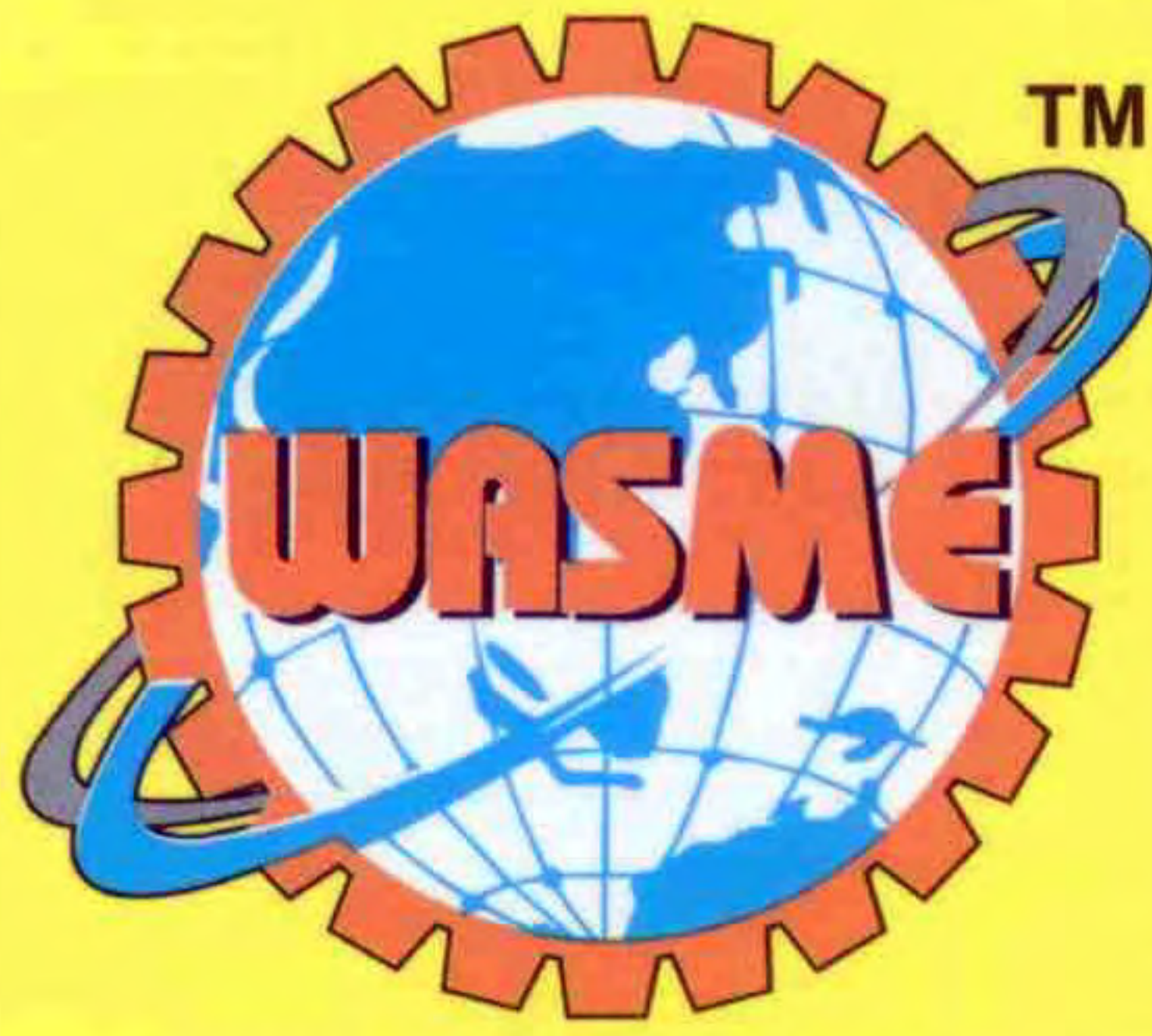


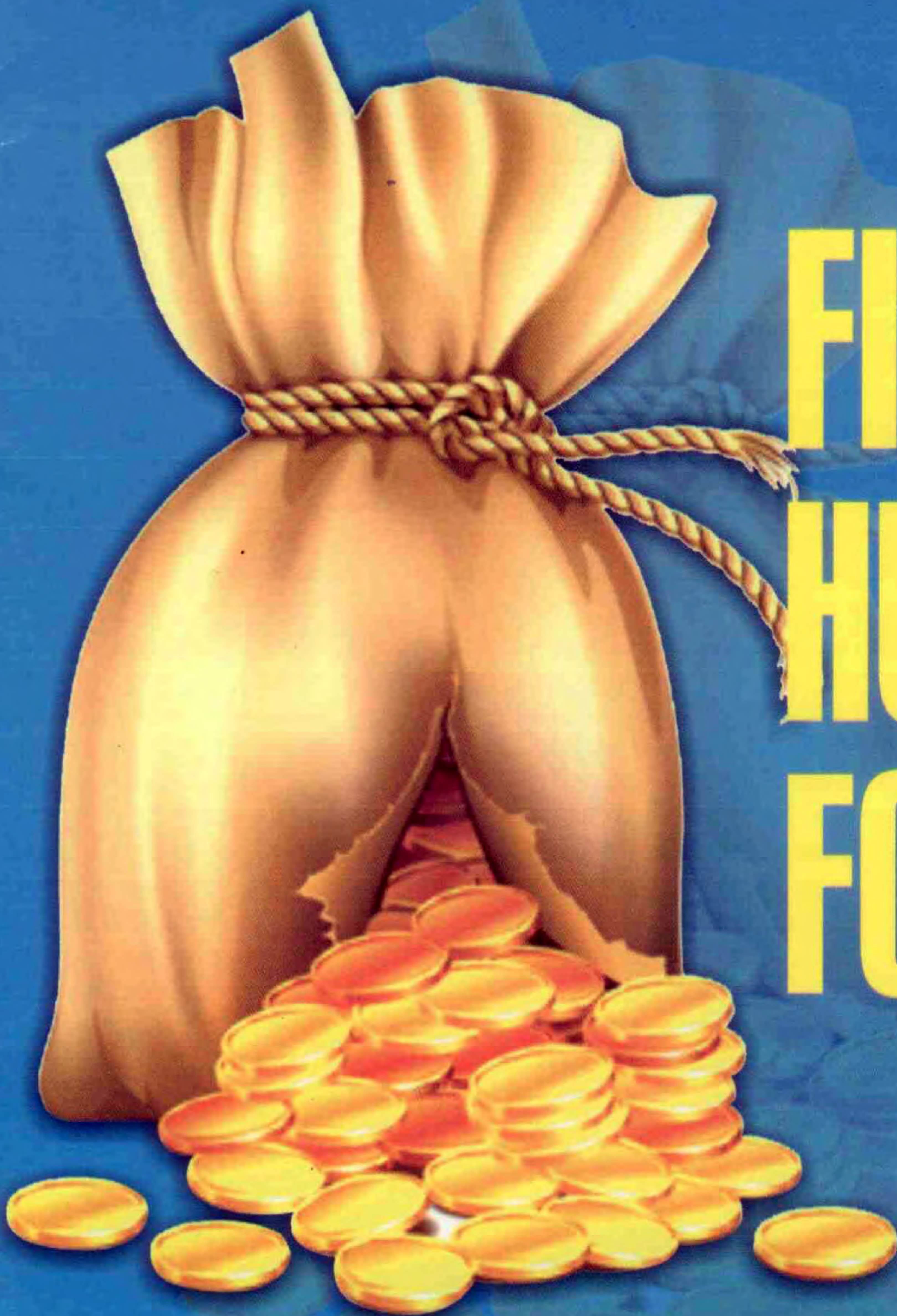
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Promoting MSME Innovation through Public-Private Partnership



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Wadhvani Foundation's Policy Research Centre organised an insightful seminar on "Promoting Innovation in Micro, Small and Medium-Sized Enterprises (MSME's) through Public-Private Partnership (PPP) Programmes" at The Claridges, Aurangzeb Road, New Delhi on 19th February, 2014. On this occasion a study titled "Promoting Innovation through PPP: An Assessment of SBIRI and BIPP Programmes" by Wadhvani Foundation's Policy Research Centre was unveiled by Dr. T Ramasami, Honourable Secretary, Department of Science and Technology, Government of India, Professor K. Vijay Raghavan, Secretary, Department of Biotechnology, Government of India, and Dr Ajay Kela, CEO and President Wadhvani Foundation. Dr. T Ramasami, the Chief Guest of the seminar in his key note address hailed Wadhvani Foundation's initiative in commissioning the study and analysing its key outcomes. The findings of the study were presented by Dr Aradhna Aggarwal, Director, Policy Research Centre, Wadhvani Foundation, in the session chaired by Prof. K. Vijay Raghavan. The seminar brought together high profile panelists and delegates from the public and private domain including policy makers, government agencies, researchers, the business community and academics. They discussed and deliberated on the findings of the study which explored ways to promote innovation in MSMEs within the PPP framework. The deliberations were concluded with the following set of recommendations.



Stimulate the innovation potential of MSMEs

Small and medium-sized enterprises (SMEs) can play a decisive role in promoting competitiveness and dynamism of an economy. Innovative SMEs in particular have the potential to become the engine of entrepreneurship and economic acceleration. However, these enterprises often lack the information and marketing networks, technical skills, and resources available to larger firms, which constrain them from realising their potential in innovations. Realising this, governments of the leading nations have been striving hard to address the bottlenecks, and have actively encouraged and supported small businesses through PPP in innovations. Governments around the world can take a lead from these successes and actively engage in driving small businesses in their own country.

Identify and address the major challenges in PPP in innovation

There are four major challenges that must be addressed in a comprehensive manner in the PPP model that is designed to stimulate innovations. These are:

- ☐ One, mismatch between objectives of the public and private sectors.
- ☐ Two, cross cultural divide that exists in public and private systems.
- ☐ Three, mismatch in speed of action. The money flow from the Government is very slow and if one wants to promote innovation and wants to invest in the time space in which to perform the task, the mismatch in speed of action has to be addressed.

Partnership must be looked upon as a committed investment by both parties and one where mutual values are generated. All partnerships come with the responsibility of tying together complimented strings, otherwise they have the potential of becoming nightmares.

Integrate innovation with entrepreneurship development through PPP-based programmes

One of the stated objectives of these programmes should be to promote new technology-driven enterprises. Innovation with entrepreneurship is a

brilliant idea for implementation. These programmes should not tend to focus only on developing new technologies. Most major commercialisation successes (whether public or private) require substantial post-research funding from a variety of sources. It becomes difficult for firms to procure additional funding outside of these programmes. Further, the process of taking new technology to the market is fraught with challenges and IP creators are often not well equipped to do this. In the absence of any assistance for technology commercialisation, new entrepreneurs find it difficult to carry the research forward. Unless knowledge creation is connected with entrepreneurship through commercialisation of technology, the cycle is not complete and the success of the programme in creating new innovation-based, high growth enterprises will remain limited.

Build a strong eco-system to create conditions for entrepreneurship development

The strategic value creation networks, which rely on the relationships with large players, vendors, suppliers, strategic consumer networks, national and international experts, and organisations, are critically important in technology development. These relationships are the capillaries for the flow of resources and information. The PPP based programmes should not focus on funding alone but should target building and strengthening the innovation eco-system by forging links between various components of this system.



Further, the success of these PPP initiatives requires a larger number of young people who are willing and able to become entrepreneurs and successfully develop their own

commercial or social ventures. Since education is key in shaping young people's attitudes, skills and culture, it is vital that institutional reforms are introduced in the education system not only to help shape the mindset of young people but also to provide the skills and knowledge that are central to developing an entrepreneurial culture.

Concluding remarks

Finally, it was observed that the two initiatives of the Department of Biotechnology, namely Small Business Innovation Research (SBIRI) and Biotechnology Industrial Partnership Programmes (BIPP) succeeded in overcoming the above challenges to some extent. They are found to have played an important role in shaping the innovation system by directly funding high-value research that would not otherwise be undertaken by private businesses. However, there is a need for some critical institutional reforms in these programmes to address the inherent challenges built in these programmes and to link them with entrepreneurship development.

It was also felt that there is an urgent need to upscale these programmes to cover more government departments. Its scope should be extended to all major government departments at the centre and state levels.

WORLD SME UPDATE



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