

# **“Identification and Valuation of IPRs in MSMEs”**

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## **Abstract**

IPRs and their value rose rapidly among the corporate sector especially in technology intensive sectors in India such as IT, Pharma, Automobile, Electronics etc., the situation did not much change in MSMEs. For many small businesses, intellectual property is the most significant asset on the balance sheet. Although an accurate appraisal of the company’s intellectual property is essential because assigning value to something that can’t be seen or touched is difficult, but impossible. Intellectual Property Rights and other intangible assets have the potential for creating enormous wealth. However, the challenges in proving ownership and of securing a robust revenue stream from exploiting IP can be of greater value when dealing with tangible assets like Land, Stock, and Machinery etc. It becomes imperative for MSMEs to develop and invest in their own Intellectual Property so that these can be commercially exploited to the benefit of all connected with them. There are many reasons why MSMEs may want some or all of their IP to be valued. The nature of the IP and the reasons for the valuation (and who wants) may affect the valuation method adopted. Some of the reasons include, Accounting of the assets of business, calculating share values, Fund raising, Fair Joint Ventures, Preparation of Final Accounts etc. In view of aforesaid benefits, there is an utmost urgency for an IPR and Patenting infrastructure for MSMEs in India which can be developed at three levels: (a) Within the Co. (b) An Intermediation structure and (c) A regulatory and enforcement mechanism.

The present Paper deals with development of a common but effective methodology for the valuation of IPRs in MSMEs. Secondly, the paper also put forth the constraint which hinders the proper implementation of IPR valuation in MSMEs.

**Keywords: Intangible Assets, Valuation Factors, Enforcement Mechanism, Methodology of Valuation**

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## **Declaration**

**This to certify that the reported work in the paper entitled “Identification and Valuation of IPRs in MSMEs” submitted is an original one and has not been submitted for publication elsewhere. I/we further certify that proper citations to the previously reported work have been given and no data/tables/figures have been quoted verbatim from other publications without giving due acknowledgement and without the permission of the author(s). I agree that all the materials once provided electronically or as a hard copy will be the property of FISME and all intellectual property rights related to the study and its subsequent thereof in any form will rest with FISME”.**

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