

A Mission for SETU (Self Employment and Talent Utilisation) and Atal Innovation Mission (AIM)

(Note by Shri Mohandas Pai)

"We are now seeing a growing interest in startups. Experimenting in cutting edge technologies, creating value out of ideas, initiatives and creating them into scalable enterprises and businesses is at the core of our strategies" – Excerpt from the FM's Budget Speech

With this as the preface, the Finance Minister announced the Self Employment and Talent Utilisation (SETU) scheme and the Atal Innovation Mission (AIM). These two programs aim to promote entrepreneurship, create innovation hubs and to solve problems through Grand Challenges.

These programs need very innovative ways of execution, large-scale involvement of the private sector, collaboration with multiple agencies, creation of an institutional mechanism for delivery with government funds being the catalyst, enhancement of the existing ecosystem to increase impact and above all flexibility and speed in execution.

"SETU has the target of being a techno-Financial, incubation and Facilitation Program to support all aspects of start-up businesses and self-employment activities, particularly in technology driven areas. This needs creation of incubation facilities in our Centres of Excellence, funding for seed capital and growth and ease of doing business etc." – Excerpt from the FM's Budget Speech

Obviously this needs creation of facilities in multiple institutions for incubation of ideas, mentoring, seed capital support, market access, HR support etc. This needs deep linkages and constant interaction with the startup ecosystem. Currently this ecosystem consists of incubators, accelerators, angel financing networks, venture capitalists, social venture capital, private equity, lawyers, accountants, consultants etc.; all players who're almost exclusively in the private sectors with more than 90% capital coming in from overseas investors. In essence 100's of touch points, decision makers and problem solvers. This will tackle both the cutting edge technology based entrepreneurs and social venture partners.

For SETU to succeed, linkages need to be created right from the seed level to the apex where incubated companies are either sold, acquired or do an IPO. At the seed level a large number of incubation centres are needed in our Higher Education institutions (HE), institutions like the STPI, involvement of mentors and seed and venture capitalists. These incubation centres need funding and support to grow over at least 5 years.

Linkages with overseas incubators, accelerators are essential for cross border flow of ideas and capital. As around 3500-4000 start-ups come up every year across India, creation of multiple growth points through partnerships is essential. The networks financing these startups need to be strengthened at the seed and growth level. This needs investment into funds focused on seed and growth to co-invest along with other institutions and creation of a large institutional ecosystem.

Speed, creation of networks, flexibility, outreach, partnerships, co-investment with extensive overseas networks etc are essential for success. If decision-making is slow, bureaucratic and inflexible the programed cannot achieve its objective. In order to ensure good transparent and open

processes, as SETU would deal with government funds, spending needs to be institutionalised through proper structures, policies and transparent merit based decision-making based on objectives. Monies would be routed through accountable entities than directly to ensure this. Also other financial institutions would be roped in to ensure leverage of government funds.

For example if 100 cr of SETU for seed investment is available, it would be routed through a fund where a public financial institution is a co investor with at least 60 % making it 250 cr,, and this fund would co invest with other funds with a share of not more than say 40%, making a total investment of 600 cr. In essence creating 6 times the investment on the initial SETU fund.

Therefore a Mission Mode structure is essential, headed by a knowledgeable accomplished person who can use her networks and knowledge freely in a transparent manner to achieve success. She will have access to networks with two way flow of information both domestically and overseas with the clear understanding that decisions will be at arms length, without any conflict of interest, based on merit and a clear set of policies placed in the public domain. SETU will not disburse any funds directly for investment but do so through Partner Funds that will have independent decision-making based on clear policy.

The end result, over 5 years will be a self-sustaining ecosystem much larger in scope, much deeper and with 100's of decision points. SETU will be the catalyst for this ecosystem. SETU should be a mission to define the strategy and objectives, set clear and transparent policy, identify multiple institutions for execution, fund them on merits, oversee their performance against set criteria, review and inspire them to be more effective. Decision-making and disbursement will be by these institutions as they would be co funders themselves.

"Likewise the Atal Innovation Mission (AIM) is expected to be an Innovation Promotion Platform involving academics, entrepreneurs and researchers and draw on nation and international experiences to foster a culture of innovation, R&D and scientific research in India. The platform will also promote a network of world-class innovation hubs and Grand Challenges for India." – Excerpt from the FM's Budget Speech

This too needs to be done in an innovative flexible manner. The strategy is to create a network and institutional mechanism based on the vision with many stakeholders, where execution and decision making will be driven by these partner institutions, based on merit and best in class teams. The role of AIM will be to define the objectives to fulfill the vision, create a policy framework, fund institutions for execution, monitor and review progress and ensure success. Multiple institutions will be involved acting independently so that decision-making and execution is widespread creating a ripple effect and ensuring large-scale innovation.

As stated earlier, this has to be in Mission Mode headed by an accomplished person with wide networks and ability to enthuse teams and institutions. The mission needs speed, flexibility coupled with transparency and open process. The policy for executing Grand Challenges has to be benchmarked with best in class processes globally to ensure success.

Both these programs thus need a Mission Mode structure with NITI. NITI itself is an innovative initiative intended to break away from the rigidity of past structures to focus on results with speed and quality. NITI should then have space for this Mission to succeed in a flexible structure.