

# A Business Incubation Centre by Municipal Corporation -A New Era to Support and Promote Entrepreneurship

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**Abstract**— Business Incubation are facilitating start-ups to grow and sustain their unique business idea. In Indian scenario there are many business incubation centre are in existence and promoting the start-ups. Many of the Business Incubation centre are now getting the government grant for their start-ups. The local government also taking initiative to promote start-ups with the available infrastructure and facilities. With this paper researcher is focusing on the engagement of city government like Municipal Corporation to take initiative to encourage entrepreneurship quality of the citizen and also to help out to get the market place for their products and services. Due to this, Municipal Corporation may get the solution for city issues through the Business Incubation with the help of their innovative and new technology based product and services. In this paper, researchers are discussing the need, ecosystem and sustainable model for Business Incubation Centre of Municipal Corporation by which city get benefited.

**Keywords**— Business Incubation, Business Incubator, Entrepreneurship, Municipal Corporation, Start-up

## I. INTRODUCTION

Business incubators are proposed to encourage the development of newly formed Start-up companies by providing them with business and administrative support services and the infrastructure which includes technical guidance, mentoring, consulting, space, basic business services and networking support, marketing support, and funding which is necessary for company growth.

The main purposes of all incubation programs are to increase the existence and progress of new start-up firms substantially, create employments and prosperity, enhance commercial climate, create and maintain businesses, commercialize new technologies, build or fast-track the growth in a local industry. The business incubation centres have to focus on numbers and global spread, and also in terms of its impact on promoting entrepreneurship, employment opportunities and economic growth across the world.

### A) Business Incubation

The definitions of business incubation vary markedly from country to country and information flows are sporadic. Therefore, the numbers of incubators worldwide are

estimates and are provisional. As of October 2006, there were nearly 7000 incubators of various types in the world. [1] Out of these, approximately 1400 were in North America (1115 in United States, 191 in Mexico and 120 in Canada), 1000 in Europe (including 370 in Germany), 400 in China, 355 in Korea, 265 in Japan, and 220 in UK. The remaining are in other parts of the world. India has around 120 incubators including 40 Science and Technology Entrepreneurs' Parks (STEP). [2]

### B. Business Incubator

A business incubator is a company that helps new and start-up companies to develop by providing services such as management training or office space. [3] The National Business Incubation Association (NBIA) defines business incubators as a catalyst tool for either regional or national economic development. NBIA categorizes their members' incubators by the following five incubator types: academic institutions; non-profit development corporations; for-profit property development ventures; venture capital firms, and combination of the above. [4]

Business incubators differ from research and technology parks in their dedication to start-up and early-stage companies. Research and technology parks, on the

other hand, tend to be large-scale projects that house everything from corporate, government or university labs to very small companies. Most research and technology parks do not offer business assistance services, which are the hallmark of a business incubation program. However, many research and technology parks house incubation programs. [5]

So far as the Indian scenario is concerned, the National Science and Technology Entrepreneurship Development Board (NSTEDB) launched the Science and Technology Entrepreneurs Parks (STEP) in the early 1980's, and the Technology Business Incubators (TBI) in the beginning of 2000.[6] Our country has nearly 120 incubators and science parks which have nurtured over 1150 entrepreneurs up to 2008.[7] NSTEDB has so far created 53 TBIs in collaboration with premier academic and research institutes with an investment of Rs. 100 crores and the cumulative revenue generated by these incubated enterprises now stands at Rs. 595 crores. [8]

The Technology Business Incubators in India have existed since 1980s, under the Government of India and since late 1990s under the private industry. They have played a critical role in encouraging risk taking and public research in the information technology industry. [9] In recent era, India have played an important role in promoting entrepreneurship which could be reviewed from the unique contribution of few Business Incubation Centres. The SIDBI Innovation & Incubation Centre (SIIC), set up by Indian Institute of Technology, Kanpur in 2000. The incubatee firms have created employment for 94 individuals and generated revenues exceeding Rs. 67 million. Centre for Innovation, Incubation and Entrepreneurship (CIIE), Ahmedabad established in 2001 and their incubatees currently employ over 150 individuals across western India. Technology Business Incubator, National Institute of Technology, Calicut, (TBINITC) was established in 2003. Vellore Institute of Technology-Technology Business Incubator (VIT-TBI) started its operations in 2003 and have created more than 65 jobs and contributed Rupees 16 million to the economy. Technology Business Incubator, Kongu Engineering College (TBI KEC) started in 2003. TBI Composites was instituted in 2003 and have generated 1500 jobs and added Rupees one billion in revenues. In 2004 Society for Innovation and Entrepreneurship, SINE, at IIT Mumbai started which focuses on promotion of entrepreneurship. Trivandrum based Technopark Technology Business Incubator has incubated 72 firms so far, of which 40 have already become viable. Amity Innovation Incubator (AII) was founded in March 2006. IITM's Rural Technology and Business Incubator was set up in 2006 and focuses on nurturing enterprises, building rural inclusive business ventures through designing products and services for rural needs which have a technology component. [10]

### C. Municipal Corporation

A Municipal Corporation, City Corporation, Mahanagar Palika, Mahanagar Nigam or Nagar Nigam or Nagara Sabha is a local government in India that administers urban areas with a population of more than one million. The growing population and urbanization in various cities of India were in need of a local governing body that can work for providing necessary community services like health care, educational institution, housing, transport etc. by collecting property tax and fixed grant from the State Government. [11]

The largest corporations are in the seven metropolitan cities of India, viz. Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad and Pune. The Brihanmumbai Municipal Corporation (BMC) of The City of Mumbai is the richest municipal corporation in India. [12], [13]

### D. Roles and Functions of the Municipal Corporation

A Municipal Corporation works in coordination with the State Government for the effective execution of the various plans and programs. All municipal acts in India divide functions, powers and responsibilities into the following two categories which are Obligatory and Discretionary.

Some obligatory functions are Supply of pure and wholesome water, Construction and maintenance of public streets, Lighting and watering of public streets, Cleaning of public streets, places and sewers, Regulation of offensive, dangerous or obnoxious trades and callings or practices, Maintenance or support of public hospitals; establishment and maintenance of primary schools, Registration of births and deaths; removing obstructions and projections in public streets, bridges and other places, Naming streets and numbering houses.

Some discretionary functions are Construction and maintenance of public parks, gardens, libraries, museums, rest houses, leper homes, orphanages and rescue homes for women, planting and maintenance of roadside and other trees, Housing for low income groups, Conducting surveys, Organizing public receptions, public exhibitions, public entertainment; provision of transport facilities with the municipality, Promotion of welfare of municipal employees. [14]

### E. Start-up

A startup or start-up is started by individual founders or entrepreneurs to search for a repeatable and scalable business model. More specifically, a startup is a newly emerged business venture that aims to develop a viable business model to meet a marketplace need or problem. Founders design startups to effectively develop and validate a scalable business model.[15][16]

## II. OBJECTIVES

- 1) To support and promote new business idea and entrepreneurship quality of the citizen.
- 2) To operate Business Incubation through Municipal Corporation.
- 3) To get the benefits of new idea, products and services to improve the quality of life.

## III. BUSINESS INCUBATION CENTRE OF THE MUNICIPAL CORPORATION

Municipal Corporation caters to different civic needs and operates in multidisciplinary areas of city governance providing services in huge range of subjects, there is a huge scope and necessity of Research & Development and need for innovative solutions to provide better, efficient and effective civic services and thereby improving the living conditions in the City. There is necessity of providing opportunities for giving platform for establishing new business commensurate with the changing scenarios in the business environment. With this, Municipal corporation, being local Governing body for the city, can focused towards uplifting the living standards of its citizens creating an ecosystem that promotes innovation and social entrepreneurship.

The many of the cities have ready ecosystem and entrepreneurial spirit, where city government which is called as Municipal corporation which can promote young entrepreneur by business Incubation centre with spirit of venturing into innovative businesses and enhance the identity of city, Municipal corporation can support young minds by providing support through Business incubators with space, basic infrastructure, market research, guidance and mentoring. It can effectively streamline to create an edge for start-ups with proper systems and guidelines and also be one of the major revenue earner in long term by adopting equity model and planned exit mechanism after the start-up starts registering profits. Municipal corporation can set up their own Business Incubation centre in line with governments Start-up Policy.

The World Bank's innovation policies for developing countries involve guidelines focused primarily on three issues (listed below). Cultivating an entrepreneurial ecosystem is akin to gardening. Prior to sowing a seed, fostering the sapling and growing it into a plant, one must plough the field, remove the weeds and water the plant periodically as these are essential for the growth and sustenance of the plant. Likewise, the development of each novel concept into a micro, small or large enterprise necessitates are Financial support ("Watering"), Relaxation and concession in rules ("Removing the weeds"), Research,

development and information ("Nurturing the soil"), Education ("Preparing ground").

The municipal incubation centre can be started with the vision to Establishing a Start-up culture that encourages innovative ideas, Transforming novel concepts into practical industry solutions, Mentoring aspiring entrepreneurs, Supporting Start-ups' set up, incorporation and operations via incubators; enabling them to significantly contribute to the state and the country's economic growth, Resolving various regional issues through new ideas, in a cost-effective manner, Generating large scale employment through the medium of Start-ups. [17]

To sustain the Business Incubation, the Equity based model, profit sharing model can be considered for achieving sustainability in long term. The corporation can hold equity in start-up companies as partial or full consideration for facilities, services and funding provided to them. Also can undertake the management of any endowment of trust fund or donation with objects similar to the objects of the Society, make grants/endowments for furtherance of the objects of the Incubation centre and award scholarship for promising researchers through Municipal Corporation.

Municipal Corporation may provide with the initial investment for the refurbishing cost, operational and overhead expenses including space redevelopment, furniture, internet and communication infrastructure etc.

## IV. RELATED WORK

A few examples where the concept of Business Incubation Centre is to be materializes: As mentioned in New paper, a) Surat Municipal Corporation and Surat Smart City Development Limited are creating the Incubation centre named Surat Ideas and innovation lab with fifty percent stake. [18] b) As part of its business incubation centre project, the Brihanmumbai Municipal Corporation (BMC) has prepared a start-up hub and innovation policy that will back entrepreneurship models with solutions to local civic problems. [19] c) The Thane Municipal Corporation is working on making the lake city a hub for startups and business ventures by setting up a massive facility that will provide all kinds of logistic support including training and infrastructure to aspiring entrepreneurs at affordable rates. [20].

Employment generation one the most important factor of eradicate poverty since first five-year plan to till today. [21] The business incubation centre and their start-ups help to generate the employment which will impact the city life.

This type of incubation centre may establish laboratories, common facility centres, prototype development centres, pilot plant production facilities, applied research centres,

software development facilities, training and human resource development centres and other allied subjects to propagate new scientific and technological development and innovation from idea stage to full scale commercial production or any part of this chain and can also assist, co-operate or collaborate with any establishment, laboratory, centre, organization or institution. Also can provision to provide mentoring services and market access in the fields of work of civic services where innovations would deliver better services to the citizens to aspiring teams of innovators and needy and aspiring entrepreneurs.

## V. CONCLUSION AND DISCUSSION

The Business incubation of Municipal corporation can promote social and economic development in the city by creating an opportunity to nurture, support and promote the ideas that could potentially become profitable and scalable business venture generating revenues and employment opportunities in city. With this Municipal Corporation support and promote new business idea and entrepreneurship quality of the citizen which leads to increase the GDP of the city. The entrepreneurial can be benefited by receiving the opportunity to present their innovation to city. The Municipal Corporation may act as a facilitator to create a larger global platform for young entrepreneurs by strengthening the Entrepreneurial ecosystem and creating an investor ecosystem for social change with stakeholder involvement – citizens-academia-government – industry including other Innovation centers. The Municipal Incubator may be governing by the Management body by the involvement of Civic Chief and his team along with private incubators and industrial experts. Municipal corporation can also have to looked up into provide market for trying out various solutions, products provided by the incubatee on experimental basis with appropriate scrutiny by the expert teams, which encourage the Incubatee.

The Municipal corporation may get the in-house solutions for the civic and infrastructural issues from the Business Incubation which make the impact on the city growth and living conditions of the citizen.

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