needs but would address these needs in a commercially viable fashion. This fund would, therefore, operate as a for-profit entity with a social investment focus. The focus of the fund, therefore, is not for increasing competition among the SME.