



ABSTRACT

Tamil Nadu Innovation Initiatives – State Innovation Fund – Guidelines for Identification and Implementation of Innovative Schemes – Orders – Issued.

PLANNING, DEVELOPMENT AND SPECIAL INITIATIVES (SP.1) DEPARTMENT

G.O. (MS) No. 124.

Dated: 24.10.2014.
Jaya, Iyppasi – 7
Thiruvalluvar Aandu 2045.

Read:

Ref: G.O.Ms.No. 93, Planning, Development and Special Initiatives (SP.1) Department, Dated: 26.09.2014.

ORDER:

In the Government order read above, orders have been issued for the establishment of “Tamil Nadu Innovation Initiatives (TANII)” in the State Planning Commission to promote innovation in Government and Government agencies. In the above G.O., it has also been ordered that, a State Innovation Fund will be set up by restructuring the existing Part-II Schemes from the financial year 2015-2016 and the detailed guidelines in this regard, schedule for submission of proposals, appraisals and discussions will be issued separately.

2. Accordingly, the guidelines for Identification and Implementation of Innovative Schemes are issued as follows:

- I. For the purposes of the State Innovation Fund, an “innovation” means the introduction of a process/ practice/ approach/ technique or technology which is new or novel to public service delivery. Hence, it could be an entirely new idea or something which has already been attempted in a different field or in a different manner being applied now to public service delivery. The “innovation” should specifically address a public issue or problem with greater efficiency measured in terms of time and/ or cost saving, or improved service delivery in terms of greater ease of operation or improved stakeholder experience. An “Innovative Scheme” to be eligible for funding under the State Innovation Fund will require to fulfil the following criteria :-
 - a. The innovation or innovative scheme proposal should first identify a public issue or problem which needs to be addressed by the Government agency and is important enough to warrant an “innovation”. This could be a gap in the existing services being provided or an issue that has not been tackled so far, but needs to be addressed. The problem/ issue needs to be clearly defined and of manageable proportions.
 - b. The “innovation” itself could be a new or novel or unconventional or creative intervention/ approach/ organizational model/ operational process/ service to tackle the identified issue/ problem that would lead to a substantial improvement in developmental/ governance outcomes.

(P.T.O.)

- c. Repetition of existing programmes or expansion of existing programmes to cover additional areas or target populations will not be considered innovation.
- d. Innovation may include use of new technology, although mere vendor driven technology off-loading should not be encouraged.
- e. Cost-effectiveness of the proposed innovation will be very relevant.

II. Eligible Agencies:

The eligible lead agencies in the first phase will include:

- i. State Government Departments
 - ii. Local Bodies
 - iii. State Public Sector Undertakings
 - iv. Statutory Boards formed by the State
 - v. State Co-operative Institutions
 - vi. State Universities
 - vii. Societies formed by the State
- a. In the case of local bodies, the proposed innovations should be routed through the concerned Heads of Departments, the Director of Rural Development for Rural Local Bodies, Commissioner Municipal Administration in the case of Corporations, other than Chennai and Municipalities and Director of Town Panchayats for Town Panchayats.
 - b. Co-operative Institutions should send their proposals through the Apex State Level Co-operative Federation.
 - c. Proposals from Societies formed by the State Government, should be routed through the concerned Head of Department or Secretariat Department.
 - d. Projects executed by eligible agencies in collaboration with Non-Governmental Organizations (NGOs) of repute can also be considered, provided that in every such case, evaluation of the innovative scheme by an independent, third party agency would be obligatory. The independent evaluation would be done by the Department of Evaluation and Applied Research or any evaluation agency either specially engaged for the purpose or drawn from a list of empanelled agencies maintained either by the State Planning Commission or Department of Evaluation and Applied Research.
 - e. The State Planning Commission would also accept suggestions from individuals whether they are Government employees or Private individuals or representing an organization. The State Planning Commission shall first internally review all such suggestions received directly for new schemes. In cases where the State Planning Commission is of the view that a suggestion can form the basis of a genuinely innovative scheme, it shall refer the suggestion to the concerned Administrative Department/ Agency for preparing a new

scheme. In case, the State Planning Commission is of the view that the suggestion requires further in-depth examination, it may refer the suggestion to the concerned Administrative Department/ Agency for detailed examination. The Department/ Agency may after detailed examination propose an Innovative Scheme, if deemed fit.

III. Procedure and Process:

There will be two rounds of sanction of financing from the State Innovation Fund. In the first round, the last date for receipt of proposals would be October 31 and in the second round, April 30. For 2014-15, since it is the first year, the last date for receipt of proposals would be extended upto November 30. The State Planning Commission may also entertain a high quality innovative scheme in the intervening periods as well.

In the second round of financing when proposals are received upto April 30, any announcements already made or proposed to be made in the Legislative Assembly by the Hon'ble Chief Minister or Hon'ble Minister concerned could also be accommodated. In such cases, the examination process by the State Planning Commission would be primarily with a view to shaping and structuring the innovative idea into a well designed scheme and resolving inter-departmental issues if any.

IV. Departmental Allocations:

The practice of making departmental allocations will not be followed under the State Innovation Fund in order not to artificially constrain genuine innovative ideas and to accommodate innovative schemes that may involve multiple departments. However, the State Planning Commission will work with all departments to ensure that the Fund is used in a way to seed innovation in all Departments and ensure that the sectoral balance is maintained in the medium term.

V. Size:

The upper ceiling for schemes to be funded from the Innovation Fund will be restricted to Rs.20 crores for the overall scheme cost with Rs.10 crores as the maximum permissible expenditure in a year. To the extent that scheme costs spill over into the subsequent years, they will be met out of the allocation made for the State Innovation Fund. The State Planning Commission based on the nature of proposals received may decide on internal limits on the size of "pilot" and "full fledged" schemes.

Departments/ agencies would be allowed to dovetail funding available from other sources, including "flexi funds" under Centrally Sponsored Schemes or funds available under externally aided projects to meet certain components of the innovative scheme if the funds available from the State Innovation Fund are inadequate. Part funding from the Non-Governmental Organizations who are assisting the Government agencies to implement the scheme could also be insisted upon where on appraisal it is considered that such involvement would enhance the stakes of such NGOs in the better implementation of the schemes. However, this such involvement by an NGO should not be the only driving factor to approve an innovative scheme.

VI. Scheme Duration

Assistance for a scheme would be available from the Fund for a maximum total period of three (3) years, which may be extended by one more year in exceptional cases by the State Planning Commission.

VII. Permissible Scheme Components:

In general, since the idea is to enhance productivity, ordinarily no new staffing would be considered. Existing staff or redeployed staff should implement the innovation. In exceptional cases, with prior concurrence of Finance Department, redeployment of vacant posts may be permitted for implementing the innovation.

Recurring costs would be permissible within the overall scheme time limit of 3 years. Purchase of vehicles, air conditioners, and office equipment would generally not be permitted if that is the sole purpose of the scheme. However, equipment that is indispensable for implementation of an innovation can be considered subject ordinarily to a maximum ceiling of 25 per cent of the total project cost. Cost of engaging experts and consultants could also be considered in exceptional cases upto a maximum of 5 per cent of the project cost and strictly to provide specialized knowledge inputs and limited to specified contracted periods and terms.

The Innovation Fund shall not be utilized for gap-filling i.e. existing schemes currently being implemented in a few select districts or blocks cannot be expanded to cover more areas under the Innovation Fund. However, this does not preclude the dovetailing of funds indicated in para (V) above.

VIII. Format for the proposal:

The State Planning Commission will prescribe a format for the proposal which will contain all requisite information for appraising the proposed innovation.

IX. Appraisal:

- i. The State Planning Commission will call for proposals from the fund in April and January each year, giving adequate time for preparation of the schemes. The Commission will also prescribe the formats for obtaining such data as may be necessary along with scheme proposals, in order to facilitate detailed examination of the schemes by it.
- ii. Heads of Department shall send these proposals to the State Planning Commission by 15th May and 15th February of each year in the prescribed formats.
- iii. The Member-secretary, State Planning Commission, will appraise the proposals in the Commission and in meetings with individual Heads of Department. Such meetings will be held during June-July and during March-April each year, giving adequate time for examination of all new schemes and for obtaining additional information or making modifications. Proposals which do not constitute an innovation will not be considered.
- iv. During the appraisal, proposals not considered sufficiently beneficial will be weeded out and a shelf of recommended proposals prepared, after careful consideration of the proposal content including requirement of additional staff and over-head expenditure. The costs of implementation of each such proposal in the initial year and in subsequent years will be estimated and cash flow statements prepared for each year of implementation.

- v. In November/ May of each year, the State Planning Commission will then call for meetings with the Secretary to Government concerned and the Heads of Department concerned and the Members of the Planning Commission. This meeting will consider the shelf of appraised schemes, prioritise them and recommend for funding from the Innovation Fund.

X. Focus Areas for Appraisal:

The appraisal in the State Planning Commission would focus on the following aspects:

- a. Clear articulation of the specific innovation to be implemented/ tested.
- b. Clear outlining of present situation including constraints and how the innovation would help.
- c. Clear indication why the innovation cannot be implemented within an existing on-going scheme or by identifying savings from existing schemes.
- d. Potential social and economic benefit to stakeholders/ beneficiaries.
- e. Clear case that innovation can feasibly achieve better results at lower cost than status quo or alternatives.
- f. Description of department's capacity to implement.
- g. Well-defined and designed metrics to measure success.
- h. Extent to which the innovation would influence future implementation design and scaling up of the same scheme or similar schemes.

XI. Awareness Building, Capacity Building, Evaluation, Documentation and Awards for the Innovations:

The State Innovation Fund has a provision of utilising 5 per cent every year for the purpose of awards, awareness building, capacity building, evaluation and documentation.

- a. In cases where the State Planning Commission finds that the innovation proposed by any agency is fundamentally sound, but the scheme requires to be better formulated and structured, the State Planning Commission would provide such assistance either through its own staff or engage a suitable consultant to provide such assistance. In engaging such external consultants, the Transparency in Tenders Act, 1998 and the Transparency in Tenders Rules, 2000 would be followed. Based on the requirement of such assistance, the State Planning Commission may also empanel consultants who may be engaged for such assistance.
- b. In the following cases, a detailed impact evaluation of the innovative schemes would be taken up:
 - i. Cases where the State Planning Commission is of the view that such an evaluation is required to be done;
 - ii. Cases of impact evaluation approved by the State Steering Committee under the Memorandum of Understanding with J-PAL (G.O. Ms No. 81, Planning, Development and Special Initiatives (ST2 & E) Department, Dated: 2.9.2014)
 - iii. Cases where the scheme is proposed to be implemented in association with an NGO [as indicated in para II (d)].

XII. Accounting:

Since the primary purpose of setting up the State Innovation Fund is to encourage innovation and ensure that only quality schemes are financed adequately, it will operate as a separate non-lapsable Fund within the Public Account. This will ensure that there is no pressure to sanction schemes only to exhaust the budgetary allocation and at the same time the unutilised amounts are allowed to accumulate in the Fund balance at the end of the financial year for use in the next fiscal year for good scheme ideas. At the beginning of the year it would be credited with Rs.150 crores or such amount as the Government may determine. As and when innovative schemes are approved, the Finance Department will allocate a separate sub-head of account in the Consolidated Fund by debiting the Fund account and the expenditure would be incurred by drawal from the PAO/ Treasury. Any unutilised balance in the Fund would be carried over into the next financial year and would be available for sanctioning innovative schemes in the subsequent year. The Fund will be utilised to fund the expenditure on approved schemes upto a period of three years, after which if the Government intends to continue the scheme, it shall be sanctioned as a regular on-going scheme.

Similarly, in the case of the 5 per cent funds set apart for capacity building, evaluation, documentation and awareness building, 5 per cent of the budget provision made in the year for the State Innovation Fund will be transferred from the Fund account into a separate head of account under the control of the State Planning Commission. Any unutilised balance at the end of the year would be transferred back to the Fund account for accumulation and carry over into the subsequent year. However, such unutilised balances would not be available for use for capacity building, documentation etc in the subsequent year, as the permissible expenditure on these items would be limited to 5 per cent of the budget provision of that particular year.

XIII. Approvals in Government:

As indicated in G.O. Ms No. 93, Planning, Development and Special Initiatives (SP.1) Department, Dated: 26.09.2014, the sanction of the schemes recommended for implementation out of the State Innovation Fund in Government will follow the same procedure as for Part-II Schemes as prescribed in paras 83, 84 and 75 of the Tamil Nadu Budget Manual.

This order issue with the concurrence of the Finance Department vide its U.O.No.29/ DS (PW)/ 2014, Finance Department, Dated: 24.10.2014.

(BY ORDER OF THE GOVERNOR)

**S. KRISHNAN
PRINCIPAL SECRETARY TO GOVERNMENT.**

To
The Member-Secretary, State Planning Commission, Chepauk, Chennai-5.
All Secretaries to Government, Secretariat, Chennai-9.
All Departments of Secretariat, Chennai-9.
All Head of Departments.
All Public Sector Undertakings.
All Universities.
All District Collectors.
The Accountant General (A&E), Chennai-18.
The Pay and Accounts Officer (East), Chennai-5.

Copy to:

The Principal Secretary to the Hon'ble Chief Minister, Secretariat, Chennai-9.

The Senior Personal Assistant to the Hon'ble Minister (Finance), Secretariat, Chennai-9.

The Private Secretary to the Chief Secretary, Secretariat, Chennai-9.

The Senior Private Secretary to the Principal Secretary to Government,

Planning, Development and Special Initiatives Department, Secretariat, Chennai-9.

The Finance (Public) Department, Secretariat, Chennai-9.

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// FORWARDED/ BY ORDER //

R. *[Signature]* 24.10.14.

SECTION OFFICER.

[Signature]
24/10/14