

**GOVERNMENT OF INDIA**  
**MINISTRY OF MICRO, SMALL AND MEDIUM ENTREPRISES**

\*\*\*\*\*

Udyog Bhawan, Rafi Marg,  
New Delhi-110001.

Date: - 19<sup>th</sup> June 2018.

**OFFICE MEMORANDUM**

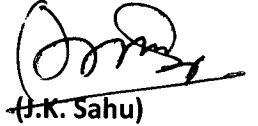
Subject:- Revised Operational Guidelines for the scheme titled '**A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship' (ASPIRE)** – reg.

.....

The undersigned is directed to refer to this Ministry's O.M. of even number dated 6.12.2017 vide which the Operational Guidelines for the scheme titled '**A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship' (ASPIRE)** were circulated.

2. Based on the discussions with different stakeholders, certain amendments have been made in the guidelines. The "**Revised Operational Guidelines for the scheme titled A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)**" are enclosed herewith for information". The Competent Authority has approved the changes in the Operational Guidelines.

Encl.– As above.



**Under Secretary, Govt. of India**  
Tel. No.23062573  
E-mail: sahu.jk@nic.in

To

1. CEO, NITI Aayog, NitiBhawan, SansadMarg, New Delhi ([ceo-niti@gov.in](mailto:ceo-niti@gov.in))
2. Secretary, M/o Finance, D/o Expenditure, North Block, New Delhi ([secyexp@nic.in](mailto:secyexp@nic.in))
3. Secretary, M/o Finance, D/o Economic Affairs, North Block, New Delhi ([secy-dea@nic.in](mailto:secy-dea@nic.in))
4. Secretary, M/o Finance, D/o Financial Services, Jeevandeep Building, SansadMarg, New Delhi ([secy-fs@nic.in](mailto:secy-fs@nic.in))
5. Secretary, M/o Agriculture and Farmers Welfare, KrishiBhawan, New Delhi-110001 ([secy-agri@nic.in](mailto:secy-agri@nic.in))
6. Secretary, D/o Agriculture Research and Education, KrishiBhawan, New Delhi ([dg.icar@nic.in](mailto:dg.icar@nic.in))
7. Secretary, M/o Food Processing Industry, PanchsheelBhawan, August KrantiMarg, New Delhi-110049 ([secy.mofpi@nic.in](mailto:secy.mofpi@nic.in))
8. Secretary, M/o Rural Development, KrishiBhawan, New Delhi-110001 ([secyrd@nic.in](mailto:secyrd@nic.in))

9. Secretary, M/o Electronics & Information Technology, 6, CGO Complex, Electronics Niketan, New Delhi-110003 ([secretary@meity.gov.in](mailto:secretary@meity.gov.in) )
10. Secretary, M/o Science & Technology and Bio-Technology, New Meharauli Road, New Delhi-110016 ([webmanager.dbt@nic.in](mailto:webmanager.dbt@nic.in))
11. Director General, Council of Scientific and Industrial Research, Rafi Marg, New Delhi-110001 ([dgcsir@csir.res.in](mailto:dgcsir@csir.res.in))
12. Secretary, M/o Labour & Employment, Shram Shakti Bhawan, Rafi Marg, New Delhi. ([secy-labour@nic.in](mailto:secy-labour@nic.in) )
13. Secretary, M/o Environment, Forest and Climate Change, Lodhi Road, New Delhi-110003 ([secy-moef@nic.in](mailto:secy-moef@nic.in) )
14. Secretary, M/o Development of North Eastern Region, VigyanBhawanAnnexe, Maulana Azad Road, New Delhi ([secydoner@nic.in](mailto:secydoner@nic.in) )
15. Secretary, M/o Minority Affairs, CGO Complex, Lodhi Road, New Delhi-110003 ([secy-mma@nic.in](mailto:secy-mma@nic.in) )
16. Secretary, M/o Social Justice & Empowerment, ShastriBhawan, New Delhi-110001 ([secywel@nic.in](mailto:secywel@nic.in) )
17. Secretary, M/o Tribal Affairs, ShastriBhawan, New Delhi ([secy-tribal@nic.in](mailto:secy-tribal@nic.in) )
18. Secretary, M/o Women and Child Development, ShastriBhawan, New Delhi ([secy.wcd@nic.in](mailto:secy.wcd@nic.in) )
19. Secretary, M/o Skill Development and Entrepreneurship, Shivaji Stadium, New Delhi ([secy-msde@nic.in](mailto:secy-msde@nic.in))
20. Secretary, D/o Industrial Policy and Promotion, UdyogBhawan, New Delhi ([secretary-ipp@nic.in](mailto:secretary-ipp@nic.in) )

Copy to:

1. AS & DC (MSME) ([dcmsme@nic.in](mailto:dcmsme@nic.in))
2. AS & FA (MSME) ([asfasteel@nic.in](mailto:asfasteel@nic.in) )
3. JS (SME) ([js.sme@nic.in](mailto:js.sme@nic.in) )
4. CMD, NSIC ([cmd@nsic.co.in](mailto:cmd@nsic.co.in) )
5. CMD, SIDBI ([cmd@sidbi.in](mailto:cmd@sidbi.in), [kmani@sidbi.in](mailto:kmani@sidbi.in) )
6. EA (MSME) ([ds.negi85@nic.in](mailto:ds.negi85@nic.in) )

Copy also to:

1. PS to Secretary (MSME)
2. PPS to JS (ARI)
3. DS (SN)
4. US (IFW)
5. NIC (for placing it on ASPIRE Website)

# **GUIDELINES OF ASPIRE**

## **A. OPERATIONAL GUIDELINES FOR LIVELIHOOD BUSINESS INCUBATOR (LBI)**

### **1. Introduction**

The main objective of LIVELIHOOD BUSINESS INCUBATOR (LBI) is to create jobs at local level and reduce un-employment by creating a favourable ecosystem for entrepreneurial development in the country.

The main focus area under the livelihood incubation is to take up those commercial activities, which are need based to create enterprises in the rural areas of the country. The LBI program will be implemented as follows:

- (i) National Small Industries Corporation (NSIC), Khadi and Village Industries Commission (KVIC) or Coir Board or any other Institution/agency of GOI/State Govt. will promote entrepreneurship and skill development and pursue live "demo projects".
- (ii) Private partner institutions and entities can also set up livelihood incubation centres under PPP mode with the aforesaid institutions, namely: NSIC, KVIC or Coir Board or any other Institution/agency of GOI/State Govt.

### **2. Objectives of LBI:**

- To set up business incubators so that eligible youth can be adequately incubated in various skills and be provided the opportunity to set up their own business enterprises;
- To impart entrepreneurship, and skill development training to youth;
- To provide mentoring and hand holding with facilitation for funding with a view to empower them to set up own business enterprises.
- To promote new low-end-technology/livelihood based enterprises.

### 3. Submission of Proposal

Proposal in the prescribed proforma as per Annex-IA along with necessary enclosures and endorsement from the Head of the designated agencies i.e. NSIC, KVIC or Coir Board or any other Institution/ agency of GOI/ State Govt. interested in setting up of new incubator may be sent to the following addressee:-

The Member Convener,  
Scheme Steering Committee, ASPIRE,  
O/o The Joint Secretary (ARI Division)  
Ministry of Micro, Small & Medium Enterprises,  
Room No. 171 Udyog Bhawan, New Delhi-110011.  
Telephone (011) 23061543 Telefax: (011) 23062858  
E-mail: js.ari@nic.in

The application could also be uploaded on the ASPIRE website by filling up the proforma enclosed at [www.aspire.msme.gov.in](http://www.aspire.msme.gov.in)

#### **Appraisal and Approval Process:**

The proposals will be appraised based on the merit of the incubator in promoting Livelihood based enterprises taking into account the locally available resources and local needs. The appraisal will be done by the **Advisory Committee**, constituted by the MoMSME consisting of senior functionaries of NSIC, KVIC or Coir Board or any other Institution/agency of GOI/State Govt., experts in the field of incubation, entrepreneurship and startups. The proposals with the recommendation of the Advisory committee will be placed for approval before the **Scheme Steering Committee**. The performance will be monitored both for quantitative and qualitative aspects by the Advisory Committee.

#### **Quantum of Assistance:**

(a) In respect of centres to be set up by NSIC, KVIC or Coir Board or any other Institution/agency of GOI/State Govt. on its own or by any of the agency/organization of the M/o MSME, one-time grant of 100% of cost of

Plant & Machinery other than the land and infrastructure or an amount up to INR100 lakh, whichever is less to be provided.

(b) In case of incubation centres to be set up under PPP mode with NSIC, KVIC or Coir Board or any other Institution/agency of GOI, one-time grant of 50% of cost of Plant & Machinery other than the land and infrastructure or INR50.00 lakh, whichever is less to be provided.

(c) A total number of 150 such centres are being targeted to be set up under this component with an estimated financial outgo of INR135 Crore.

#### **4. Release of Funds**

In the case of Livelihood Business Incubators, the funds would be released directly to NSIC, KVIC or Coir Board or any other Institution/agency of GOI/State Govt. These designated agencies i.e NSIC, KVIC or Coir Board or any other Institution/agency of GOI/State Govt. in turn would release the fund to the PPP incubators based on the set parameters and terms of engagement with the incubators. Once the proposal for setting up of incubators submitted by the designated agencies is approved by SSC, the process for release of funds to the designated agencies would be based on achievement of milestones as under:-

1. 50% of the approved amount after approval of the incubation centre by SSC.
2. 30% of the approved amount after installation of the Plant and Machinery at the centre.
3. Last installment of 20% of the approved cost will be released after commencement of Training.

The fund release to the PPP partner would happen only on the release of the matching contribution by the PPP partner for setting up of the incubators under PPP mode with the designated agencies.

The funds released by the Ministry shall be kept in a separate bank account and shall not be utilized for any other purpose than the cause of the incubators.

#### **5. Evaluation and Monitoring:**

The concerned agency will submit monthly reports as per the MIS system.

## **6. General guidelines:**

- After approval of the SSC for supporting an incubator, the grant for it would be released only as per milestones as decided in the sanction letter.
- There shall be a Governing Board at the level of the designated agency for LBI i.e. NSIC, KVIC or Coir Board or any other Institution/agency of GOI/State Govt. consisting of not more than 5 members consisting of one representative from NSIC, KVIC, Coir Board and two members from the State Government to provide operational inputs for day-to-day functioning of the incubators. The Governing Board of the incubators will be chaired by one of the partner member incubators from amongst them. The Governing Body of the incubators should meet every quarter of a financial year to review and provide operational guidelines for the smooth functioning of the incubators. The Governing Board shall act as a body to provide feedback and recommend required policy changes to the Advisory Committee and SSC.
- Each incubator would have a dedicated Manager with desired domain and management expertise, working full time for the incubator. The Manager would lead a core team to manage day to day affairs of the incubator. Apart from the Manager, the incubator should have sufficient qualified manpower for its successful operations.
- The incubator would evolve a transparent system for selection of incubatees. The incubatees should be admitted fulfilling the admission criteria. Minimum of 600 to 800 incubatees are required to be trained every year.
- Each designated agency is required to have a web-site of its own and should update it on a quarterly basis of all incubators including details of incubatees. The PPP incubators need to have their own websites consisting the aforesaid details.
- Non-compliance of guidelines and terms & conditions of the grants-in-aid for incubator can result in discontinuation of further support.

## **7. TERMS AND CONDITIONS FOR GRANTS-IN-AID FOR LBI**

1. The agency will maintain separate audited accounts for the grant and shall provide two copies of audited statement of accounts relating to the amount sanctioned at the end of the each financial year to MOMSME.
2. The Agency is required to send two copies each of i) progress report; and ii) utilization certificate as per GFR Format (19A) to MOMSME at the end of each financial year as well as at the time of seeking further installments of the grant, if any, as per the prevalent financial rules of Government of India.
3. All the assets acquired or created from the grant will be the property of the Govt. of India and should not be disposed-off or encumbered or utilised for purpose other than those for which the grant has been sanctioned without the prior permission of the MoMSME.
4. The Govt. of India will be free to sell or otherwise dispose off assets which are the property of Govt. The institution shall tender to Govt. necessary facilities for arranging the sale of these assets/.
5. Concerned officers of MoMSME or its authorized representatives may visit the organization/incubator periodically for ascertaining the progress of work and resolving any difficulties that might be encountered in the course of implementation.
6. The Comptroller and Auditor General (CAG) of India at his discretion shall have the right of access to the books of account for the grant received from the Government.
7. The funds released should be kept in a separate bank account earning interest, the interest earned should be reported to the MoMSME.
8. The agency must not entrust the implementation of the work for which the grant is being sanctioned to another institution and divert the grant receipts as assistance to the latter institution.
9. In case the agency itself is not in a position to execute or complete the project within the period approved in the sanction letter, or unless any extension is being duly approved by the SSC, it may be required to refund forthwith the Govt. of India, the entire amount of grants-in-aid received by it.

10. MoMSME reserves the right to terminate support to the project at any stage, if it is convinced that the grant is not being utilized properly or that appropriate progress in the project work is not being made.
11. Where support has been provided by MoMSME under specific conditions accepted by a grantee institution and if it does not comply with these conditions, it will be liable to refund the grant already received in such a manner as may be required by the Government and no further MoMSME grant will be allowed to such an institution.
12. MoMSME will not have any liability towards the manpower appointed by the agency/ institution for implementation of the project.
13. MoMSME will have no responsibility in case of any loss is caused to any life or property due to accident, fire or any other reasons. The Grantee Institute is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to incubator.
14. The MoMSME will have no liability on account of any omission or commission of regulatory/statutory requirement by the incubator or its incubatees and their companies.

\*\*\*\*\*



## **B. OPERATIONAL GUIDELINES FOR TECHNOLOGY BUSINESS INCUBATOR (TBI)**

### **1. Introduction**

Technology business incubators are a powerful economic development tool which promote growth through innovation and application of technology, support economic development strategies for small business development, and encourage growth from within local economies, while also providing a mechanism for technology transfer. The Technology Business Incubators would primarily focus on those technologies which needs support for commercialization and further proliferation. These can act as a growth driver in the low end spectrum of the incubation eco-system. The components under the program will include mentoring support in business and technology plans, networking of business resources, entrepreneurship cum skill development, identification of appropriate technology, hands on experience on Projects, Projects/ Products selection, project report preparation, credit facilitation, seed capital assistance, marketing assistance, professional assistance to make the enterprise successful and achieve higher growth. Technology based new enterprises are typically characterized as high risk and high growth ventures, and as such, they require an enabling environment like TBI to enhance the prospects of success.

MoMSME would support **existing incubation centres** currently operating under different Ministries and Departments of the Government of India or Institutions including National/Regional level institutions of GOI/State Governments to set up centres dedicated to incubation and enterprise creation in the area of Agro based Industries. MoMSME would be supporting Technology Business Incubators primarily in and around academic and technical institutions to tap potential technology ideas and innovations for enterprise creation by effectively utilizing expertise and existing infrastructure already available with the incubators under the aforesaid institutions.

The Ministry would assist to set up **new incubation centres** by eligible private institutions including Industry Associations, along with the

Academic Institutions, R&D laboratories, Universities, Government entities and Technology Parks. Region wise, Crop wise, Product wise, Process wise and Industry Vertical wise Incubation Centres will be promoted. The existing incubators under different Ministries would be required to provide built up covered space with electric power & water connections, any other forward / backward linkages and required manpower resources for both the centres to be created within the existing incubators and also for the new incubators.

## 2. Objectives of TBI

- To set up Technology based incubators for incubation of innovative ideas/technology in the potential sectors including agro and rural based industries.
- Technology Commercialization: to provide a platform for speedy commercialization of technologies developed in the host institution or any academic and R&D institution of the country.
- Interfacing and Networking: to provide networking between academia, industry and financial institution.
- Value Addition: to provide value added services viz. legal, financial, technical, IPR, etc. to incubatees.
- New Enterprise Creation: to promote new technology/knowledge based enterprises.

## 3. Eligibility for Proposal Submission:

- **Existing incubation centres** currently operating under different Ministries and Departments of the Government of India or Institutions including National/Regional level institutions of GOI/State Governments. The existing incubator should have adequate expertise and infrastructure to support incubation activity for promoting Innovation, Entrepreneurship, Agro-based industry.
- To set up **new incubation centres**, eligible private institutions including Industry Associations, along with the Academic Institutions, R&D laboratories, Universities, Government entities and Technology Parks, Technical institutions with a proven track record

in promotion of innovative/technology based entrepreneurship in the agro-rural landscape.

#### **4. Submission of Proposal**

Proposal (two copies) in the prescribed proforma as in Annex-II along with necessary enclosures and endorsement from the Head of the existing incubator or from the Head of the Institution interested in setting up of new incubator may be sent to the following addressee:-

The Member Convener,  
Scheme Steering Committee, ASPIRE,  
O/o The Joint Secretary (ARI Division),  
Ministry of Micro, Small & Medium Enterprises,  
Room No. 171 Udyog Bhawan,  
New Delhi-110011  
Telephone (011) 23061543 Telefax: (011) 23062858  
E-mail: js.ari@nic.in

#### **5. Appraisal and Approval:**

he proposals for existing and new Incubators will be appraised based on the track record (for existing), merit and strategies of the incubator for promoting innovation/ technology based enterprises. The appraisal will be done by the **Advisory Committee**, constituted by the MoMSME consisting of experts in the domain of R&D, technology development and commercialization, entrepreneurship, incubation, Angel Fund/Venture Capital Fund and Financial Institutions including banks etc. The SSC shall take a final decision to support the incubators based on the recommendation of the Advisory Committee. The financial support to the incubator would be limited to **three years** after which it should become self-sustainable. Continuation of support will be entirely performance oriented and subject to approval. The performance will be monitored both at quantitative and qualitative aspects by the Advisory Committee. In case of significant shortfall in the progress, the support may also be terminated mid-term with approval of SSC.

## **6. Quantum of Assistance:**

### **I. Setting up of Incubation Centres:**

(i) One-time grant of 50% of cost of Plant & Machinery excluding the land and infrastructure or an amount up to INR30 Lakh, whichever is less to be provided for supporting 20 existing incubation centres under different Ministries or Departments or government funded institutions such as DST, DBT, ICRISAT, ICAR to set up such centre dedicated to incubation and enterprise creation in the area of Agro based Industry. This will also include a provision of 10% towards refurbishment cost within the grant. [INR30 lakh x 20 Centres=INR6 crore];

(ii) One-time grant of 50% of cost of Plant & Machinery excluding the land and infrastructure or an amount up to INR100 Lakh, whichever is less to be provided for setting up of new incubation centres by eligible agencies dedicated to incubation and enterprise creation in the area of Agro based Industry. This will also include a provision of 10% towards refurbishment cost within the grant. [INR100lakh x 10 centres=INR10 crore].

### **II. Incubation of Ideas:**

INR4 Lakh per idea to be paid upfront to the incubator to nurture the idea at inception stage to the stage of proof of concept. Each incubator to submit 10 compelling ideas [300 Ideas x INR4lakh=INR12 Crore].

### **III. Creation of Business Enterprise out of innovative ideas:**

(i) One time grant of INR1.00 Crore will be provided to the eligible incubator as Seed Capital Revolving Fund for setting Business Enterprises out of the Innovative ideas incubated. The Incubator will invest as Debt/Equity/ Venture Capital funding up to 50% of total project cost or INR20 Lakh per start up whichever is less for setting up of the start-ups to the incubatee for commercialization of the innovative and successful ideas. The returns will be ploughed back to the Seed Capital Revolving Fund.

(ii) Such innovative and successful ideas which are ready for commercialization through developing prototype or proof of concept (POC) or test marketing/ validation in case where POC already exists will be supported by the incubator out of this Seed Capital Revolving Fund. [INR20 lakh x 150 start-ups=INR30 Crore];

## **7. Pre-requisites for Release of Funds**

Once the proposal for incubators is agreed in-principle by MoMSME, the process for release of funds would be taken up after ensuring the following preparatory actions by the existing incubators and new incubators:-

1. Proof of Registration of TBI as not for profit society/trust or a section 8 company. This applies to both - existing incubator or by the Institution/Agency/Entity/Trust who would set up the new incubator.
2. Earmarking of a 'dedicated' minimum of 5000 sq feet of built up space for hosting the TBI under this scheme.

## **8. Release of Funds**

In the case of TBI, the funds for capital (i.e. plant and machinery) would be released directly to the incubator after execution of a bond by the TBI in case of existing and the Partner Institution in case of new TBI approved for setting up the incubator, based on the set parameters and terms of engagement with the incubators. Once the proposal for setting up of incubators submitted by the partner institutions is approved by SSC, the process for release of funds would be based on achievement of milestones as under :-

### **A. Release of Capital Grants for Plant and Machinery:**

1. 50% of the approved amount after approval of the incubation centre by SSC and signing of bond.
2. 30% of the approved amount after installation of the Plant and Machinery at the centre.
3. Last installment of 20% of the approved amount will be released after commencement of Training.

### **B. Release of grants to Incubators for supporting Ideas:**

1. INR2.5 lakh per idea to be released after selection and submission by the Screening Committee. A minimum of 10 ideas at least need to be recommended for grant of support.
2. INR1.5 lakh per idea to be released on completion or closure recommended by the Screening Committee.

C. For Seed Capital Fund – creation of Enterprise:

1. INR50 lakh (50% of the amount of INR100 lakhs) to be released as first on completion of successful prototype testing.
2. INR50 lakh to be released on utilization of 80% of first installment, on submission of utilization certificate.
3. The total release will however be limited to INR100 lakhs and only deserving cases to be supported.

**9. Evaluation and Monitoring:**

The concerned agency will submit monthly reports as per the MIS system.

**10. General guidelines:**

- (i) After approval of the SSC for supporting an incubator, the grant for it would be released only after ensuring that prerequisites have been fulfilled.
- (ii) Each incubator would have a dedicated Manager with desired domain and management expertise, working full time for the incubator. The Manager would lead a core team to manage day to day affairs of the incubator. Apart from the Manager, the incubator should have sufficient qualified manpower for its successful operations.
- (iii) The incubator would evolve a transparent committee system for selection of ideas/incubatees. A Screening Committee of at least 5 members including two members from the Institution, two external experts from the domain of R&D, technology development and commercialization, entrepreneurship, incubation, Angel Fund/Venture Capital Fund and Financial Institutions including banks etc. approved by the SSC and one successful entrepreneur of the region should be setup for selection of ideas and subsequently

for ideas to be given Seed Capital Fund. The incubatees should be admitted fulfilling the selection criteria. Incubator should execute appropriate agreement with incubatees.

- (iv) A separate account will be opened for the Capital expenditure for setting up the incubator, Grant for incubation of Idea, Seed Capital Fund and all returns obtained will have to be ploughed back into the same account. The interest accrued in the accounts will be considered the installments will be released.
- (v) Each incubator is required to have a web-site of its own and should update it on a quarterly basis including details of incubatees.
- (vi) The incubator may apply under Seed Capital Fund after sufficient numbers of incubatees are in place and there is a genuine requirement of seed support for nurturing the incubatees to take their ideas and convert them to start-ups.
- (vii) The annual accounts/balance sheet of incubator as presented to the Governing Body along with the annual report are required to be made available to MoMSME.
- (viii) It is expected that at the end of three years the incubator becomes self-sustainable and no further support is requested from MoMSME.
- (ix) The release of grants after the first year and each subsequent year is subject to satisfactory performance of incubator.
- (x) Non-compliance of guidelines and terms & conditions of the grants-in-aid for incubator can result in discontinuation of further support.
- (xi) In case of any kind of discrepancy hampering the implementation of the programme the same needs to be documented properly and the same has to be brought to the knowledge of the SSC within a reasonable time not exceeding 90 days by the TBI.
- (xii) Proper documentation to be maintained of cases of unsuccessful attempts, incomplete projects and failures for future reference and guidance by the TBI and to be brought to the knowledge of the SSC within 180 days.



## **11. TERMS AND CONDITIONS FOR GRANTS-IN-AID FOR TBI**

1. As per the latest instruction by Controller General of Accounts (CGA), Government of India, the grantee institution is required to register at CGA website (<http://cpsms.nic.in>) to facilitate release of funds.
2. All grantee institutions except public funded institutions are required to execute a Bond (in prescribed proforma) on a non-judicial stamp paper before any grants-in-aid is released to them.
3. The grant being released should be exclusively spent on the specified purpose for which it has been sanctioned within the stipulated time. Any unspent balance out of the amount sanctioned would be refunded to the Govt. of India by means of an Account's Payee Demand Draft drawn in favour of Drawing & Disbursing Officer, MoMSME, payable at New Delhi.
4. The grantee is required to send two copies each of i) progress report; and ii) utilization certificate as per GFR Format (19A) to MoMSME at the end of each financial year as well as at the time of seeking further installments of the grant, if any as per the financial rules of Government of India.
5. The grantee is required to send two copies audited statement of accounts relating to the amount sanctioned at the end of the each financial year to MoMSME.
6. All the assets acquired or created from the grant will be the property of the Govt. of India and should not be disposed-off or encumbered or utilised for purpose other than those for which the grant has been sanctioned without the prior permission of the MoMSME.
7. At the conclusion of the project, the Govt. of India will be free to sell or otherwise dispose off assets which are the property of Govt. The institution shall tender to Govt. necessary facilities for arranging the sale of these assets.



8. The institute shall furnish to MoMSME, utilization certificate and an audited statement of accounts pertaining to the grant as per the prevalent financial rules of Government of India.

9. The Comptroller and Auditor General (CAG) of India at his discretion shall have the right of access to the books of account for the grant received from the Government.

10. The grantee will maintain separate audited accounts for the grant. The funds released should be kept in a separate bank account earning interest, the interest earned should be reported to the MoMSME. The interest thus earned will be treated as a credit to the organization to be adjusted towards further installments of the grant, if any.

11. The grantee must not entrust the implementation of the work for which the grant is being sanctioned to another institution and divert the grant receipts as assistance to the latter institution. In case the grantee itself is not in a position to execute or complete the project, it may be required to refund forthwith the Govt. of India, the entire amount of grants-in-aid received by it.

12. MoMSME reserves the right to terminate support to the project at any stage, if it is convinced that the grant is not being utilized properly or that appropriate progress in the project work is not being made.

13. Where support has been provided by MoMSME under specific conditions accepted by a grantee institution and if it does not comply with these conditions, it will be liable to refund the grant already received in such a manner as may be required by the Government and no further MoMSME grant will be allowed to such an institution.

14. MoMSME will not have any liability towards the manpower appointed by the grantee institution for implementation of the project.

15. MoMSME will have no responsibility in case of any loss is caused to any life or property due to accident, fire or any other reasons. The Host Institute is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to incubator.

16. The MoMSME will have no liability on account of any omission or commission of regulatory/statutory requirement by the incubator or its incubatees and their companies.

\*\*\*\*\*

## **C. OPERATIONAL GUIDELINES FOR FUND OF FUNDS TO BE MANAGED BY SIDBI**

### **1. Introduction:**

- 1) Small Industries Development Bank of India (SIDBI) has been using innovative instruments like Equity, Quasi-Equity, mezzanine debt etc. both directly and indirectly through its fund of fund operations supporting Angel funds, Impact Funds, Challenge Funds and other Venture capital fund. The benchmarks for the funds set up by SIDBI focuses on value addition in the rural economy and job creation through social impact funding. Support from SIDBI thus enables ideas/innovation with creativity and scalability to come to the fore and help them convert these ideas into commercial enterprises with specific outcomes and within a specific time period.
- 2) ASPIRE Fund of Funds under SIDBI with a corpus Fund of **INR 60 Cr** will be augmented with an amount of **INR 250Crore**, making the **total corpus INR 310 Crore**. This start-up promotion targets those knowledge initiatives which need support and nurturing to succeed in developing technology and business enterprise in near future in the areas of Innovation, Entrepreneurship, Forward Backward Linkages with multiple value chain of manufacturing and service delivery, Accelerator support etc in the Agro based Industry verticals either directly or indirectly.
- 3) This start-up promotion targets those knowledge initiatives, which need support and nurturing to succeed in developing technology and business enterprise in near future.
  - (a) Opportunities exist for **scaling up manufacturing, productivity enhanced margins**, etc. in agro and rural based industry. Agribusiness companies have the opportunity not only to serve domestic market but also regional or overseas markets with same or similar product mix.

(b) The **improvement in infrastructure** for storage and transportation is also facilitating companies to address overseas markets. In turn, companies are increasingly able to build, scale and develop supply chain and standards acceptable to world markets in agribusiness.

(c) Typical capital requirements of businesses in this sector would be for capacity addition, regional expansion, strengthening of sourcing and distribution network and meeting incremental working capital requirement - and there is little availability of affordable capital left to invest in long term risk mitigation strategies.

(d) One of the biggest challenges for India's entrepreneurs is the short supply of "early stage" capital - funding available to young companies developing, testing, and proving their business models.

## **2. Purpose:**

The 'Fund of Funds' would be utilized by SIDBI to contribute to various Angel/ Venture Capital Funds [currently known as Alternative Investment Fund (AIF)] for investing in Start-ups/early stage enterprises for promoting Innovation, Entrepreneurship, Forward Backward linkage with multiple value chain of manufacturing and service delivery, Accelerator support, etc. in the Agro based Industry verticals to galvanize the rural economy. Investment by AIF to the extent of contribution from ASPIRE Fund should be made only in companies which are rural and agro focused and not in companies which are exclusively information technology enterprises.

## **3. Tenure of the Fund:**

The tenure of the Fund of Funds will be upto 6 years. VCIC having Joint Secretary level officer from the Ministry will review the tenure after six years and will take decision to extend it for further 6 years.

#### **4. Eligibility Criteria of Venture Capital Funds:**

- a) The fund received from ASPIRE scheme is to be invested in suitable funds falling under the Category I & II Alternative Investment Funds (AIF) registered with SEBI.
- b) The AIFs should invest at least twice the amount of contribution received under ASPIRE Fund in Start-ups / early stage enterprises under Micro, Small and Medium Enterprises (MSME) category, of which 1X shall be invested in the agro and rural focused Start-ups/ early stage enterprises under MSME category. Exclusive IT based application / intervention in the agro and rural based industry verticals shall not qualify for this compliance.
- c) The AIFs shall endeavor to invest the contribution received under ASPIRE fund in as many enterprises as possible; in any case, not less than 5 enterprises.
- d) Fund Manager/ team should have prior track record in Fund management or prior investment experience.

#### **5. Management Fee:**

A one-time management fee of 0.5% of the size of the fund shall be payable to SIDBI. The annual fee for administering the fund shall be 0.2% of the fund, on actual basis, payable for 6 years or the extended period as approved by VCIC having a Joint Secretary level officer representing the Ministry.

## **6. Process:**

The selection of the Alternative Investment Fund would be undertaken in a two stage process as under:

### **Stage I:**

- (i) Preliminary Screening by Venture Capital Investment Committee (VCIC): Based on the initial discussions with regard to prima-facie eligibility of the Fund for coverage under the ASPIRE Fund, the proposal would be taken to the Venture Capital Investment Committee (VCIC).
- (ii) The VCIC based on the presentation made and discussions held during the meeting would recommend for undertaking detailed due diligence on the proposal.
- (iii) A Nominee from the Ministry of MSME, not below the rank of Joint Secretary, to take part in the VCIC proceedings, wherever proposals involving contribution out of the MSME Fund (ASPIRE Fund), to different Venture Funds are taken up for consideration.

### **Stage II:**

- (i) Detailed due diligence and sanction by Executive Committee of the Board: Based on the recommendation of the VCIC, detailed application would be issued to the Venture Capital Fund (VCF). Upon receipt of application, detailed due diligence on the proposal would be undertaken by SIDBI and the proposal would be put up to the Executive Committee of the Board for sanction.
- (ii) Upon sanction, Letter of Intent will be issued and Contribution Agreement would be signed. Based on the commitments made by the Fund, the Fund would send a draw down request to SIDBI against each investment to be made by the Fund. It may be noted that generally commitment period of a VCF would be for a period

of 4 to 5 years i.e. disbursement of the committed amount out of ASPIRE Fund would be done over a period of 4 to 5 years.

## **7. Size of Investment:**

Investment to a VCF out of ASPIRE Fund shall be upto a maximum of Rs.10 crore. This investment must not be more than 25% of the total size of VCF.

## **8. Monitoring:**

The VCFs assisted under the ASPIRE are monitored by SIDBI on an annual basis. Quarterly report of utilization of ASPIRE Fund would be submitted to the Ministry as at the end of June, September, December and March every year, within 15 working days of the following month.

Detailed annual report on the utilization of the fund including details on the VCFs invested details of the companies invested by the VCFs, NAV of the investments etc. would be sent in December of that year.

## **9. Others:**

All VCFs sanctioned by SIDBI till the date of issue of operational guidelines, shall be eligible to be covered under ASPIRE Fund, subject to meeting the criterion, as mentioned in para IV of these guidelines. Such proposals would be sanctioned by the officer designated by SIDBI who will sanction based on the existing SIDBI's guidelines to such VCFs upto an extent of upto 50% of SIDBI's commitment subject to a maximum of Rs. 10 crore from ASPIRE Fund. However, such investment will not exceed 25% of total size of VCF.

\*\*\*\*\*

**APPLICATION FOR SETTING UP OF LBI**

- 1. Executive Summary**
- 2. Endorsement from HEAD of Institution/Agency hosting the LBI (see Annex. 1AA)**
- 3. Name of Host / Promoting Institution/Agency/Organisation**  
Address, Phone, Mobile, E-mail:
- 4. Name of the Proposed LBI:**  
Address, Phone, Fax:
- 5. Name, Designation & contact details of the LBI Head: -**  
Address, Phone, Mobile, E-mail:
- 6. Host/Promoting Institution-General Information:**
  - I. Legal Status of Host/Promoting Institute(enclose certificate of registration)
  - II. Establishment date & summary of registered Objectives
  - III. List of Governing Body / Board of Directors
  - IV. Is the LBI head full time (w/o any other responsibility) and what powers are given for autonomy of LBI.  
Name of the Government Dept. / Ministry which is the sponsoring the
  - V. existing LBI(If any).
  - VI. Date of last Annual General Meeting (attach the minutes of meeting)
  - VII. Enclose Annual Audited statement & IT returns for last 3 years
- 7. Partner Institution's preparedness to host LBI:**
  - I. Experience and Expertise of the LBI Coordinator from Institution identified for the setting up of LBI. (Attach a brief CV/bio-data, a person with domain expertise and having conceptual understanding and deep interest for innovation and entrepreneurship would be preferred to steer the LBI till it gets operationalized and thereafter would be an active interface between H.I. and LBI)
  - II. Awards & Recognition (Last 2 years): Details of Recognitions & Awards (having significant importance) won. Indicate separately for Faculty and Student community.
  - IV. Any other notable activities in innovation and entrepreneurship:
    - Indicate details of product development /commercialization by faculty/students,
    - Details of the current activities with entrepreneurship orientation



- Details of having organized relevant entrepreneurship development programmes (courses, workshops, seminars, competitions, lectures etc.) in the institute.

**8. FEASIBILITY OF LBI:**

- Strength of the Institute in hosting LBI
- Overall business environment of the location and ecosystem in the region
- Assessment of entrepreneurial needs
- Sources of tapping new incubate entrepreneurs
- Financial model of the Incubator for operational sustainability of the LBI post stoppage of support from the MoMSME.

**9. How much built up area (in sq. ft.) will be made available for LBI? (Enclosed lay-out plan).**

S.No.	Description (Covered)	Space Proposed (sq ft.)
1	Dedicated Incubation Space	
2	Conference Room	
3	Meeting Room(s)	
4	Office Space	
Total		

**10. Proposed Strategy & activity for agri/ rural enterprise development:**

Details on the institution's strength and preparedness in hosting LBI:

- Thrust Area of /Out Come of Incubation.
- No. of Incubates to be covered in one Year.
- No. of Trades/Courses to be conducted along with course duration, course fee batch size and no. of batches.

**11. Year-wise work plan for two years (a separate time linked activity chart to be provided along with the detailed work plan).**

**12. Target milestones (should be projected based on most likely attainable targets).**

Outcome	Year1	Year2	Year3	Year4	Year5	Total
No. of entrepreneurs to be admitted for incubation						
No. of entrepreneurs to be graduated from the incubator						
No. of new products/technologies to be developed/innovations to be commercialized						
No. of startup service/startup enabling/other firms to be incubated (many would be startup themselves)						
No. of college connect & related trainings to be conducted						
No. of conferences/seminars/workshops to be organised						
Other notable services to be provided [No. added every year to the existing]						

### 13. Budget

#### A. NON – RECURRING (add rows)

Sl.No	Items of Expenditure	Amount
Total		

## B. RECURRING

		1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	Total
1	Manpower						
2	Travel						
3	Utility & Maintenance						
4	Marketing promotion & publicity						
5	Network & Training Programmes						
6	Miscellaneous & Contingencies						
	Total						

\* Budget break-up of manpower and training programmes to be given on a separate sheet

### 14. Revenue Generation Projections for Sustainability of LBI

Sl.No.	Means of Revenue Generation	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> Year	5 <sup>th</sup> Year	Total

Name & Signature of the  
Head of the Institution/Agency

Name & Signature of the  
LBI Co-ordinator

Date:

Place:

**ENDORSEMENT FROM THE HEAD OF INSTITUTION/AGENCY HOSTING THE LBI (on letter head)**

1. We have gone through and agree to abide by the terms and conditions of the grant scheme for LBI.
2. We have not submitted, nor do we intend to submit this, or a similar project proposal, to any other agency for financial or other support. In case we get the support, we will keep MoMSME informed.
3. We undertake that a full time dedicated Incubation Manager will be appointed to head the LBI and further appoint necessary full time support staff for the LBI. We also undertake that the LBI will be given functional autonomy and financial powers.
4. We undertake to provide \_\_\_\_\_ sq.ft. of dedicated space to the LBI, in the campus and that such space would be provided for a minimum period of 3 years and extendable if so desired by MoMSME.
5. Certified that the hardware, other basic facilities and such other administrative support required for successful running of LBI will be extended to the LBI by Host Institute, as per terms and conditions of the grant.
6. We undertake to submit progress reports, statement(s) of accounts, utilization certificates, etc. as required.
7. Certified that /Shri/Smt..... will be the LBI Co-ordinator of the proposed LBI. The LBI Coordinator will assume the responsibility of implementation of the project.
8. Our institution/agency assures to undertake the complete financial and other management responsibilities of the LBI, and successful running of LBI beyond 2 years of MoMSME's financial support.
9. If any of the above statements found to be incorrect by MoMSME at any point of time, the organization takes the responsibility to refund the entire amount released by MoMSME.

Date.....  
Place.....

Name, Signature & Seal of the  
Head of LBI

**APPLICATION FOR SETTING UP OF LBI UNDER PPP MODE**  
**(WITH DESIGNATED INSTITUTION/AGENCY OF GOI/STATE GOVT.)**

**1. Particulars of Applicant Organisation:**

Name of organisation	Constitution	Year of Establishment	Complete Address	Telephone / Fax	E-mail

**2. Particulars of Directors/ Partners/ Trustees/ Proprietor**

Name	Address	Telephone/ Mobile	E-mail	Age	Qualification	Experience

**3. Name of authorized signatory:**.....  
(One of from among 2 above)

**4. Address for correspondence:**

.....

.....

**5. Nature of Activity of Applicant Organization:**

(Please attach brief profile) .....

.....

## 6. Name & address of proposed LBI :

(i) **Complete Address:**.....

.....

(ii) **Infrastructure available:**

(a) Covered Area (in Sq.ft.).....

(b) Open Area (in Sq.ft.).....

(c) Total Area (in Sq.ft.).....

(Please attach layout plan / building plan of the premises)

(iii) **Whether the premises is:** Owned/ Rented

Validity of rent agreement upto .....

(In case of rented premises, minimum validity of rent agreement should be two years).

## 7. List of Training Modules proposed:

(Please attach separate list, if required)

Sl. No	Code	Training Module	Course Duration		Proposed Course fee (in Rs.)	Batch size
			Months	Total Hours		

## 8. List of Machinery/ Equipments proposed to be placed in the LBI

#	Details of Machines/ Equipments	Application of Machines/ Equipments	Tentative cost of Machines/ Equipments (In Rupees)


(If required separate sheet may be attached)

**Declaration:**

I do hereby declare that the above information is correct to the best of my knowledge. In case there is any material change in respect of information in any of the above column, I shall be solely responsible for the same.

It is also declared that we have sufficient arrangement of fund for Building and Infrastructure and agreed to follow Terms & conditions of scheme.

**List of enclosures:**

- Passport size photographs of all Directors/ Partners/ Trustees/ Proprietor.
- Copy of registration of the organization with the concerned authority/ Partnership
- Copy of Board Resolution in case of Pvt./Public Ltd. Co., Power of Attorney in case of partnership firm & Governing Body Resolution in case of Society authorizing the signatories to sign and to deal with Host designated Institutions in respect of setting up & running of LBIs on PPP basis.
- Deed/ Memorandum & Articles of Association/ Bye Laws & Charter of Society.
- Brief profile of the organization along with past experience in the areas of work done.
- Layout plan of the built up / proposed infrastructure for setting up of proposed LBIs on PPP basis.
- Audited/Provisional financial statements of the organization for the last two years.
- Endorsement from HEAD of Institution/Agency hosting the LBI (see Annex. 1AA)

Signature of Authorized Person

With official stamp

Place:.....

Date :.....

**APPLICATION FOR EXISTING TBI**

**1. Executive Summary**

**2. Endorsement from HEAD of TBI (see Annex. 2AA)**

**3. Name of the TBI:**  
Address, Phone, Fax:

**4. Name of Host / Promoting Organisation**  
Address, Phone, Mobile, E-mail:

**5. Name, Designation & contact details of the TBI Head: -**  
Address, Phone, Mobile, E-mail:

**6. TBI Information-General:**

- I. Legal Status of TBI (enclose certificate of registration)
- II. Establishment date & summary of registered Objectives
- III. List of Governing Body / Board of Directors
- IV. Is the TBI head full time (w/o any other responsibility) and what powers are given for autonomy of TBI
- V. Thrust Areas of Incubation
- VI. Name of the Government Dept. / Ministry which is the sponsor
- VII. Date of last Annual General Meeting (attach the minutes of meeting)
- VIII. Enclose Annual Audited statement & IT returns for last 3 years

**7. Track record of TBI:**

- I. Expertise of the TBI Team – brief profiles, functional expertise and contributions to Incubation of all key staff members of TBI.
- II. Incubation infrastructure currently available (enclose separate sheets with details):

S.No	Description	Space (sq ft.)
1	Dedicated Incubation Space	
2	Conference / meeting / common	
3	Dedicated common lab facilities	
4	Office Space	
	Total	

- III. Incubation of startups – information of past 3 years



<b>Description</b>	<b>20__ - __</b>	<b>20__ - __</b>	<b>20__ - __</b>
<b>Number of companies Incubated</b>			
<b>Number of Companies graduated</b>			
<b>Number of Entrepreneurs who approached for incubation</b>			
<b>Number of startups who raised external funding (debt / equity / grants)</b>			

IV. Incubation related activities carried out in last 3 years

<b>Description</b>	<b>20__ - __</b>	<b>20__ - __</b>	<b>20__ - __</b>
<b>Number of awareness camps, EDP, etc. conducted</b>			
<b>Number of workshops / programmes for incubatee companies</b>			
<b>Number of external programmes where Incubator has participated</b>			

Indicate the efforts that the Incubator has made in the following:

- Selection process for incubation
- Facilitating the fund raising for startups
- Business & other services provided to startups
- Participation of startups in exhibitions / events etc.
- Linkages with the State Government / agencies / Industry associations etc. in the region
- Post incubation support to graduate companies

V. Notable achievements of incubatee and graduate companies (brief details of past 3 years):

- Awards / recognition received
- Companies having registered high growth, marquee clients etc.
- Details of external financing raised by the companies

**8. Proposed Strategy & activity for agri / rural enterprise development:**  
Details on the institution's strength and preparedness in hosting TBI:

- Strength of the Organisation for carrying out the activity
- Overall business environment of the location and ecosystem in the region
- Assessment of entrepreneurial needs
- Sources of tapping new incubate entrepreneurs

- Financial model of the Incubator for operational sustainability of the LBI post stoppage of support from the MoMSME.

9. **Year-wise work plan for five years (a separate time linked activity chart to be provided along with the detailed work plan).**
10. **Target milestones (should be projected based on most likely attainable targets).**

Outcome	Year 1	Year 2	Year 3	Year 4	Year 5	Total
a) No. of entrepreneurs to be admitted for incubation						
b) No. of entrepreneurs to be graduated from the incubator						
c) No. of new products/ technologies to be developed/ innovations to be commercialized						
d) No. of startup service / startup enabling / other firms to be incubated (many would be startup themselves)						
e) No. of college connect & related trainings to be conducted						
f) No. of conferences / seminars / workshops to be organised						
g) Other notable services to be provided [No. added every year to the existing]						

## 11. Budget

### A. NON – RECURRING (add rows)

S.No	Item of Expenditure	Amount (Rs. in lakh)

	Total	

## B. RECURRING

		1st year	2nd year	3rd year	4th year	5th year	Total
1	<b>Manpower</b>						
2	<b>Travel</b>						
3	<b>Utility &amp; Maintenance</b>						
4	<b>Marketing promotion &amp; publicity</b>						
5	<b>Network &amp; Training Programmes</b>						
6	<b>Miscellaneous &amp; Contingencies</b>						
	Total						

\* Budget break-up of manpower and training programmes to be given on a separate sheet

## 13. Revenue Generation Projections for Sustainability of TBI

Sl.No.	Means of Revenue Generation	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year	Total
	Total						

Name & Signature of the  
Head of the Institution/Agency

Name & Signature of the  
TBI Co-ordinator

Date:  
Place:

**ENDORSEMENT FROM THE HEAD OF TBI (on letter head)**

1. We have gone through and agree to abide by the terms and conditions of the grant scheme for TBI.
2. We have not submitted, nor do we intend to submit this, or a similar project proposal, to any other agency for financial or other support. In case we get the support, we will keep MoMSME informed.
3. We undertake that a full time dedicated staff will be assigned for this programme and further provide all such resources to carry out this programme successfully.
4. We undertake to submit progress reports, statement(s) of accounts, utilization certificates, etc. as required.
5. Our organisation assures to undertake the complete financial and other management responsibilities for successful running of programme beyond 2/3 years of MoMSME's financial support.
6. If any of the above statements found to be incorrect by MoMSME at any point of time, the organization takes the responsibility to refund the entire amount released by MoMSME.

Date.....  
Place.....

Name, Signature & Seal of the  
Head of TBI

**APPLICATION FOR NEW TBI**  
**(ACADEMIC INSTITUTION/R&D INSTITUTION/OTHER INSTITUTION)**

**1. Executive Summary**

**2. Endorsement from Host / Promoting Institution (see Annex. 2BA)**

**3. Name of the Institution/Organisation:**

Address, Phone, Fax:

**4. Name & Designation of Head of Organisation:**

Address, Phone, Mobile, E-mail:

**5. Name, Designation & contact details of the TBI Co-ordinator: -**

Address, Phone, Mobile, E-mail:

**6. Host Organisation Information-General:**

**A. ACADEMIC INSTITUTION/R&D INSTITUTION:**

- I. Number of academic departments with associated faculties
- II. Total student strength (separately for UG/PG/Doctorate courses)
- III. Total number of teaching and research faculty with PhD qualification.
- IV. Centres of Excellence / Special Cells established

**B. OTHER INSTITUTION:**

- I. Legal Status of the organization (enclose certificate of registration) & whether a National or International organisation
- II. Establishment date & summary of registered Objectives
- III. List of Governing Body / Board of Directors
- IV. Areas of activity
- V. Major Regular Donors (if any)
- VI. List of organizations with which formal MoU's / linkages exist
- VII. Date of last Annual General Meeting (attach the minutes of meeting)
- VIII. Enclose Annual Audited statement & IT returns for last 3 years

**7. Partner Institution's preparedness to host TBI:**

- I. Experience and Expertise of the TBI Coordinator from Institution identified for the setting up of TBI. (Attach a brief CV/bio-data, a person with domain expertise and having conceptual understanding and deep interest for innovation and entrepreneurship would be preferred to steer the TBI till it gets operationalized and thereafter would be an active interface between H.I. and TBI).
- II. R&D and industrial consultancy track record: List R&D and industrial consultancy undertaken, if any, in the previous three years as per the table given below.

Name of Project	Sponsoring Agency	Amount Sanctioned in Rs.	Amount released in Rs.	Duration	Outcome

III. Details of patents granted, if any ( Last 5 Years):

IV. Awards & Recognition (Last 5 years): Details of Recognitions & Awards (having significant importance) won. Indicate separately for Faculty and Student community.

V. Any other notable activities in innovation and entrepreneurship:

- Indicate details of product development /commercialization by faculty/students,
- faculty with entrepreneurship orientation
- organization of relevant entrepreneurship development programmes (courses, workshops, seminars, competitions, lectures etc.) in the institute

#### 8. FEASIBILITY OF TBI:

- Strength of the Institute in hosting TBI
- Overall business environment of the location and ecosystem in the region
- Assessment of entrepreneurial needs
- Sources of tapping new incubate entrepreneurs
- Financial model of the Incubator for operational sustainability of the LBI post stoppage of support from the MoMSME..

9. How much built up area (in sq. ft.) will be made available for TBI? (Enclosed lay-out plan).

S.No	Description (Covered)	Space Proposed (sq
1	Dedicated Incubation Space	
2	Conference Room	
3	Meeting Room(s)	
4	Office Space	
Total		

10. Year-wise work plan for five years (a separate time linked activity chart to be provided along with the detailed work plan).

11. Target milestones (should be projected based on most likely attainable targets).

Outcome	Year 1	Year 2	Year 3	Year 4	Year 5	Total
a) No. of entrepreneurs to be admitted for incubation b) No. of entrepreneurs to be graduated from the incubator c) No. of new products/ technologies to be developed/ innovations to be commercialized d) No. of startup service / startup enabling / other firms to be incubated (many would be startup themselves) e) No. of college connect & related trainings to be conducted f) No. of conferences / seminars / workshops to be organised g) Other notable services to be provided [No. added every year to the existing]						

## 12. Budget

### A. NON – RECURRING (add rows)

S.No	Item of Expenditure	Amount (Rs. in lakh)
	Total	

## B. RECURRING

		1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year	Total
1	Manpower						
2	Travel						
3	Utility & Maintenance						
4	Marketing promotion & publicity						
5	Network & Training Programmes						
6	Miscellaneous & Contingencies						
	Total						

\* Budget break-up of manpower and training programmes to be given on a separate sheet

### 13. Revenue Generation Projections for Sustainability of TBI

Sl.No.	Means of Revenue Generation	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year	Total
	Total						

Name & Signature of the  
Head of the Institution/Agency

Name & Signature of the  
TBI Co-ordinator

Date:

Place:



**ENDORSEMENT FROM THE HEAD OF HOST/PARTNER/PROMOTING INSTITUTION (on letter head)**

1. We have gone through and agree to abide by the terms and conditions of the grant scheme for TBI.
2. We have not submitted, nor do we intend to submit this, or a similar project proposal, to any other agency for financial or other support. In case we get the support, we will keep MoMSME informed.
3. We undertake that we will register the TBI as a Registered Society / Section 8 company as per the guidelines, within 3 months if selected as a TBI under the scheme.
4. We undertake that a full time dedicated Incubation Manager will be appointed to head the TBI and further appoint necessary full time support staff for the TBI. We also undertake that the TBI will be given functional autonomy and financial powers.
5. We undertake to provide \_\_\_\_\_ sq.ft. of dedicated space to the TBI, in the campus and that such space would be provided for a minimum period of 5 years and extendable if so desired by MoMSME.
6. Certified that the hardware, other basic facilities and such other administrative support required for successful running of TBI will be extended to the TBI by Host Institute, as per terms and conditions of the grant.
7. We undertake to submit progress reports, statement(s) of accounts, utilization certificates, etc. as required.
8. Certified that Shri/Smt..... will be the TBI Co-ordinator of the proposed TBI. The TBI Coordinator will assume the responsibility of implementation of the project.
9. Our institution/agency assures to undertake the complete financial and other management responsibilities of the TBI, and successful running of TBI beyond 2/3 years of MoMSME's financial support.
10. If any of the above statements found to be incorrect by MoMSME at any point of time, the organization takes the responsibility to refund the entire amount released by MoMSME.

Date.....  
Place.....

Name, Signature & Seal of the  
Head of Institution/Agency

**PROFORMA FOR SEED CAPITAL FUND AGREEMENT**

This agreement made this \_\_\_\_ day of \_\_\_\_\_ Two thousand \_\_\_\_\_ at \_\_\_\_\_ by and between \_\_\_\_\_, registered under the \_\_\_\_\_, and having its registered office at \_\_\_\_\_ and hereinafter referred to as the 'Institution' (which expression shall unless excluded by or repugnant to the subject or context thereof be deemed to include its successors and assigns) of the FIRST PART.

**AND**

\_\_\_\_\_, having its Office at \_\_\_\_\_ and represented by \_\_\_\_\_ hereinafter referred to as the 'Sponsor' (which expression shall unless excluded by or repugnant to the subject or context be deemed to include its successors and assigns) of the SECOND PART.

WHEREAS the Sponsor has approved the scheme '\_\_\_\_\_' for providing financial assistance as seed support for start-ups in the Institution as a growth oriented initiative between the Sponsor and the Institution. The scheme is to make available early stage financial assistance as seed support for start-up units located at the Institute for further development and pre-commercialization of technologies, more particularly described in the Memorandum of Intent under Schedule-I hereto (hereinafter referred to as "the Scheme").

AND WHEREAS the Sponsor has specifically agreed to sanction financial assistance of Rs.100 lakh (Rupees one hundred lakh only) by way of grant assistance for this purpose to the Institution.

NOW THEREFORE, in consideration of the promises and mutual covenants hereinafter contained, the parties, hereto, agree as follows:

**ARTICLE – 1**

**TERMS OF GRANT**

**1.1 AMOUNT AND TERMS OF GRANT**

The Sponsor agrees to sanction the grant assistance to the Institution and the Institution agrees to receive the grant assistance not exceeding Rs. 100 lakh

(Rupees one hundred lakh) only (hereinafter referred to as “the grant assistance”) over a period of three year, on the terms and conditions contained herein.

The grant assistance may be paid by the Sponsor in three installments against the following milestones:

- (a) At the time of signing the agreement and submitting a list and profiles of at least three in-house incubatees who are targeted to be benefitted by the assistance towards Seed Capital – Rs.40 lakh as first installment.
- (b) After the Institution has utilized Rs.30 lakhs of the grant of first installment towards implementation of the Scheme, submission of Utilisation certificate and recommendation of Local Expert Committee of the Scheme – Rs.30 lakh as second installment.
- (c) After the Institution has utilized Rs 60 lakhs of the grant of second installment towards implementations of the Scheme submission of Utilisation certificate and recommendation of Local Expert Committee of the Scheme – Rs.30 lakh as second installment.

## **1.2 MODE OF DISBURSEMENT**

The grant assistance will be disbursed by the Sponsor in three installments or as may be decided by the Sponsor. All disbursements shall be made by cheque(s)/authorization(s) and the collection/remittance charges will be borne by the Institution.

## **ARTICLE – II**

### **CONDITIONS FOR IMPLEMENTATION**

- 2.1** The grant assistance from the Sponsor to the Institution is specifically meant for providing early stage financial support to start-up units incubated by the Institution. The financial assistance by the Institution to start-up units would cater to early stage support for technologies requiring up-scaling and related work.
- 2.2** Concerted efforts would be made by the Institution to publicize the availability of the seed support, spot the deserving cases and bring them under the umbrella support. The Institution shall constitute a local expert committee duly approved by the sponsor to evaluate and consider the prospective cases with due diligence.
- 2.3** The Institution would enter into a proper agreement with the start-up units before providing financial support. The agreement would cover, *inter alia*, areas of support, specific terms of disbursement, mode of fund disbursement (single/phased manner), applicable financial instruments etc. The upper ceiling

of financial assistance (soft loan, interest free loan, equity participation, grant, etc.) to be disbursed to a start-up unit would be 50% of the cost of project or Rs. 20 lakhs whichever is less for the entire project. The disbursement would be linked to benchmarks/ milestones.

- 2.4** The financial assistance by the Sponsor would also facilitate the Institution to build up an Incubation Fund out of the inflows over a period of five years. The inflows would be ploughed back to support the next round of start-ups.
- 2.5** The Institution will not utilize the grant assistance to create any facility for its own or to meet its own administrative or other expenditure. It will not divert the grant for any other purpose.
- 2.6** The Institution shall not entrust the implementation of the Scheme to another institution or person. In case the Institution itself is not in a position to execute or complete the Scheme, it shall be required to return forthwith to the Sponsor the unutilized amount of the grant assistance received by it.
- 2.7** The Scheme will become operative with effect from the date on which the financial sanction is issued by the Sponsor in favour of the Institution.
- 2.8** The Scheme shall be completed in a phased manner within the time frame of three years as set out from the date of first disbursement of the grant assistance.
- 2.9** The Sponsor reserves the right to terminate the grant assistance at any stage if it is convinced that the grant assistance has not been properly utilized or appropriate progress has not been made.
- 2.10** The grant assistance shall also be subject to such additional conditions and direction as may be stipulated / issued by the Sponsor from time to time.
- 2.11** The grant assistance shall be utilized for the industry sector as laid down by the sponsor.

### **ARTICLE – III**

#### **EXECUTIVE / MANAGEMENT COMMITTEE**

- 3.1** The Incubator Manager would be responsible for its proper management under the directions and control of the Local Screening-cum-Expert Committee (LSEC).
- 3.2** The institution shall constitute a LSEC of at least 5 members including two members from the Institution, two external experts from the domain of R&D, technology development and commercialization, entrepreneurship, incubation, Angel Fund/Venture Capital Fund and Financial Institutions including banks etc. approved by the SSC and one successful entrepreneur of the region. The head of the TBI would be the Member Secretary.
- 3.3** The LSEC consisting of relevant experts shall evaluate and consider the prospective cases with due diligence. The selection of the project and applicant

and disbursement would be made by the LSEC. It will formulate a need based and flexible disbursement and repayment policies and procedures.

- 3.4** The LSEC shall be responsible to bring in appropriate financial instruments/ mechanisms (soft loan, interest free loan, equity participation, grant, etc.) for building up the Incubation Fund out of the inflows so as to enable the Institution to sustain its requirements on the operational side. The inflows would be ploughed back to support next round of start-ups.
- 3.5** The LSEC shall monitor the implementation of the Scheme and for this purpose, shall have free access to the premises of the assisted unit and the Institution.
- 3.6** The Institution and the assisted unit(s) shall make available to the members of the LSEC all information and records.
- 3.7** The decision of the LSEC regarding successful completion or failure of the assisted unit shall be final and binding on the Institution / assisted unit.
- 3.8** The Institution shall submit to the Sponsor, six-monthly report, assisted unit-wise, indicating the objectives, work performed, results obtained, estimate of technical feasibility, funds allocated and expenditure incurred out of the assistance obtained from the Sponsor, which would be submitted with the recommendations of the LSEC. In addition, the Institution shall submit a report whenever called upon by the Sponsor.
- 3.9** The Sponsor shall submit the report, to the Advisory Committee of the Scheme, which would examine the same and advise suitable steps to be taken.
- 3.10** The Institution shall also submit a final report to the Sponsor at the end of the Scheme.
- 3.11** The Sponsor shall have the right to stop further disbursements, if in the opinion of the Sponsor the Scheme is either unsuccessful or the results are unsatisfactory and are not likely to lead to fruition of the Scheme.
- 3.12** Following the review and assessment in terms of the agreement, if the activities funded are foreclosed or not carried forward, the unutilized grants, released by the Sponsor under clause 1.1 (a), (b) and (c), to the credit of the Institution shall be immediately refunded to the Sponsor. In the event of any default in the refund of the unutilized funds, the Institution shall pay the Sponsor an interest, but not by way of a penalty, at the rate of ten percent per annum.

#### **ARTICLE –IV WARRANTIES**

- 4.** Except to the extent already disclosed in writing by the Institution to the Sponsor, the Institution shall be deemed to have assured, confirmed, undertaken as follows:
  - (i)** Any expenditure incurred prior to the issue of the sanction shall not be admissible against this grant assistance.

- (ii) The Institution shall open a separate Bank Account for the grant assistance received as SEED Support from the Sponsor. The Institution will also submit audited statement of accounts after utilization of the grant assistance or whenever called for by the Sponsor.
- (iii) The Institution shall submit to the Sponsor a utilization certificate immediately at the end of each financial year in the prescribed format at Schedule – II.
- (iv) Any unspent balance out of the sanctioned grant assistance, shall be surrendered to the Sponsor. However, depending on the progress of the Scheme, unspent funds may be carried forward to the next financial year with the specific prior approval of the Sponsor.
- (v) The Institution shall refund to the Sponsor any remaining unutilized grant assistance on completion of the Scheme. In the event of any default in the refund of the amount, the Institution shall pay the Sponsor, an interest, but not by way of a penalty, at the rate of ten percent per annum.
- (vi) The manpower that may be employed by the Institution or by the assisted unit are not to be treated as employees of the Sponsor and the employment of such staff at the time of completion or termination of the Scheme will not be the concern/responsibility of the Sponsor.
- (vii) The Comptroller and Auditor General of India, at his discretion, shall have the right of access to the books and accounts of the Institution for the amount of grant assistance received from the Sponsor.

## **ARTICLE – V**

### **STANDARD CONDITIONS APPLICABLE DURING CURRENCY OF THE GRANT ASSISTANCE**

#### **5.1 CHANGES IN THE SCHEME**

The Institution shall –

##### **(i) OVERRUN IN THE ORIGINAL ESTIMATE OF COST**

Promptly notify to the Sponsor of any proposed change in the nature or scope of the Scheme and of any event and/or condition which might materially and adversely affect or delay completion of the Scheme or result in substantial overrun in the original estimate of cost. Any proposed change in the nature or scope of the Scheme shall not be implemented or funds committed therefore without the prior approval of the Sponsor.

##### **(ii) DELAY IN COMPLETING THE PROGRAMME**

Promptly notify the Sponsor of the circumstances and conditions which are likely to disable the Institution from implementing the Scheme or

which are likely to delay its completion or compel the Institution to abandon the same.

## **5.2 FINANCING OF THE SCHEME**

### **SPECIAL BANK ACCOUNT**

The Institution shall –

- (i)** Keep the drawals from the grant assistance in a special bank account in the name of the Institution with a scheduled bank, the payments from which account shall be subject to verification by any person authorized in this behalf by the Sponsor. The Institution shall also obtain and furnish a letter from the said bank foregoing its right of set off or lien in respect of such account.
- (ii)** Not transfer the grant assistance or any portion thereof from the said special account for being kept in call or any deposit in any bank without obtaining the prior approval of the Sponsor.

## **5.3 GENERAL COVENANTS**

The Institution shall-

### **(i) LOSS OR DAMAGE BY UNCOVERED RISKS**

Promptly notify the Sponsor of any loss or damage which the Institution may suffer due to any event(s) of force majeure circumstances which are beyond the reasonable control of the Institution and/or act of God, such as earthquake, flood, tempest or typhoon, etc, against which the Institution may not have insured its properties.

### **(ii) ANNUAL ACCOUNTS**

Submit its duly audited annual accounts within six months from the close of its accounting year. In case statutory audit (if required) is not likely to be completed during this period, the Institution shall get its accounts audited by an independent firm of Chartered Accountants and furnish the same to the Sponsor.

## **ARTICLE – VI**

### **CANCELLATION, SUSPENSION AND TERMINATION**

#### **6.1 CANCELLATION BY NOTICE TO THE SPONSOR**

The Institution may, by notice in writing to the Sponsor, cancel the grant assistance or any part thereof which the Institution has not availed prior to the giving of such notices.

#### **6.2 SUSPENSION**

Further access by the Institution to the use of the grant assistance may be suspended or terminated by the Sponsor in the following cases:-

**(i) NON-COMPLIANCE OF TERMS AND CONDITIONS**

Upon failure by the Institution to carry out all or any of the conditions of grant assistance or on the happening of any event of default referred to in Article-V hereof.

**(ii) EXTRA-ORDINARY SITUATION**

If any extra-ordinary situation makes it improbable that the Institution would be able to perform its obligations under the conditions.

**(iii) CHANGE IN THE INSTITUTION SET-UP**

If any change in the Institution's set-up has taken place which, in the opinion of the Sponsor (which shall be final and binding on the Institution), would adversely affect the conduct of the business or the financial position or the efficiency of the Institution's management or personnel or the execution of the Scheme.

**6.3 SUSPENSION TO CONTINUE TILL DEFAULT REMEDIED**

The right of the Institution to avail of the grant assistance shall continue to be suspended until the Sponsor has notified the Institution that the right to avail has been restored.

**6.4 TERMINATION**

If any of the events described above as also in Clause 3.11 Article – III hereof has been continuing or if the Institution has not availed of the grant assistance under this Agreement then in such event, the Sponsor may, by notice in writing to the Institution, terminate the facility to the Institution to make withdrawals. Upon such notice, the un-availed portion of the grant assistance shall stand cancelled, and the Institution shall immediately refund to the Sponsor the unutilized portion of the grant assistance received from the Sponsor.

**ARTICLE – VII**

**ARBITRATION AND JURISDICTION**

**7.1** If any dispute or difference arises between the Parties hereto as to the construction, interpretation, effect and implication of any provision of this the Agreement including the rights or liabilities or any claim or demand of any Party against other or in regard to any matter under these presents but excluding any matters, decisions or determination of which is expressly provided for in this Agreement, such disputes or differences shall be referred to the sole arbitration of



the Scheme Steering Committee or that of his nominee and the decision of such arbitrator shall be conclusive and binding on the Parties hereto. A reference to the arbitration under this Clause shall be deemed to be submission within the meaning of the Arbitration And Conciliation Act, 1996 and the rules framed there under and any statutory modifications thereof for the time being in force, which shall be deemed to apply to the arbitration proceedings under this Clause.

- 7.2 (a)** The venue of the arbitration shall be at Delhi.
- (b)** The Parties hereby agree to consent to the extension of time for making the award by the Sole Arbitrator, if the sole arbitrator so requires.
- (c)** Each Party shall bear and pay its own cost of the arbitration proceedings unless the arbitrator otherwise decides in the award.
- (d)** The provision of this Clause shall not be frustrated, abrogated or become in-operative, notwithstanding this Agreement expires or ceases to exist or is terminated or revoked or declared unlawful.
- 7.3** The courts at Delhi shall have exclusive jurisdiction in all matters concerning this Agreement, including any matter arising out of the arbitration proceedings or any award made therein. The Indian Laws including Indian Laws on Contract shall be applicable.

## **ARTICLE – VIII**

### **MISCELLANEOUS**

#### **8.1 SERVICE OF NOTICE**

Any notice or request to be given or made to the Sponsor or the Institution shall be in writing. Such notice or request shall be deemed to have been given or made when it is delivered by hand or dispatched by telegram and/or Registered mail to the party to which it is required to be given or made at such party's designated address.

#### **8.2 HEADINGS**

The headings of various Articles and Sections herein are inserted for convenience of reference and are not deemed to affect the construction of the relative provisions.

#### **8.3 SCHEDULES**

The schedules annexed to this agreement shall form part of this agreement.

#### **8.4 MODIFICATIONS TO THE AGREEMENT**

The Agreement can be modified through mutual written consent of both the parties to this Agreement.

IN WITNESS WHEREOF the parties hereto have signed this agreement and to a duplicate hereof on the day, month and year first herein above written.

Signature:

(\_\_\_\_\_)
(\_\_\_\_\_)

\_\_\_\_\_
\_\_\_\_\_

Ministry of MSME, Govt. of India
\_\_\_\_\_TBI

In the presence of witnesses:-

1.

2.

## **SCHEDULE - I**

### **MEMORANDUM OF INTENT**

Technological Business Incubators (TBIs) as identified under this scheme are a facility to incubate technological ideas or technologies under development to enable them to reach the market place. It is to encourage and foster technological entrepreneurship by individuals who are just getting started and also the new generation of entrepreneurs. Unlike commercial entities, the incubator scheme gives a chance to projects that are unable to attract commercial investors in the initial stage of development. The projects are in high-risk areas and directed towards commercial realization of innovative technologies and products. The scheme specializes in supporting and promoting technological enterprises from the initial concept through its development and on to implementation and transition to a profitable commercial enterprise. It helps the young firms to survive and grow by providing specialized support services during the critical period of a business venture i.e. the start-up phase.

The proposal is to equip the TBI with the much-needed early stage financial support for deserving ideas/technologies requiring up-scaling and related work. Such a 'Seed Capital Support' for Start -ups in Incubators' would enable some of the innovative ideas/technologies to graduate to a level where they can then access the next round of funding on their way to the successful commercialization process. Thus the proposed assistance is positioned to act as a bridge between development and commercialization of technologies.

Concentrated efforts would be made by the TBI to publicize the availability of the seed support, spot the deserving cases and bring them under the umbrella of support.

#### **Quantum of financial assistance to the incubated entrepreneur**

- Minimum: Rs. 1 lakh
- Maximum: Rs. 20 lakh

The total upper ceiling of financial assistance to be disbursed to a start-up would be Rs. 20 lakh for the entire project. The TBI would enter into a proper agreement with the start-up unit before providing financial support (soft loan, interest free loan, equity participation, grant, etc.).

The agreement would cover *inter alia*, areas of support, specific terms of disbursement, mode of fund disbursement in (single/phased manner), applicable financial instruments etc. The upper ceiling of financial support to be disbursed to a start-up unit would be Rs. 20 lakh for the entire project. The disbursement would be linked to benchmarks/milestones.

#### **Broad Areas to be covered under the financial assistance**

The suggested areas for providing the financial support are:

- Product development
- Testing and Trials
- Test Marketing
- Mentoring
- Professional Consultancy to engage Professors/experts to work with small firms
- Filing of Indian / International patents and concerned matter with a maximum support of Rs. one lakh for each project / start-up
- Manpower for day to day operations
- Any other area as deemed necessary and recommended by the Local Expert Committee constituted by the TBI.

### **Local Screening-cum-Expert Committee (LSEC)**

The grant assistance from the Sponsor to the TBI is specifically meant for providing early stage financial support to start-up units located at the TBI for technologies requiring up-scaling and related work. The financial assistance shall not be used by the TBI for its own facility creation.

The TBI shall constitute a Local Screening-cum-Expert Committee (LSEC) which will be approved by the SSC of the scheme consisting of relevant experts to evaluate and consider the prospective cases with due diligence. The selection of the project and applicant and disbursement (soft loan, interest free loan, equity participation, grant, etc.) would be made by the LSEC. It will formulate a need based and flexible disbursement and repayment policies and procedures.

The LSEC shall continuously monitor the implementation of the Scheme and for this purpose, shall have free access to the premises of the assisted unit and the Institution.

### **Incubation Fund**

The financial assistance by the Sponsor would facilitate the Institution to build up an Incubation Fund out of the inflows over a period of say 5 years. The inflows would be ploughed back to support the next round of start-ups. The LSEC shall be responsible to bring in appropriate financial instruments/mechanisms (soft loan, interest free loan, equity participation, grant, etc.) for building up the Incubation Fund out of the inflows so as to enable the Institution to sustain its requirements on the operational side.

### **Maximising the benefits of the proposed assistance**

The Incubator Manager would be responsible for its proper management. The success of the fund management largely lies with the Incubator Manager. Therefore, the Manager should be motivated so as to be dynamic enough to publicize the availability of the fund, spots the deserving cases and brings them under the scheme. In order to ensure its proper management and also to keep the Manager/Team motivated a performance-based incentive could be considered by the TBI.



### **Review and Monitoring**

The Institution shall submit to the Sponsor, six-monthly report, assisted unit-wise, indicating the objectives, work performed, results obtained, estimate of technical feasibility, funds allocated and expenditure incurred out of the assistance obtained from the Sponsor with the recommendations from the LSEC. In addition, the Institution shall submit a report whenever called upon by the Sponsor.

The Sponsor shall submit the report, to the Advisory Committee of the Scheme, which would examine the same and advise suitable steps to be taken

### **Suggested Format for Monitoring on-going Projects**

1. Title of the Project.
2. Company and contact person with contact nos.
3. Objectives of the project.
4. Total cost of the project.
5. Support from Seed Fund.
6. Means of financing the project.
7. Date of signing Seed Fund Loan Agreement with TBI and installment released
8. Duration of the project.
9. Progress of the project in detail
  - i. Technology status
  - ii. Product development status
  - iii. Process development status
  - iv. Proto-type of the product
10. Annual Account of the company.
11. Marketing strategies.
12. Any other such as company request etc.