



GOVERNMENT OF INDIA

GUIDELINES

Support for Entrepreneurial and Managerial Development of SMEs through Incubators

A Component of
**National Manufacturing
Competitiveness Programme**

Development Commissioner
Micro, Small & Medium Enterprises
Government of India
Nirman Bhawan, New Delhi-110 108





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www.dcmsme.gov.in

May, 2010

माधव लाल

अपर सचिव एवम्
विकास आयुक्त

MADHAV LAL

Additional Secretary &
Development Commissioner



MSME
MICRO, SMALL & MEDIUM ENTERPRISES

भारत सरकार
सूक्ष्म, लघु एवं मध्यम उद्यम मन्त्रालय

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

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PREFACE

The Ministry of Micro, Small and Medium Enterprises has launched the National Manufacturing Competitiveness Programme (NMCP) to improve the competitiveness of the Micro, Small and Medium Enterprises (MSME) sector. The initiatives under the NMCP aim at increasing productivity, upgrading technology and conserving energy in the manufacturing processes, as well as expanding domestic and global market share of Indian MSME products. Under the Programme, 10 components have been conceptualised, namely:-

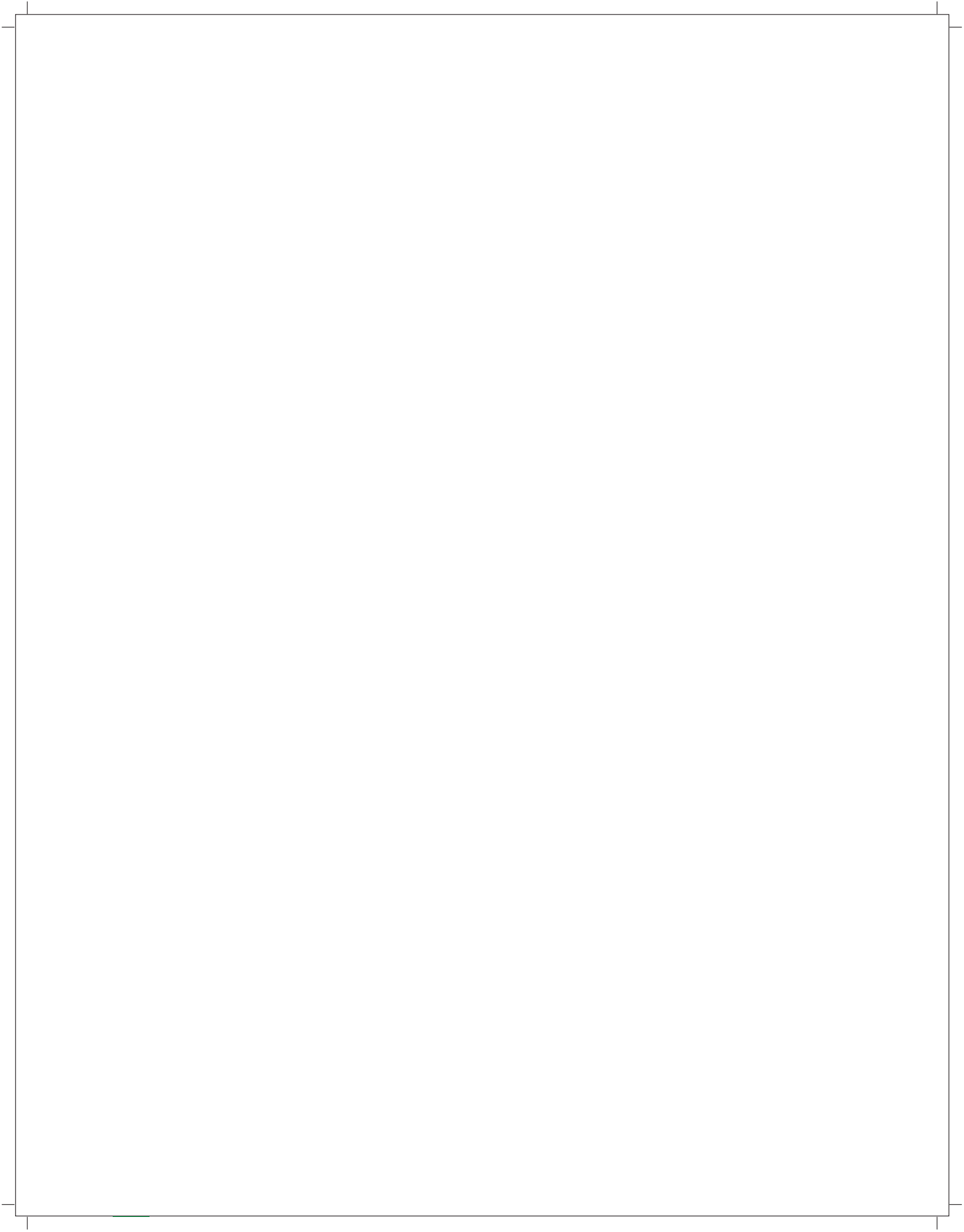
- Lean Manufacturing Competitiveness Scheme
- Enabling manufacturing sector to be competitive through Quality Management Standards/Quality Technology Tools (QMS/QTT)
- Promotion of ICT (Information & Communication Technology) in MSME sector.
- Technology and Quality Upgradation Support to MSMEs (TEQUP)
- Marketing Assistance and Technology Upgradation Scheme
- Marketing Support/ Assistance to SMEs (Bar Code)
- Design Clinic Scheme for Design Expertise to MSME sector
- Setting up of Mini Tool Rooms
- National campaign for building awareness on Intellectual Property Rights (IPR)
- Support for Entrepreneurial and Managerial Development of SMEs through Incubators

This booklet contains the guidelines for the scheme on “Support for Entrepreneurial and Managerial Development of SMEs through Incubators”. This scheme is operational since April, 2008. The main objective of this scheme is to assist incubation of innovative business ideas that could be commercialised in a short period of time, resulting in the formation of MSMEs that have distinctive presence in the market.

The success of NMCP depends on the active support and involvement of the State Governments, Industry Associations and other stakeholders such as technical institutions and professionals.

It is hoped that publication of the guidelines in the form of handy booklets will facilitate easier dissemination of information about the objectives of the schemes and the role and procedure envisaged for different stakeholders.

(Madhav Lal)



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ABBREVIATIONS

| | | |
|-----------|---|---|
| BIs | – | Business Incubators |
| CEO | – | Chief Executive Officer |
| DC | – | Development Commissioner |
| DIP&P | – | Department of Industrial Policy and Promotion |
| DST | – | Department of Science and Technology |
| DSIR | – | Department of Scientific and Industrial Research |
| FA | – | Financial Advisor |
| HI | – | Host Institute |
| IIT | – | Indian Institutes of Technology |
| MoMSME | – | Ministry of Micro, Small & Medium Enterprises |
| MSEs | – | Micro and Small Enterprises |
| MSME - DI | – | MSME-Development Institute |
| MSME | – | Micro, Small & Medium Enterprises |
| NSIC | – | National Small Industries Corporation |
| NCMP | – | National Common Minimum Programme |
| NIT | – | National Institutes of Technology |
| PPP | – | Public Private Partnership |
| SPM | – | Special Purpose Machine |
| SVCL | – | SIDBI Venture Capital Ltd. |
| SIDBI | – | Small Industries Development Bank of India |
| TIFAC | – | Technology Information Forecasting and Assessment Council |

SCHEME FOR SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT OF SMEs THROUGH INCUBATORS

BACKGROUND

World over, Micro and Small Enterprises (MSEs) are recognized as an important constituent of the national economies, contributing significantly to employment expansion and poverty alleviation. Recognizing the importance of micro and small enterprises, which constitute an important segment of Indian economy in terms of their contribution to country's industrial production, exports, employment and creation of entrepreneurial base, the Central and state Governments have been implementing several schemes and programmes for promotion and development of these enterprises. Among the six basic principles of governance underlying the National Common Minimum Programme (NCMP) of the Government, "sustained economic growth in a manner that generates employment" has a pride place. The NCMP also describes the MSEs as "the most employment-intensive segment".

Finance Minister's Budget speech of 2005-06 specially mentions: "Worldwide, it is manufacturing that has driven growth. In order to revive the manufacturing sector, particularly small and medium enterprises and to enable them to adjust to the competitive pressure caused by liberalization and moderation of tariff rates, new scheme is proposed to be launched that will help them strengthen their operations and sharpen their competitiveness. The design of the scheme will be worked out by the National Manufacturing Competitiveness Council (NMCC) in consultation with the industry." The Finance Minister's speech of 2006-07 states "NMCC along with relevant stakeholders like the Ministry of MSME has conceptualized and finalized the components of the programme incorporating suitable inputs from the stakeholders".

This component-scheme of the NMCP envisages selection of a large number of academic and training institutes and provision of financial support to set up at least 100 business incubators to host about 1,000 micro and small enterprises.

2.0 OBJECTIVE

- 2.1 The main objective of the scheme is to promote emerging technological and knowledge-based innovative ventures that seek the nurturing of ideas from professionals beyond the traditional activities of Micro, Small & Medium Enterprises (MSMEs). Such entrepreneurial ideas have to be fostered and developed in a supportive environment before they become attractive for venture capital. Hence the need arises for incubation centres: to promote and support untapped creativity of individual innovators and to assist them to become technology based entrepreneurs. It also seeks to promote networking and forging of linkages with other

constituents of the innovation chain for commercialization of their developments. This initiative is now being taken up by the Ministry of MSME – the nodal Ministry for the development of entrepreneurship and creation of self-employment and more employment avenues.

- 2.2 Under this scheme, 100 “Business Incubators” (BIs) are to be set up under Technology (Host) Institutions over the next 4 years [@ say 25 per year] and each BI is expected to help the incubation of about 10 new ideas or units. For this service, which includes the provision of laboratory/workshop facilities and other assistance/guidance to young innovators, each BI will be given between Rs.4 lakh and Rs. 8 lakh per idea/unit nurtured by them, limited to a total of Rs. 62.5 lakh for the ten units. In addition, each BI or each Host Institution may get:

| Items | @ per BI |
|------------------------------------|-----------------|
| (a) Upgradation of infrastructure | Rs. 2.50 lakh |
| (b) Orientation/Training | Rs. 1.28 lakh |
| (c) Administrative Expenses | Rs. 0.22 lakh |
| Thus the total assistance per BI - | Rs. 66.50 lakhs |

3.0 IMPLEMENTING AGENCIES

- 3.1 The incubational support will be provided by Host Institutions, like:

- (i) Indian Institutes of Technology (IITs)
- (ii) National Institutes of Technology (NITs)
- (iii) Engineering Colleges
- (iv) Technology Development Centres, Tool Rooms, etc
- (v) Other recognised R&D&/or Technical Institutes/Centres, Development Institutes of DIP&P in the field of Paper, Rubber, Machine Tools, etc.

- 3.2 The geographical areas, the disciplines and the infrastructure-providers listed above will be reviewed midway during the implementation, for any corrective action needed to make the scheme more effective with better outcome.

4.0 TARGETS

It has been proposed that in each Business Incubator, efforts will be made to reach the ratio of 4:1 between the incubated micro and small enterprises, respectively i.e. efforts will be made to incubate 8 micro enterprises and 2 small enterprises in each BI on an average in an ideal situation. However, flexibility on this count would be permissible. There will also be flexibility in having more than one BI in the same host Institution, and where required, there may be less than 10 or more than 10 enterprises hosted in each BI.

5. EXPECTATIONS

The term 'innovation' covers a very wide domain and in so far as micro and small enterprises are concerned, it could signify any activity and new/ingenious procedure or product that is likely to be of use to society (or to specific segments thereof) and therefore marketable in the long run. The purpose of the small dose of assistance proposed under the present scheme is to support students/ex-students of science and technology and entrepreneurs try out their innovative ideas (processes and products) at the laboratory or workshop stage and beyond (to the extent possible) – to carry forward the idea from its mere conception to 'know-how' and then to 'do how' stage. Even Special Purpose Machine (SPM) would clarify as 'innovations' under this low cost scheme as long as they lead to better, more competitive and economical operations and are marketable by the small and medium enterprises that are to be formed by the successful innovators. In the case of many Host Institutions, where other similar programmes for enriching and incubating innovations are already on, this MSME assistance could be dovetailed within them, by way of an additional encouragement/sustenance, without leading to duplications or unnecessary double benefits. It would be left to each Host Institution or its BI to benchmark the expectations from its students and entrepreneurs (and their ideas) at the level that is considered appropriate and to provide the level of assistance that is actually required to operationalize ideas. It is needless to mention that the level of success that each BI or Host Institution achieves through this scheme would enhance its own reputation and vice versa in case of repeated failures.

As explained, this scheme is designed for sustaining, at some basic or introductory level, the incubation of ideas that would have otherwise been lost for want of support. The expectations are that a sizeable percentage of the grantees/incubatees would be graduating to higher levels of operation, that would then require other levels of support under other schemes/organisations and from Venture Capital or Angel Funding. Some indicative areas of operation have been mentioned at Annexure-I.

6. FINANCIAL ASSISTANCE

- 6.1 As stated, 100 Business Incubators are to be set up to incubate about 1,000 ideas, many of which are likely to lead to the setting up of Small and Micro Enterprises at a cost of Rs. 62.50 crore in four years time period. Financial target in terms of expenditure has also been indicated to match the physical target. Another Rs. 4 crore are earmarked for minor components and the total cost of the project is to be Rs. 66.5 crore. BIs will maintain separate accounts of the funds received and expenditure incurred on various activities. An audited Statement of Accounts or the statement certified by the Chief Financial Officer of the Host Institution will also be obtained.

6.2 Direct Expenditure on Business Incubators

Table : Expenditure Details (Cost to Government)

| No. of Incubators to be Set Up | No. of MSEs to be incubated in Each Business Incubator and the Cost Implications | Total Expenditure (Cost to Govt.) per year (Rs in crores) |
|--|---|---|
| 100 incubators @ 25 each year for the last four years of XI Plan | (i) 10 entrepreneurs to be supported @ Rs. 6.25 lakh per enterprise (cost could vary between Rs. 4.0 to Rs. 8.0 lakh). (Details in Annexure-II) | 15.625 |
| | (ii) Cost of upgradation or enhancing of components of Infrastructure | 0.625 |
| | (iii) Cost of Orientation & Training of personnel | 0.320 |
| | (iv) Administrative expenses | 0.055 |
| | Total | 16.625 |

Total for 4 years Rs. 66.50 crore (Cost to Government)

6.3 The cost may vary between Rs. 4-8 lakh for each incubatee/idea, subject to the overall ceiling of Rs. 62.5 lakh for each BI. An illustrative list of supporting activities and the likely assistance for an incubatee is at Annexure-II.

7.0 PARTICIPATION IN A PUBLIC PRIVATE PARTNERSHIP MODE (PPP MODE)

To ensure the participation of the entrepreneurs in a PPP mode, it has been proposed that 15% and 25%, as the case may be, of the cost of intervention, will be borne by Micro and Small Enterprises respectively, wherever applicable. The proposal is in the form of pointed interventions to demonstrate the efficiency of superior technologies/procedures that are more conducive to the fast-changing environment in industrial competitiveness. In other words, other innovative options are being considered, with considerable degrees of private participation, in order to implement the schemes that are proposed under the PPP mode. The traditional government-driven, government-managed, subsidy-oriented activities have to give way to user-driven and user-managed options – based on their felt needs and faced challenges of stakeholders.

The innovative options ensuring that private participation in the programme is on a proportionate basis and Govt. contribution of 75% to 85% towards the project cost will be utilized for technology fee, common facilities and hiring/lease of machinery, etc. The incubatee will deposit his/her share to the host institute after completing the formalities of Tripartite Agreement, to be signed between the Government, the Host Institute (operationalizing the incubator) and the aspiring incubatee, clearly laying down the obligations from and expectations of each of the three signatories (Annexure-III). The approach has been framed in such a manner that the stakeholders/Micro and Small Enterprises are in a position to carry on these activities after the incubation period is phased out.

8.0 FINANCIAL IMPLICATIONS FOR XI PLAN

Cost Details Per Year

| Sl.No. | | (Rs. in crores) |
|--------|---|-----------------|
| 1. | 250 entrepreneurs @ Rs.6.25 lakh each | 15.625 |
| 2. | Cost of up-gradation or enhancing of components of infrastructure | 0.625 |
| 3. | Cost of Orientation Training | 0.320 |
| 4. | Administrative expenses | 0.55 |
| 5. | Total (for 25 Bls each year) | 16.625 |
| 6. | Total (for 4 years) | 66.50 |

9.0 IMPLEMENTATION OF THE SCHEME

- 9.1 The scheme is proposed to be implemented from financial year 2008-09.
- 9.2 The Selection Committee headed by Development Commissioner (MSME) shall comprise of :
1. Representatives from DST/DSIR
 2. CEO, SVCL (SIDBI Venture Capital Ltd.)
 3. CMD, NSIC
 4. Economic Adviser, MoMSME
 5. FA of MoMSME
 6. Representatives from DIPP
- 9.3 The request for proposals from the Institutes/Implementing agencies (as per format at Annexure-IV) will be invited by the Selection Committee through advertisements in Newspapers and websites, Letters to Implementing agencies, etc., to select the host institutes for setting up of Bls.
- 9.4 The Selection Committee will be entitled to constitute sub-committees for specific product groups to vet the feasibility of ideas and proof of concepts, option of the entrepreneur for host institute, access to workshop & laboratory, etc., and to lay down the procedure to release the fund directly to the host institutions as also to formalize the tripartite agreements to this effect. A sub-committee headed by Industrial Adviser of Development Commissioner (MSME) (i/c of the specific product group promotion) shall comprise of :
1. Director of Apex Scientific/Industrial Research Institute in respective field or his representative.
 2. Incubation Executive nominated by Director, MSME-DI in the area of Incubation Center.
 3. Representative of Lead Bank in the area of Incubation Centre.
 4. Representative of Host Institute.

10. MODE OF FINANCE RELEASES

As would be laid down in the tripartite agreement between the Government, the Host Institution and the aspiring entrepreneur, the Government would release finances to the Host Institution. Initially, the Host Institution would be released 30 per cent of the expenditure expected to be incurred in the establishment and operation of the incubators during the ensuing financial year. The balance would be released to the Host Institution in one or more instalment, once the earlier amount is reported to have been utilised by the Host Institution.

11. MONITORING AND EVALUATION

The project would be monitored and guided by the Ministry of MSME. Emphasis needs to be given to ensure continuation of the scheme through documentation in monitoring of the implementation. A monitoring and advisory committee headed by Additional Secretary & Development Commissioner (MSME) comprising of

1. Representatives of NMCC,
2. Representatives of Technology Information Forecasting and Assessment Council (TIFAC)
3. Representatives of the Lead Bank of the State where the incubator is established.
4. Representatives of Industries Associations represented on the Advisory Committee constituted under the MSMED Act, 2006

would be constituted to review and guide the implementation of the programme periodically. Necessary mid-term corrections arrived at by the Committee will be applied to make the programme more effective.

INDICATIVE AREAS

The indicative areas of operation for innovative projects could be in the following fields:

Hi-tech Activities

- (i) Bio-technology
- (ii) Pharmaceuticals
- (iii) Information Technology
- (iv) Nano-technology
- (v) Polymer Products

Other Possible Areas-1

- (i) Fruit Processing
- (ii) Ceramics Industry
- (iii) Glass Industry
- (iv) Herbal Medicines
- (v) General Stores
- (vi) Auto Components
- (vii) Electrical Appliances

Other Possible Areas-2

- (i) Ready-made Garments
- (ii) Sports Goods
- (iii) Wet Grinders
- (iv) Metal Utensils
- (v) Surgical Instruments
- (vi) Agriculture Implements
- (vii) Cane and Bamboo Products
- (viii) Leather Goods
- (ix) Engineering Industries

Annexure-II

Table: Illustrative List of Supporting Activities and the Likely expenditure for an Incubatee (cited in Table on Expenditure Details-Cost to Government)

| Sl. No. | Items | Likely Expenditure (Rs. in lakhs) |
|---------|--|-----------------------------------|
| 1. | Technology fee | 2.00 |
| 2. | Telephone, Fax, Computer facility, etc. | 0.25 |
| 3. | Machinery hiring or leasing from outside | 1.00 |
| 4. | Guidance fee for mentors/ handholding persons, etc. | 2.00 |
| 5. | Electricity, accommodation charges, etc. | 1.00 |
| | Total | 6.25 |

Agreement for Utilization of Funds under the Scheme for Providing Support for Entrepreneurial and Managerial Development of SMEs through Incubators

AGREEMENT

This Agreement has made and entered into this _____
 _____ Day of _____, 20____ by and between
 the President of India represented by Shri/Smt. _____
 _____ (Name &
 Designation), Ministry of Micro, Small & Medium Enterprises, Government of India (hereinafter referred
 to as 'The First Party' which expression shall unless repugnant to the context or meaning thereof,
 include its successor in interest and permitted assigns) of the one part.

And

Name of authorized signatory _____ for the Host Institution and its
 legal status, having its registered office at (Full Address) _____

 _____ (hereinafter referred to as 'The
 Second Party' which expression shall unless repugnant to the context or meaning thereof, include its
 successor in interest and permitted assigns) on the other part.

WHEREAS, the Government wishes to assist the BUSINESS INCUBATOR through HOST INSTITUTION (HI)
 in Public Private Partnership (PPP) mode to help the entrepreneurial venture to succeed,

AND WHEREAS, the HI is willing to perform this assignment,

NOW, THEREFORE, THE PARTIES hereby agree as follows:

1.0 PREAMBLE

1.1 In order to support and promote untapped creativity of the individual innovators, Government
 has formulated a scheme for providing support for Entrepreneurial and Managerial Development
 of SMEs Through Incubators" (hereinafter referred to as the "SCHEME"). The SCHEME envisages
 forging linkages of innovators and entrepreneurs with important constituents of the innovation
 chain, viz., research/academic institutes and business incubators, so as to leverage the available
 know-how, expertise, facilities and infrastructure in such institutions to help the entrepreneurial
 ventures to succeed.

1.2 It has been agreed by the Government to support _____
 _____ (Name of the BUSINESS INCUBATOR) located at _____
 _____ and hosted by the _____
 _____ (name of the HOST INSTITUTE) based on a request made by the
 BUSINESS INCUBATOR/HOST INSTITUTE and after obtaining necessary approvals.

2.0 RESPONSIBILITIES OF THE HOST INSTITUTE

- 2.1 The HOST INSTITUTE shall undertake to create (if not already created) an entity for undertaking business incubation and entrepreneurship development activities and executing obligations under the proposed SCHEME. This entity is referred henceforth as the BUSINESS INCUBATOR.
- 2.2 The activities of the BUSINESS INCUBATOR shall include:
 - 2.2.1 Nucleation of new business ideas by creating the environment and opportunities for know-how providers, entrepreneurs and financiers to meet each other and form business teams;
 - 2.2.2 Nurturing businesses in their start-up phase by creating and running an efficient business incubator offering not only space but also access to technology support, business mentoring, networks, scientific and information resources, and a generally conducive and supportive environment; and
 - 2.2.3 Promoting and running an active program for identification, creation, acceleration and translation (into practice) of business ideas suitable for new venture creation.
- 2.3 The HOST INSTITUTE shall provide ready-to-use, dedicated space for housing and operation of the BUSINESS INCUBATOR.
- 2.4 The HOST INSTITUTE shall be responsible for providing access to basic infrastructural facilities, office facilities and laboratory/ facilities for the BUSINESS INCUBATOR.
- 2.5 The HOST INSTITUTE shall be responsible for arranging the resources for the day-to-day operation of the BUSINESS INCUBATOR.
- 2.6 The operation of the BUSINESS INCUBATOR shall be governed by the Managing Committee which will be constituted with the approval of the Board of Governors (BOG) of the Host Institutions and comprise of at least the following:
 - 2.6.1 Executive Head of the BUSINESS INCUBATOR (*Ex-officio* Chairperson).
 - 2.6.2 One representative of the Government of India's promoter agency, in present case representative of Office of the DC (MSME), New Delhi (Member).
 - 2.6.3 One representative of the industry/industry association (Member).
 - 2.6.4 One representative of the financial institutions (Member).
 - 2.6.5 One representative from the academic community of the HOST INSTITUTION (Member).
 - 2.6.6 One R&D expert (Member).
 - 2.6.7 BUSINESS INCUBATOR Manager (Member-Secretary).

- 2.7 The Managing Committee shall be responsible for the overall monitoring and evaluation of the BUSINESS INCUBATOR on a periodic basis (preferably six-monthly). The reports of the periodic review shall be made available to all the promoters of the BUSINESS INCUBATOR.
- 2.8 The BUSINESS INCUBATOR shall be run by dedicated staff and shall also utilize the services of faculty/staff of the HOST INSTITUTE or experts from outside.

3.0 IMPLEMENTATION OF THE SCHEME AND FINANCIAL ARRANGEMENTS

- 3.1 The Managing Committee shall be responsible for publicizing the SCHEME and seeking proposals under the scheme in the approved format (APPENDIX-I).
- 3.2 The Managing Committee or sub-committee thereof shall vet the feasibility of the proposals received and recommend proposals to the Government for support under the SCHEME through the BUSINESS INCUBATOR.
- 3.3 The Managing Committee shall ensure that the selection of entrepreneurs/incubatees is fair and the disbursement/utilization of the fund is done with fairness to the entrepreneur/incubatee.
- 3.4 The Managing Committee shall ensure that the fund requested for one idea in the proposal does not exceed Rs. 8 lakh. The Government shall provide Rs. 62.5 lakh (@ Rs. 6.25 lakh per idea) to the HOST INSTITUTION/BUSINESS INCUBATOR towards supporting ten entrepreneur/incubatees for costs relating to technology fee, guidance fee for mentors/ handholding persons, hiring or leasing cost of machinery/equipment/instruments or related services, office facilities (like telephone, fax, computers etc), infrastructural facilities (accommodation charges, utilities), etc. In addition, each HOST INSTITUTION/ BUSINESS INCUBATOR shall receive Rs. 37,800 per idea towards upgradation of its infrastructure and orientation/training.
- 3.5 Under the SCHEME, the entrepreneur/incubatee is expected to contribute a minimum of 15% (for micro enterprises) or 25% (for small enterprises) of the total project cost. The Managing Committee shall ensure that this requirement is met by the entrepreneur/ incubatee.
- 3.6 On receipt of recommended proposals from the Managing Committee of the BUSINESS INCUBATOR, the Government shall (after due process and approvals) initially release 30% of the approved disbursal amount with the balance being released in one or more installments once the HOST INSTITUTION/BUSINESS INCUBATOR has utilized the earlier amount and submitted the utilization certificate duly certified by the authorized signatory.
- 3.7 The HOST INSTITUTION/BUSINESS INCUBATOR shall maintain separate accounts of the funds received and expenditure incurred on various activities. Further, the BI would submit Annual Accounts, Audited expenditure Statement and Utilization Certificate to the Government.

4.0 GENERAL

- 4.1 The HOST INSTITUTION/BUSINESS INCUBATORS shall submit the agreement made by them and with INCUBATEE to the Government before release of funds to the HI/BI for utilization by the incubatee. This agreement will be as per format in APPENDIX-II.
- 4.2 The assets created through the scheme shall not be transferred/disposed off without prior permission of the Office of the Government.
- 4.3 In the event it is found that the HI/BI has not utilized amount of grant, or any part of it, for the purpose agreed to in clause (2) of this agreement or has subsequently disposed off any of the assets acquired out of the grant without prior permission of the Government, the Government without prejudice to any other right, shall be entitled to terminate this agreement.

5.0 DISPUTE RESOLUTION

- 5.1 Any disputes shall be settled amicably between parties through the intervention and assistance of the Executive Head of the BUSINESS INCUBATOR. If the dispute is not resolved, then the matter may be escalated to the attention of the Executive Head of the Host Institute. If the dispute is still not resolved then the matter be referred to the Additional Secretary & Development Commissioner (MSME) whose decision shall be final and binding on all parties.
- 5.2 Any disputes, which can not be settled amicably between the parties shall be referred for arbitration in accordance with the provision of Arbitration and Conciliation Act, 1996 to an arbitrator nominated by the Secretary, Department of Legal Affairs, M/o Law & Justice, Government of India. Provision of the Arbitration and Conciliation Act, 1996, as amended from time to time, shall be applicable. Courts in Delhi shall have jurisdiction in the matter.

6.0 NOTICE

- 6.1 The address of the Parties for all communications is:

Government

Additional Development Commissioner
& Economic Advisor (MSME),
Office of Development Commissioner (MSME)
7th Floor, Nirman Bhawan
New Delhi – 110108

Incubator

Head of the Institution or his/her
nominee under which BI is formed

- 6.2 All notices with the aforesaid address sent by pre-paid registered post or speed post or sent by fax with confirmation of its delivery or e-mail shall be deemed to have been served and

received by the addressee within the time they should have been delivered/received at the addressee's end. Any change of address will not be valid unless acknowledged by the other party.

IN WITNESS WHEREOF, the representative of the Parties to this agreement being duly authorized have hereunto set their hands and have executed those present this _____ day of _____ 20 _____

For & on behalf of the President of India
Additional Development Commissioner
& Economic Adviser (MSME),
Office of the Development Commissioner (MSME)
7th Floor, Nirman Bhawan
New Delhi – 110108

Head of the Institution or his/her
nominee under which BI is formed

Witness:

Witness:

Witness:

Witness:

Application of Entrepreneur/Incubatee

1. APPLICANT INFORMATION

- A) Applicant's (entrepreneur) name
- B) Age
- C) Educational Qualifications
- D) Postal Address
- E) Telephone/mobile
- F) Fax:
- G) Email:
- H) Website (if any)
- I) Current professional/employment status

2. COMPANY INFORMATION

- A) Have you registered a company, give details
- B) Name of applicant company/firm
- C) Location from which company is operating
- D) Relationship with the Business Incubator/
Host Institute
- E) Company sector Manufacturing/Services
- F) Investment in plant and machinery (Rs _____ lakhs)
(For manufacturing sector)/Investment in
equipment (For services sector)
- G) Company type: Definitions are given in Micro/Small/Medium
http://www.dcmsme.gov.in/ssiindia/defination_msme.htm

3. PROJECT INFORMATION

A. Details of Proposed Idea/Innovation

- A1) Title of the technology/innovation

- A2) Category of technology/innovation (specify process/product/new application/other)
- A3) If the idea involves use of existing intellectual property, give details of the owner of the same and arrangements of sourcing the innovation and terms of its commercialization
- A4) Specify the potential areas of application in industry/market
- A5) Specify newness/uniqueness of the innovation (better performance/new features/improvements)
- A6) What is already available in market? What is the market potential?. What value it would add in market

B. Current Development Status of Innovation

- B1) What is the current development status of the innovation/product or service offerings? (Whether still an idea or ready to launch)
- B2) Idea readiness level
(as per http://en.wikipedia.org/wiki/Technology_Readiness_Level)
- B3) Specify the time period in months required for innovation to be completely developed for field testing/ready for intended end-user?

C. Financial Requirements

- C1) Do you have a business plan for taking innovation from lab to market?

(Attach business plan in your own format)

- C2) What level of funding is required for making innovation market ready?

Rs. _____

Requested under the MoMSME scheme

- C3) Please give activity-wise break-up (Activities include design/prototype development/lab/bench scale production/professional services/hiring staff/trials/test marketing/miscellaneous)(use annexure if space is not sufficient)

4 OTHER RELATED INFORMATION

- A) Are there any team members/partners and mentors/guides in your innovative project. If so give name and complete contact address with phone and e-mail)
- B) Information on Patents filed/granted (if any)
- C) Any awards or recognition related to the innovation
- D) Please include any further information that you wish to communicate to us to help us in judging your application

5 OTHER

I,....., hereby certify that the information furnished in the application form from Item 1-4 is true, complete and to the best of my knowledge.

Date and Place:

Signature of the Applicant

6. RECOMMENDATIONS OF THE FORWARDING ORGANIZATION

Has the application been screened and evaluated at local level. Give details.

Date and Place:
Organization with Seal

Signature of the Head of

Agreement between Host Institution/Business Incubator and Incubatee

Under scheme for "Support for Entrepreneurial and Management Development of SMEs through Incubators"

This agreement is made on this _____ day of _____-(Month) 20____

BETWEEN

_____(hereinafter referred to as Host Institution/BUSINESS INCUBATOR, the expression which unless repugnant to context shall be deemed to include its successors, administrators and executors) of the first part.

AND

_____(hereinafter referred to as INCUBATEE, the expression which unless repugnant to context shall be deemed to include its successors, administrators and executors) of the second part.

1.0 PREAMBLE

WHEREAS, the HOST INSTITUTION/BUSINESS INCUBATOR has been incorporated for nucleating and promoting business enterprises for the benefit of the society and has been entrusted the task of running various programs and the management of various supporting facilities/resources for the benefit of entrepreneurs/entrepreneurial ventures by the _____(hereinafter referred to as HOST INSTITUTION)

WHEREAS, the BUSINESS INCUBATOR has been approved by the Government for participation and funding support under the scheme for providing support for Entrepreneurial and Management Development of SMEs through Incubators (hereinafter referred to as the SCHEME)

WHEREAS, the INCUBATEE has applied for support for business advancement and its commercialization (hereinafter referred to as the PROJECT) from the BUSINESS INCUBATOR under the SCHEME,

WHEREAS the BUSINESS INCUBATOR has reviewed the PROJECT proposal through its Managing Committee and approved the PROJECT for incubation under the SCHEME on such terms and conditions mentioned hereinafter

It is now agreed by and between the parties as follows:

2.0 RESPONSIBILITIES OF THE BUSINESS INCUBATOR

- 2.1 The BUSINESS INCUBATOR shall extend support to the INCUBATEE for the execution of the PROJECT to the extent agreed in the final PROJECT budget and financing sheet (Appendix-I to this agreement) approved by the Managing Committee.
- 2.2 The support extended to the INCUBATEE could include support towards one or more of the following - the technology fee, guidance fee for mentors/handholding persons (for technology, intellectual property planning and business planning), hiring or leasing cost of machinery/equipment/instruments or related services, office facilities (like telephone, fax, computers etc),

infrastructural facilities (accommodation charges, utilities, etc) and other project costs depending upon the needs of the INCUBATEE and those approved by the Managing Committee.

3.0 RESPONSIBILITIES OF THE INCUBATEE

- 3.1 The INCUBATEE shall maintain documented evidence (invoices and receipts) of all costs incurred in running the PROJECT and submit to the BUSINESS INCUBATOR on a timely basis.
- 3.2 The INCUBATEE shall contribute a minimum of 15% (for micro enterprises) or 25% (for small enterprises) of the total project cost. In the event of failure of the INCUBATEE meeting this requirement, the BUSINESS INCUBATOR shall be free to withdraw its support.

4.0 GENERAL

- 4.1 Both parties can terminate this agreement at any point by giving one month advanced notice of their termination to the other party after a period of 365 days from the date of this agreement.
- 4.2 Termination of this agreement subject to settlement of claims against each other will mean that both parties will be absolved of their responsibilities from the date of termination.
- 4.3 The parties shall endeavor to resolve any dispute relating to the rights, duties, terms and conditions contained in this agreement by mutual negotiations in good faith. However if the dispute remains unresolved, the arbitration of such disputes would be handled by the Managing Committee. The verdict of the Committee would be final and binding.
- 4.4 Neither party shall be held responsible for non-fulfillment of their respective obligations under this agreement due to the exigency of one or more of the force majeure events such as but not limited to acts of god, war, flood, earthquakes, strike, lockouts, epidemics, riots, civil commotion, etc., provided on the occurrence and cessation of any such events, the party affected thereby shall give a notice in writing to the other party within one month of such occurrence or cessation. If the force majeure conditions continue beyond six months, the parties shall then mutually decide about the future course of action.

In witness thereof the parties have caused their authorized representatives to sign this agreement on the date mentioned hereinabove.

Signed on this _____ day of _____ (Month) 20_____.

For & on behalf of the Host
 Institution/BUSINESS INCUBATOR
 Name:
 Designation:
 Postal Address:

For & on behalf of the INCUBATEE
 Name:
 Designation:
 Postal Address:

Phone number:
 Email address:

Phone number:
 Email address:

Proforma of Host Institutions/Business Incubator for Submission of Project Proposals

I. Executive Summary

Please provide the following in brief (not exceeding two pages):

- Objectives of the Business Incubator
- Thrust Areas
- Activities envisaged

II. Institutional Information

- 1) Name of the institution with contract person and address
- 2) Year of establishment
- 3) Name of Head of Institution with address for correspondence
- 4) Mentor/Guides for the proposed Business Incubatees (BI) (Details of his/her academic accomplishments, publications, area of Specialization and experience in guiding BIs to be given)
- 5) Mention institutional affiliation to any university or national organization.
- 6) Number of academic (industrial) departments/faculties
- 7) Total number of teaching and research faculty
- 8) Number of faculty with PhD Qualification
- 9) Number of faculty with background/interest in entrepreneurship
- 10) Industrial R&D/consultancy undertaken, if any, in the previous three years

| Year | Number of Assignments | | Present Status (Completed or not) |
|------|-----------------------|---------|--------------------------------------|
| | Design | Testing | Others |
| | | | |
| | | | |
| | | | |

11) Number of entrepreneurship development activities, if any, undertaken in the past three years

| Year | Courses | Workshops/Seminars/ Conferences | Student Competitions Organized | Entrepreneur Lectures |
|------|---------|------------------------------------|-----------------------------------|--------------------------|
| | | | | |
| | | | | |

III. Previous Experience in Business Incubation

- List products or technologies developed/modified, and whether they have been commercialized.
- Status of commercialization of new technology.
- IPRs obtained, if any.

IV. Infrastructure Availability

- Availability of equipments

| Name of Equipment | Age and Condition of Equipment | Availability (Full Time or not) |
|-------------------|-----------------------------------|------------------------------------|
| | | |
| | | |

- How much built-up area (in sq.ft.) will be available for BI?
- Linkage with industries and venture finance.

V. Enclosure

Enclose the following Certificate from the Head of the Institution to ensure the following:

- Commitment from the host institute for their agreed contributions for the BI for providing items like furnished building, furniture, utilities, office equipments etc.
- Responsibility for proper implementation and smooth functioning of the BI.

Date and Place :

Signature of Head of Institution
with seal



Development Commissioner
Micro, Small & Medium Enterprises
Government of India
Nirman Bhawan, New Delhi-110 108
www.dcmsme.gov.in