



MAHATMA GANDHI UNIVERSITY



Mahatma Gandhi University
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(Re-accredited by NAAC with A Grade)

Faculty Startup and Incubation Policy

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1. Preamble:

Mahatma Gandhi University henceforth referred to as MGU, strongly encourages faculty, students and alumni to innovate and pursue entrepreneurial ventures in their line of research or interest, which will help the society in the form of products, services, employment, etc. In tune with the global trends in higher technological education, MGU likes to encourage entrepreneurship among the Faculty, Staff, Research Scholars, and Students. MGU will directly and actively support the incubation of “MGU Incubated Companies” by its Faculty / Staff / Researchers / Alumni/ Students. Some of these companies may be founded based in part or in full on technologies/IP developed by the University, or jointly with it in collaborative mode. MGU may also provide incubation support to external Start-ups with which Faculty / Staff / Researchers / Scholars / Students are associated as consultants or mentors. The commercialization of advanced technologies developed at the University as a result of incubation will greatly benefit the institution as well as society at large and will contribute to the economic resurgence of our country. MGU, in line with guidelines laid down by MHRD and best practices followed by various IITs, National Labs, and Universities of India, has drafted this entrepreneurship policy for its faculty and students.

2. Definitions

- (a) **Faculty:** A regular Faculty at Mahatma Gandhi University
- (b) **STARTUP:** An entrepreneurial venture in a new or existing company or partnership entity working towards innovation, development or improvement of products or processes or services with a scalable business model.
- (c) **MGU Innovation Foundation:** A SECTION 8 Company incorporated on 19th December 2019 to act as the business innovation ecosystem of MGU by providing incubation facilities through incubators, co-working space and virtual incubation.
- (d) **MGU Incubated Company (Henceforth called STARTUP COMPANY):** A registered Company promoted and / or invested in by MGU Member(s) singly or jointly with others, or those incubated by any of the MGU incubators located in MGU premises/Campuses or elsewhere, and declared by the SECTION 8 COMPANY as such, or an external start-up declared by the SECTION 8 COMPANY as such.
- (e) **Owner or shareholder:** Any person with equity in the startup.
- (f) **Business Innovation And Incubation Centre (BIIC):** BIIC is a centre formed under for facilitating Innovation, pre incubation and Industry Collaboration between MGU and Industry.
- (g) **Incubation & Entrepreneurship Committee:** An expert committee for reviewing applications and making recommendations to MGU.

(h) MGU Incubated Company (Henceforth called COMPANY): A registered Company promoted and / or invested in by MGU Member(s) singly or jointly with others, or those incubated by any of the MGU incubators located in MGU premises/Campuses.

(i) External Start-up (ESU): A registered Company promoted and invested in by non-MGU Member(s) and not located in the MGU / SECTION 8 COMPANY / Incubator premises.

(J) Incubator: The Section 8 company will establish incubators in various core areas which are a physical and/or virtual unit that extends various forms of support for Start-ups and engages in specified relationships with them on behalf of MGU and/or SECTION 8 COMPANY.

3. Scope and Governance

- a) The scope of this policy includes any startup company consisting of faculty members of MGU. Startup companies could be owned by MGU faculty alone or in partnership with students/ faculty/ alumni of MGU or any other entrepreneur not linked to MGU.
- b) This policy is not applicable to Startup companies, where faculty are mentors, consultants or advisors and not having ownership.
- c) MGU Innovation Foundation on behalf of MGU, will be the shareholder in startup companies, where faculty is an owner.
- d) An Incubation & Entrepreneurship Committee (I & E Committee) will be constituted with Professor In charge of MGU Innovation Foundation as Chair. Additionally, Faculty members of MGU and experts from Industry involving various disciplines will be nominated by Vice Chancellor as members.
- e) Based on the applications presented to the I&E Committee, Chair of Incubation & Entrepreneurship Committee will constitute an incubation subcommittee with experts from relevant discipline to assess each application and give recommendations to MGU.

4. Startup Ownership Terms

- a) Role of faculty may vary from being an owner, direct promoter, mentor, and consultant or as on-board member of the startup company.
- b) MGU Innovation Foundation will become a co-owner in the startup company where there is faculty ownership. 20% from the equity given to a MGU faculty by the startup company, has to be given to MGU Innovation Foundation. The equity held by MGU Innovation Foundation in the startup company will be capped at 9.5% of total equity of the startup company. There is no cap on the percentage of equity that can be held by MGU Faculty.

- c) If there are more than one MGU faculty involved in a startup company, MGU Innovation Foundation will be given 20% equity from the equity given to each faculty. The total equity for MGU Innovation Foundation will still be capped at 9.5% and will be taken in proportion to percentage held by each faculty.
- d) Upon formation of a startup company with faculty ownership, the concerned faculty are allowed to spend up to 20% of their working hours on their start-up activities in a non-executive role for a period of 3 years, without any change in teaching responsibilities. Extension of this period may be permitted by the Vice Chancellor based on a request from the faculty to Registrar, MGU, which shall be reviewed and recommended by the I&E Committee based on the merit of the application.
- e) Any faculty who would like to spend more than 20% of their working hours for startup-related activities are required to obtain appropriate approval from the University in advance.
- f) Faculty can avail sabbatical leave or can go on leave without allowance with permission from the University to work on their start-up activities in an executive role.
- g) Faculty can use Special Casual leave for the purpose of activities of the startup company.
- h) Product development and commercialization as well as participating and nurturing of startup companies would now be added as part of duties of a faculty.
- i) Participation in innovation and startup-related activities may be given due weightage during the faculty's annual appraisal and promotion.

5. Approval and Governance of Ownership

- a) Faculty can apply to MGU for taking ownership in a startup company with details on information of products of the startup company, all shareholders in it, capital and asset information, balance sheet of previous 3 years for existing startup companies, nature of work, contribution of Faculty towards the startup company and an effort estimate from faculty.
- b) I & E Committee shall review the application, evaluate any conflict of interest, review the contribution of the faculty seeking permission and forward its recommendation to Vice Chancellor, MGU for further action.
- c) On approval of the application by the University on the recommendation of the I&E Committee, MGU will sign MoU with the startup company about involvement of the faculty and ownership of equity by faculty and MGU Innovation Foundation. MGU has to be notified about change in ownership and change in role of the faculty in the startup entity.

- d) Faculty Startup companies are expected to be incubated in the incubators of MGUIF approved by MGU Innovation Foundation. If the startup company cannot be incubated in the co-working space of MGUIF for valid reasons approved by the I&E Committee, the faculty startup shall enroll for a virtual incubation with an incubator under MGU Innovation Foundation.
- e) The startup will sign the incubation agreement with the selected incubator regarding the terms and conditions of incubation including rent, service charges and period of incubation.
- f) MGUIF's active support to a startup company will be nominally for a duration of three years from the date of formal approval. However, on a case-by-case basis, MGUIF may decide to support a startup company for a maximum period of five years from the date of formal approval, if such support is warranted.
- g) I&E Committee will review an annual report submitted by the faculty about the activities of the startup and his/her contribution during the financial year.
- h) Audited financial statement of the startup should be given on a yearly basis to MGU Innovation Foundation.

6. Remuneration

- a) If the Faculty has taken leave without pay for working in the startup company, it is allowed for the Faculty to take compensation from the startup company.
- b) Faculty can provide consulting services to the startup company and remuneration can be taken based on consultancy guidelines set by MGU.
- c) If the Faculty is on sabbatical and is drawing salary from MGU, he/she is not permitted to avail any salary from the startup company. However, Faculty may offer services based on consultancy guidelines set by MGU.
- d) Faculty is not allowed to accept any gifts from the startup.

7. Exit of Startup company

- a) The startup should work towards a plan to buy back equity from MGU Innovation Foundation if
 - 1. The faculty member has ceased to be an owner in the company.
 - 11. If there is an offer of external funding of the startup.
 - 111. It has been seven years since awarding of equity to MGU Innovation Foundation.
 - 1v. If the startup valuation has gone above INR 30 Crores.
- b) The buyback price of equity held by MGU Innovation Foundation will be based on an independent valuation of the startup company and on arriving at a mutually agreeable price.

8. IP and Technology Transfer

- a) MGU will allow licensing of Intellectual Property Rights (IPR) to Startup Company as per the MGU Technology transfer rules set by IPR policy.
- b) Patents policy applicable for MGU faculty, will apply for patents filed with MGU faculty as an inventor.
- c) Faculty working on funded projects shall ensure non infringement of IP rights of the funding agency and shall not engage in activities in violation of the undertaking given to the funding agency.