



सत्यमेव जयते

## **Guidelines for Scale-up support to Established Incubation Centres under Atal Innovation Mission**

Government of India  
NITI Aayog  
Atal Innovation Mission

*August 2017*

**Government of India  
NITI Aayog  
Atal Innovation Mission**

**Scheme for Scale-up Support to Established Incubation Centres**

**I. Background:**

The Government of India has setup the Atal Innovation Mission (AIM) at NITI Aayog. The overarching purpose of this Mission is to promote a culture of innovation and entrepreneurship in India. The Government realizes that there is a need to create world class incubation centres across various parts of India with adequate infrastructure and availability of sectoral experts for mentoring start-up businesses, and develop an ecosystem by strengthening linkages amongst incubation centres, universities and corporates.

2. The Government proposes to augment the capacity of the Established Incubation Centres (EICs) by providing scale-up support. The objective of this scheme is to radically transform the start-up ecosystem in the country by upgrading the Established Incubation Centres to world-class standards.

**II. The Key Highlights of the Scheme:**

- a) **Financial Support to Scale-up:** Grant-in-aid support of up to Rs. 10 crore will be provided in two (or more) annual instalments to top performing Established Incubation Centres in India selected through this Scheme.
- b) **Duration:** The Grant-in-Aid shall be provided for a duration of two years. The scheme will be in operation for a period six years.
- c) **Selection:** Established Incubation Centres will be shortlisted based on the Key Performance Indicators (KPIs) as indicated in **Annex I**. Shortlisted Established Incubation Centres will be required to make a presentation on their scale up plan before Screening for a final selection.
- d) **Purpose and usage of the Grant-in-aid:** The financial support shall be used by the EICs to increase their incubation capacity for technology based innovative startups and provide world class infrastructure for encouraging innovation and entrepreneurship in the country. The Grant-in-aid will enable the EIC to refurbish the existing incubation space, enhance capabilities and capacity, including team, infrastructure, tools and equipment, services, seed funding support, outreach initiatives, training programs and/or other incubation related events, building the entrepreneurship ecosystem for incubatee startups. Land and building construction costs are not allowed through the Grant-in-Aid.

It is expected that the EICs shall ensure a balanced usage of funds. Given below is the suggestive activity wise break-up of the financial support provided by NITI Aayog. Any Grant-in-Aid remaining from the following activity heads should be used towards the core incubation activities such as (such as business planning support, technology support, IPR legal, accounting, training, marketing, finance, etc.) and marketing and outreach programs (such as lectures, networking events, trainings, startup exchange programs).

Activity	% Utilization of Grant
1) Capital expenditure a. Purchase of Equipment b. Expansion of Facilities (Renovation & interiors)	Up to a max of 35%
2) Personnel expenses	Up to a max of 20%
3) Seed support funding	Up to a max of 25%

- e) **Eligibility:** The Established Incubation Centres, registered in India as a legal entity in public, private or public-private partnership mode, which have been in operation for a minimum of three years as of 1<sup>st</sup> August 2017 would be eligible to apply for the grant.
- f) **Reapplication:** The Established Incubation Centres supported under this scheme can reapply for further scaling up in subsequent years based on demonstration of proven outcomes and efficient utilization of the previous grant-in-aid received. An Established Incubation Centre would be eligible to apply and avail grant-in-aid under this scheme for a maximum of three times.

### III. Process:

- a) Established Incubation Centres intending to avail scale-up support under this scheme may visit <http://aimapp2.aim.gov.in/eic2.0/> and submit their application online to Atal Innovation Mission, NITI Aayog. The prescribed application formats are at Annex I. Necessary documents can also be uploaded online.
- b) The proposals would be evaluated based on merit by a Screening Committee duly constituted for this purpose.
- c) Performance review of the selected Established Incubation Centres would be undertaken by a professional third party agency.
- d) Details of Terms and Conditions of the Scheme are prescribed in Annex II.
- e) Selected Applicants will be required to enter into a Memorandum of Understanding (Annex III) and sign a Bond (Annex IV) with NITI Aayog.
- f) The above Scheme and Guidelines are subject to periodic review in consultation with stakeholders.

**APPLICATION FORM****I. DETAILS OF THE ESTABLISHED INCUBATION CENTRE**

1. Name of the Established Incubation Centre (EIC):
2. Name of the legal entity (as mentioned in the registration document of the entity):
3. Entity ownership (Govt. / Private):
4. Legal entity type (Pvt. Ltd. Co. / Public Ltd. Co / Section-8 / Society / Trust or any other)  
(please specify):
5. Registration No.:
6. Year of establishment of the legal entity of the EIC:
7. Registered address of the EIC:
8. District:
9. State:
10. Pin Code:
11. Website:
  
12. Is the EIC located in any of the following cities? (Ahmedabad, Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi)?  
 Yes                       No
  
13. Is the EIC in any of the following locations? (*multiple choice*)  
 Rural                       Urban                       In / around an Industrial Cluster                       North East
  
14. Is the EIC based in any of the cities mentioned in the Smart City list? (*Link to the smart city list*)  
 Yes                       No
  
15. Sector of focus for the incubator: (*multiple selection*)
  - a) Artificial Intelligence and Automation
  - b) Agriculture & Allied Fields and Agri-tech
  - c) Bio Technology
  - d) Building Materials/Construction Technology
  - e) Electricity, New and Renewable Energy and Environmental sustainability
  - f) Education
  - g) Health and Pharmaceuticals
  - h) Infrastructure
  - i) Information & Communication Technology (ICT)
  - j) IoT and Sensor Technology
  - k) Manufacturing and Engineering
  - l) Micro and Nano electronics
  - m) New Materials including Nano Materials
  - n) Water, Sanitation and Solid Waste Management
  - o) Housing – Urban and Rural
  - p) Transport

q) Other emerging areas or of social / national importance: Please specify

## II. TEAM OF THE EIC

1. Total number of full-time equivalent team members at the EIC (as of 1<sup>st</sup> of August, 2017):  
\_\_\_\_\_
2. Is the proposed CEO/Head currently holding a full-time position?  
 Yes                       No
3. Name of the CEO / Head of the EIC:
4. Email address:
5. Mobile number:
6. Highest Qualification of the CEO: Dropdown (Graduate/Post-Graduate/ MPhil/PhD and above)
7. Years of Experience: \_\_\_\_\_ years in Industry \_\_\_\_\_ years in Academia \_\_\_\_\_ Any other / please specify

## III. PARTNERSHIPS/ LINKAGES

1. Total number of institutional partners (existing):
2. Total number of angel investor partners:
3. Provide details of 5 partners who are most relevant for the EIC:

Name	Type of partner	Type of linkage	Details of their current role/engagement with applicant portfolio companies

### *Description:*

- a) Type of partner: Academic, Corporate, Individual, Start-up, Government, R&D Lab, Investment, Small Medium Enterprise (SME), Others (Please specify).
- b) Type of Linkages: Buyer/Vendor, Mentoring, R&D, Business Innovation, Networking, Donor, Market access, Business Support, Other (Please specify)

## IV. GRANTS

1. Have you taken any other grant from any Government (Centre or State) ministry/organisation to establish your incubator?                       Yes                       No
2. Have you taken any other grant from any Government (Centre or State) ministry/organisation to scale-up your incubator?                       Yes                       No
3. If yes, please specify:
  - a. Government: State or Central
  - b. Name of the grant-giving entity (ministry, department or agency):
  - c. Name of program/scheme and purpose:
  - d. The total sanctioned amount:
  - e. Date of sanction:

f. Duration of the grant

(Add more rows as required)

4. If you have received grants from any non-governmental entity, please provide details:

- a. Name of the grant-giving organisation:
- b. Name of program/scheme and purpose
- c. The total sanctioned amount:
- d. Date of sanction:
- e. Duration of the grant

(Add more rows as required)

**V. EXISTING CAPACITY AND INFRASTRUCTURE**

- 1. Existing capacity of the Established Incubation Centre: \_\_\_\_\_ No. of seats
- 2. Incubation Area available for the EIC: \_\_\_\_\_ sq. ft.
- 3. Sector specific labs available (non-IT in nature):  0     1-3     4-6     >6
- 4. Maker space / Fab Lab available:  Yes  No

**VI. KEY PERFORMANCE INDICATORS (KPIs)**

Sl. No.	KPI Parameters	Time Period				
<b>Performance since establishment</b>						
1.	Number of start-ups supported till date					
2.	Number of start-ups graduated/exited till date <i>(Description: For this purpose, graduate/exit will be counted as a startup that has received external venture funding, got acquired by a larger existing company, or found a financially sustainable business model.)</i>					
<b>Performance in the recent years</b>						
		Year 1 (Oldest year)	Year 2	Year 3	Year 4	Year 5 (most recent year)
1.	Number of physically incubated startups					
2.	Number of virtually incubated startups					
3.	Number of jobs created by incubatee startups each year					
4.	Amount (Rs. Lakhs) of taxes paid by all the startups supported each year					

5.	Number of academic institutions associated					
6.	Number of entrepreneurship development workshops organized annually					
7.	Number of training programs organised for startups					
8.	Number of mentors who are actively engaged with startups					
9.	Number of active industry/corporate partnerships					
10.	Number of technologies patented by the incubated start-up businesses					
11.	Number of awards received by incubated start-up businesses from recognized institutions					
12.	Seed funding corpus available with the Established Incubation Centres for funding start-up businesses (Rs. Lakhs)					
13.	Total number of personnel at the Established Incubation Centre to assist start-up businesses (Full Time-equivalent only)					
14.	Cumulative sales turnover of graduated start-up businesses (Rs. Lakhs)					
15.	Non-grant revenue, not including any interest on seed fund (Rs. Lakhs)					
16.	Is the incubator financially self-sustainable, without access to any governmental or non-governmental grants? (Yes/ No)					

## VII. DOCUMENTS TO BE ATTACHED

### 1.0 BUSINESS PLAN AND BUDGET PLAN

1.1 The business plan to be attached must be either in a word or pdf document.

1.2 The business plan must not exceed more than 25 pages (PDF of not more than 2MB).

#### 1.3 The business must include following components:

- a) Executive Summary (max 250 words)
- b) The core strengths of the EIC and the achievements of the Incubator till date
- c) Incubator team, board members and governance structure – existing and proposed
- d) Details of present incubation facilities provided to start-up businesses (max 250 words)
- e) Incubation model being adopted (Provide a case study of the support provided to a startup)
- f) Describe the local/regional innovation ecosystem and why do you feel there is a requirement to scale up the EIC (max 250 words)
- g) Proposed scale-up plan to become world class. Provide details of programs, physical infrastructure requirements, capacity expansion, personnel, along with corresponding financial requirements (250 words)

- h) Sustainability and revenue generation model – Why is a grant required for scaling up? What are the reasons for not being able to generate revenues / other sources of income
- i) Detailed Budget Plan (Indicative guidelines given below)
- j) Quarterly and annual deliverables for the duration of the project and projections / goals for KPIs (Indicative format given below)
- k) Attach profiles of top 10 start-up businesses during last 5 years (Name of the startup, names of the founder (s), brief description, status)
- l) Attach the list of mentors (Names, Designation, Organisation, Area of Mentoring) that are actively involved with the startups
- m) Attach list of equipment, if any, that you shall procure for scaling up

#### **1.4 GUIDELINES FOR THE BUDGET PLAN**

The budget plan should include the following heads:

- a) Capital Expenditure including sub heads for Purchase of Equipment and Expansion of Facilities (Renovation & interiors)
- b) Incubation Services to Startups (such as business planning support, technology support, IPR legal, accounting, training, marketing, finance, etc.)
- c) Marketing and outreach programs (such as special lectures, networking events, startup exchange programs)
- d) Personnel Expenses
- e) Seed support Funding
- f) Any other sub-head that is required as per your scaling up plan

#### **1.5 SUGGESTIVE GUIDELINES FOR THE GOALS AND DELIVERABLES DOCUMENT**

The goals and deliverables may include the following:

1.5.1 Projected deliverables based on the scaling up plan submitted by you

1.5.2 Projected goals for the KPIs such as:

- a) Number of physically incubated startups
- b) Number of virtually incubated startups
- c) Number of active industry/corporate partnerships
- d) Number of academic institutions partnered with
- e) Number of training programs organised for startups
- f) Number of mentors who are actively engaged with startups
- g) Total number of personnel at the Established Incubation Centre to assist start-up businesses (Full Time-equivalent only)
- h) Number of outreach events
- i) Number of technologies patented by the incubated start-up businesses
- j) Seed funding corpus with the Established Incubation Centres for funding start-up businesses (Rs. Lakhs)
- k) Cumulative sales turnover of graduated start-up businesses (Rs. Lakhs)
- l) Number of jobs estimated to be created by incubatee startups each year



- m) Amount (in Rs.) of taxes estimated to be paid by all the startups supported each year
- n) Non-grant revenue, not including any interest on seed fund
- o) Number of graduates / exits (Meaning companies that have got funded or acquired)

**2.0 REGISTRATION CERTIFICATE**

**3.0 AUDITED FINANCIAL STATEMENTS (past 3 financial years)**

**4.0 MOA/ TRUST DEED OR EQUIVALENT**

**TERMS & CONDITIONS:**

1. The purpose of this document is to provide information to the interested applicants for the completion of their application. It is neither an agreement nor an offer made by AIM.
2. AIM does not make any representation or warranty as to the accuracy, reliability or completeness of the information in this document and it is not possible to consider particular needs of each applicant.
3. AIM will not be responsible for any delay in receiving the applications.
4. No applicant shall submit more than one application.
5. All applications will be invited only in the online mode. All communications related to the scheme including announcements of shortlisted applicants, invitation for presentation and final selection of applicants will be published on the NITI Aayog website <http://www.niti.gov.in>
6. The issue of these guidelines does not imply that AIM is bound to select an Applicant. AIM reserves the right to accept/reject any or all of applications submitted in response to the document at any stage without assigning any reasons whatsoever.
7. AIM's decision will be final and no explanation or justification for any aspect of the selection process will be given.
8. Applicants shall bear all costs associated with the preparation and submission of their applications, and their participation in the selection process.
9. Any request for clarification should be emailed to [md-aim@gov.in](mailto:md-aim@gov.in).
10. 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.
11. All grantee institutions except public funded institutions are required to execute a Bond (in prescribed pro-forma Annex IV) on a non-judicial stamp paper before any grant-in-aid is released to them.
12. All the assets acquired or created through the grant under this scheme 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 Atal Innovation Mission, NITI Aayog.
13. The grant being released should be exclusively spent for the specified purpose for which it has been sanctioned within the stipulated time. Any unspent balance out of the amount released would be refunded to the Govt. of India by means of an Account's Payee Demand Draft drawn in favour of Drawing and Disbursing Officer, NITI Aayog, payable at New Delhi.
14. The grantee is required to send online i) goal and deliverables; ii) audited statement of accounts and Balance Sheet; and iii) Utilization Certificate (Annex V), to Atal Innovation Mission, NITI Aayog at the end of each financial year as well as at the time of seeking further instalments of the grant, if any.
15. The operations and performance of the selected Established Incubation Centres will be reviewed yearly by a professional third party agency. The release of grant each year will be based on satisfactory performance.
16. Concerned officers of Atal Innovation Mission, NITI Aayog or its authorized representatives may visit the Established Incubation Centres periodically for ascertaining the progress of work.

17. 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.
18. The grantee will maintain separate audited accounts for the grant. The funds released should be kept in a bank account earning interest; the interest earned should be reported to the AIM, NITI Aayog and the same will be treated as a credit to the organization to be adjusted towards further instalments of the grant, if any.
19. 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.
20. AIM, NITI Aayog 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.
21. Where support has been provided by AIM, NITI Aayog 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 grant will be allowed to such an institution from AIM, NITI Aayog.
22. The Manpower employed by the Established Incubation Centre will be the liability of the Incubation Centre. AIM and NITI Aayog will not have any liability towards them.
23. AIM, NITI Aayog 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 Established Incubation Centre is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to the Established Incubation Centre.
24. The AIM, NITI Aayog will have no liability on account of any omission or commission of regulatory/statutory requirement by the EIC or its incubatees and their companies.
25. Any dispute if arise will be settled in the jurisdiction of court of Delhi.

**MEMORANDUM OF UNDERSTANDING BETWEEN ATAL INNOVATION MISSION AND ESTABLISHED INCUBATION CENTRE APPLYING FOR SCALE UP SUPPORT**

**MEMORANDUM OF AGREEMENT**

**Between ..... AND NITI AAYOG**

This MEMORANDUM OF AGREEMENT (“MoA”) is entered on ..... 2017 by and between:

- (i) The think tank of Government of India, NITI Aayog (hereinafter referred to as “NITI AAYOG”, Sansad Marg, New Delhi – 110001 and
- (ii) ..... (Name of the Established Incubation Centre), established and existing under the laws of India with its legal address at ..... (hereinafter referred to as “the EIC”).

WHEREAS NITI Aayog has initiated the Atal Innovation Mission, wherein scale-up support is being provided to select Established Incubation Centres across India to make them world class and enhance the innovation and entrepreneurial ecosystem in the country.

WHEREAS the EIC has been selected for providing scale up grant through a rigorous selection process.

AND WHEREAS the EIC and NITI Aayog have decided to enter into a MoA setting out the working arrangement, that each party agrees, is necessary for achieving the objectives of this grant-in-aid initiative as under:

**ARTICLE 1: BACKGROUND AND PURPOSE**

**1.1 Background of Atal Innovation Mission**

Government of India has established the Atal Innovation Mission (AIM), at NITI Aayog to promote a culture of innovation and entrepreneurship in the country. The mission subsumes Self-Employment and Talent Utilization (SETU) programme announced by the Government. The objective is to provide a platform for promotion of world-class Innovation Hubs, Grand Innovation Challenges, Start-up businesses and other self-employment activities, particularly in technology driven areas. The Atal Innovation Mission has two core functions:

- 1.1.1 **Entrepreneurship promotion:** Wherein innovators would be supported and mentored to become successful entrepreneurs at Incubation Centres and Atal Tinkering Laboratories.
- 1.1.2 **Innovation promotion:** to provide a platform where innovative ideas are generated and supported to develop innovative technological solutions.

## **1.2 Scale-up Support to Established Incubation Centres**

With a view to promote entrepreneurship and innovation in the country, NITI Aayog has taken up an initiative under Atal Innovation Mission (AIM), to augment the capacities of Established Incubation Centres that have a stellar performance. As a part of this initiative, NITI Aayog will provide scale-up financial support to selected Established Incubation Centres with the objective to radically transform the start-up ecosystem in the country and upgrading the Established Incubation Centres to world-class standards.

## **1.3 Background of the EIC**

.....  
.....  
.....  
.....  
.....

## **1.4 Purpose**

The EIC has been selected for providing financial support to scale up its startup incubation activities through a rigorous selection process undertaken by AIM, NITI Aayog. The EIC shall use this financial support to increase its incubation capacity for technology based innovative startups and provide world class infrastructure for encouraging innovation and entrepreneurship in the country. The financial support will enable the EIC to enhance its existing space, capabilities and capacity, including team, infrastructure, incubation space, tools and equipment, services, seed funding support, outreach initiatives, training programs and/or other incubation related events, building the entrepreneurship ecosystem, for incubatee startups.

### **ARTICLE 2: AREAS OF COLLABORATION**

The EIC will be supported by the NITI Aayog to scale up its operations with the objective of supporting a larger number of innovative technology based startups that have an application and impact in core sectors such as agriculture, biotechnology, health, education, energy, manufacturing, etc.

### **ARTICLE 3: DURATION**

This MoA shall be valid initially for a period of four years from the date of signing by both the parties.

### **ARTICLE 4: TERMS**

#### **4.1 Assets of the EIC created through Scale up grant-in-aid support**

- i) All the assets acquired or created from the scale up grant-in-aid support, including land, building, tools & equipment, facilities and/or any other infrastructure, shall not be allowed to be disposed-off or encumbered or utilised for any other purpose than those for which the grant-in-aid has been sanctioned without the prior permission of NITI Aayog. NITI Aayog reserves the right to terminate future grants and recover the assets created through the scale up grant-in-aid support, if it is convinced that the EIC is not utilising the assets for the objectives set out herein.
- ii) The EIC is expected to undertake reasonable care and due maintenance of the assets. The EIC

should adequately insure these assets against any loss or damage caused due to accidents, terrorist attacks or natural calamities, to the extent possible. If possible, the assets should be reinstated through insurance.

## 4.2 Financial Support

- i) NITI Aayog shall provide financial support in the form of grant-in-aid of Rs. Ten Crore in two or more installments. The first installment of Rs. .... crore shall be disbursed in the current year (20.. - ..) and the balance funds shall be given out in the subsequent years based on the satisfactory achievement of the committed goals and deliverables and the compliance with financial requirements.
- ii) We expect the applicant to ensure a balanced use of funds. Given above is an indicative structure for the use of funds. The balance Grant-in-Aid beyond these sub-heads should be used towards Incubation services to startups (such as technology support, IPR legal, accounting, training, marketing, finance, etc.) and other expenses (such as outreach programs, special lectures, networking events, startup exchange programs)
- iii) It is expected that the EICs shall ensure a balanced usage of funds. Given below is the suggestive activity wise break-up of the financial support provided by NITI Aayog. Any Grant-in-Aid remaining from the following activity heads should be used towards the core incubation activities such as (such as business planning support, technology support, IPR legal, accounting, training, marketing, finance, etc.) and marketing and outreach programs (such as lectures, networking events, trainings, startup exchange programs)

Activity	% Utilization of Grant
1) Capital expenditure a. Purchase of Equipment b. Expansion of Facilities (Renovation & interiors)	Up to a max of 35%
2) Personnel expenses	Up to a max of 20%
3) Seed support funding	Up to a max of 25%

In case there is any deviation from this break-up then the EIC shall obtain written approval of the AIM, NITI Aayog along with the justification thereof.

- iv) International travel by EIC team or the supported startups shall not be supported as a part of this grant.
- v) The grant-in-aid towards the Personnel Expenses should be used only for engaging additional team members and not towards the salaries/fees/remuneration of the existing team strength (as on the date of receiving the sanction of grant-in-aid from NITI Aayog)
- vi) The amount of the Grants-in-aid towards providing seed funding support to start-ups should be utilised only after the EIC raises a matching amount through its own efforts and through non-government sources. (Non-government sources exclude central, state and local governments.) The EIC is expected to maintain a separate bank account for seed support grant fund including the funds raised through non-government sources. Any funds invested in an incubatee startup should have an equal proportion of the grant-in-aid and the matching funds raised through other sources.

- vii) The seed-fund provided under this sanction is intended to create a pool of funds to achieve two objectives: (a) enable the EICs to buy equity in incubatee companies to create a self-sustaining fund that would help them to sustain after the AIM grants reach an end; (b) make growth funding easily accessible to incubated companies. Principles of seed funding support system are given at Annexure A to this document.

### **4.3 Operational Aspects**

- i) The EIC shall identify and appoint adequate number of team members (technical) for supporting the additional startups through the grants-in-aid provided by NITI Aayog for scaling up. The suggested team to incubatee ratio is 1:5, which needs to be put in place progressively.
- ii) The EIC will also ensure augmenting domain and management expertise of core team/supporting staff through continuous training/re-training for its successful operations within six months from the date of release of the grant-in-aid.
- iii) The Manpower engaged with the EIC will be the liability of the EIC, and NITI Aayog will not have any liability towards them.
- iv) The grant-in-aid being released should be exclusively spent on the specified purpose for which it has been sanctioned within the stipulated time. The EIC will be required to submit Fund Utilisation Certificates (UCs) for the grant-in-aid at the end of each financial year as well as at the time of seeking further installments of the grant-in-aid, if any. Any un-utilised balance will be adjusted in the next installment of the grant-in-aid.
- v) The EIC shall maintain separate books of accounts for the grant-in-aid received from NITI Aayog. The grant-in-aid funds shall be kept in an interest-bearing account and the interest earned should be reported to NITI Aayog. The same will be treated as a credit to the organization and will be adjusted towards further installments of the grant-in-aid.
- vi) After four years from the date of the release of first installment, any unspent balance out of the funds received including the interest earned thereon should be refunded to NITI Aayog, Government of India within 30 days by means of an Account's Payee Demand Draft drawn in favor of Drawing and Disbursing Officer, NITI Aayog, payable at New Delhi.
- vii) The EIC is required to mention "Supported by Atal Innovation Mission, NITI Aayog" in all its communication/stationary and branding material.
- viii) In the event the EIC fails to make adequate progress in upgrading the start-up incubations activities, no further grant will be provided and the unspent amount along with interest earned thereon would be required to be refunded within a period of one month from the date of notice issued by NITI Aayog.
- ix) In case of any operational disputes or lack of clarity, the decision of the CEO, NITI Aayog shall be final and binding on the EIC.

### **4.4 Monitoring**

- i) NITI Aayog will put in place a progress update and monitoring framework with minimum performance requirements for EIC. The EIC shall subscribe itself to the monitoring system.
- ii) The monitoring framework will capture the Key Performance Indicators (KPIs) of the EIC and the EIC will be obligated to update these KPIs on a quarterly basis.

- iii) The EIC will be required to demonstrate the impact it has been able to make through the grant-in-aid. The EIC will be expected to deliver on the scaling up plan for every tranche of the grant-in-aid.
- iv) The operations and performance of the EIC may be reviewed yearly by AIM or by a professional third party agency appointed by NITI Aayog. The EIC is expected to co-operate fully and provide all the information required for a fair and successful evaluation of the performance of the EIC. The EIC shall be informed about the third party appointed for the purpose and its outcome of evaluation in a timely manner.
- v) The release of grant each year will be based on satisfactory scaling up and performance of the EIC as well as fulfillment of the financial requirements by the EIC.
- vi) Concerned officials of, AIM, NITI Aayog or its authorized representatives will have the right to visit the Incubation Centre periodically for ascertaining the progress of work and resolving any difficulties that might be encountered in the course of implementation.
- vii) NITI Aayog reserves the right to terminate support to the EIC 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, or for any other reason/circumstance that may arise from time to time.

#### **4.5 Other Obligations**

- i) By accepting this grant-in-aid, the EIC becomes a part of the AIM program network and will collaborate and support AIM and NITI Aayog on their various initiatives and programs relating to innovation, incubation and entrepreneurship. These initiatives shall be communicated to the EIC from time to time.
- ii) AIM, NITI Aayog is also providing grant-in-aid to institutes and schools for setting up Atal Incubation Centres (AICs) and Atal Tinkering Labs (ATLs). The EIC shall be expected to support one or more AICs and ATLs, selected in consultation with AIM. The support to ATLs may include mentoring of the students, organising exposure visits and interaction sessions with innovators and entrepreneurs, and /or any other support that the ATL may need from time to time. The support to AICs may include transfer of knowledge and relevant standard operating procedures, help in building a network, training of the team, introduction to mentors and investors from the EIC network, co-organising relevant events and / or any other support that the AIC may need from time to time.
- iii) The EIC is expected to attend all the workshops, events, meetings and conferences related to entrepreneurship, innovation, business incubation, training of team and other relevant topics, which may be organised / facilitated by NITI Aayog from time to time. The EIC shall be intimated in advance about the organisation of any such events. Recusal from any such events, if required, should be requested from the AIM staff in writing.

#### **4.6 Assignment**

- i) The EIC shall not assign any part of this MOA to any other person/organisation without prior written approval from NITI Aayog.

#### **4.7 Amendments**



- i) No alterations, additions or modification hereto shall be valid and binding unless the same are reduced to writing and signed by both the EIC and NITI Aayog.

#### **4.8 Non-Exclusive Discussions**

The EIC and NITI Aayog acknowledge and agree that the discussions in relation to the Areas of Collaboration are being undertaken on a non-exclusive basis and either Party shall be free to enter or consummate transactions similar to the Areas of Collaboration in India or elsewhere.

### **ARTICLE 5: TERMINATION**

NITI Aayog reserves the right to terminate the MOA at any stage, if it is convinced that the grant-in-aid is not being utilized properly or that appropriate progress is not being made. In such a situation, the EIC shall refund all unspent grant amount to, NITI Aayog. NITI Aayog shall also withdraw the privilege of the EIC to mention “Supported by Atal Innovation Mission, NITI Aayog” in all its communication and branding material.

### **ARTICLE 6: DISPUTE SETTLEMENT**

#### **6.1 Governing Law and Jurisdiction**

This MOA shall be governed by and construed in accordance with the laws of Republic of India. All disputes and differences arising out of or in connection with this MOA shall be at the first instance referred to arbitration by three (3) arbitrators, jointly appointed by Parties. The decision and award determined by such arbitration will be final and binding upon the Parties. The arbitration will be conducted in accordance with the Arbitration and Conciliation Act, 1996, as may be in force from time to time. The arbitration proceedings will be conducted in English and the seat of arbitration will be New Delhi.

#### **6.2 Notices**

All communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested) to the Parties at the address specified below:

If to (Name of EIC):

Attention of:

Address:

Phone:

Email:

If to the NITI AAYOG:

Attention of: Mission Director, Atal Innovation Mission

Address: NITI AAYOG, Sansad Marg, 110001

Fax: +911123096607

Phone: +911123042337

Email: md-aim@gov.in

**For and on behalf of**

**The EIC**

**By:**

**NITI Aayog**

**By:**

**Print Name:**

**Print Name:**

**Title:**

**Title:**

**Date:**

**Date:**

**Mandatory Guidelines for Managing the Seed Support part of the Grant-in-Aid**

- The grant-in-aid can be utilized for seed support for incubatee startups up to a maximum of 25% of the grant-in-aid.
- The Seed Support would be managed by the EIC team, and not delegated or assigned to any external agency. The EIC may invite external advisors/mentors/investors to advise it on the management of the fund.
- The Seed Support is given as a grant to the EIC, and the EIC will disburse it to the deserving incubatees as debt, equity, or a combination of both.
- The upper limit of seed support to an incubatee start-up is Rs. 25 lakhs.
- The EIC is required to raise seed support through non-government sources (Non-government sources exclude central, state and local governments.) matching the grant-in-aid for seed support. Any investment made in an incubatee startup should have an equal proportion of the grant-in-aid and the matching funds raised through other sources. For example, if Company XYZee is incubated at the EIC, it can be given a maximum of Rs. 25 lakhs as seed fund out of which a maximum of Rs. 12.5 lakhs may be given out of the grant-in-aid funds while an equal amount is required to come from the matching seed support that is raised by the EIC from non-government sources.
- The EIC is required to maintain a separate bank account and books of accounts for seed support including the matching funds raised through non-government sources.
- The EIC and its investee/incubatee companies will indemnify, defend and hold harmless AIM, NITI Aayog from and against, and in respect to, any and all losses, expenses, costs, obligations, liabilities and damages, including interest, penalties and attorney's fees and expenses, that may accrue to AIM, NITI Aayog as a result of any negligent or willful acts or omissions of the EIC and/or its investee / incubatee companies.

**Indicative Guidelines for Managing the Seed Support Funds from the Grant-in-Aid****Management of the Seed Support**

- This seed support would be used by EIC-incubated enterprises only, and would not be used by the incubator for facility creation.
- It is expected that the Seed Support would be managed by the EIC staff members, so as to build incubation and investment capacity within the team.
- The Seed Support is given as a grant to the EIC, and the EIC will disburse it to the deserving incubatees as debt, convertible debt, equity, or a combination thereof. It is expected that the EIC would manage the Seed Support component of the grant so as to make it a sustainable, revolving pool, run according to sound investment principles. The EIC should manage investments so as to gain profitable exits that help to keep the seed support pool of resources sustainable.
- The Seed Support would be disbursed to incubatees (physical or virtual incubatees within the EIC), which are registered units only on the recommendation of the Seed Support Investment Committee constituted by the EIC.
- The EIC should examine all cases of seed support and summarized in an investment memo before putting the matter up to the Seed Support Investment Committee for selection. After the seed support is recommended to an incubatee, the terms of agreement with the incubatee

startup should be framed keeping in mind sound business and investment principles, including by linking progress with specific milestones, monitoring norms, and reasonable repayment and recovery provisions.

- The seed support would be disbursed to the deserving incubatees with proper due diligence by the EIC. It is necessary to ensure that there exist a proper, legally-vetted agreement between the incubatee and the EIC. This agreement should detail all the conditions and contingencies relating to the performance of the company. Terms regarding default in repayment must be defined clearly in the agreement.
- The seed support would generally cater to early stage financing for commercialization of indigenous innovations and technologies.
- The seed support grant should be utilized fully by the EIC within a period of three years from the date of receipt of the first installment of funds under the grant-in-aid. In case the EIC is not able fully utilize the seed support part of the grant within a period of three years from the date of receipt, the EIC is required to intimate AIM, NITI Aayog and request for permission to extend the duration of the funds.

### **Eligibility Conditions for Incubatee Start Ups for seed support**

- Incubatee should be a registered company with minimum of three months' affiliation with the EIC
- The investee company has to be an India-registered enterprise. This support is not meant for Indian Subsidiaries of MNCs/foreign companies. Persons holding Overseas Citizens of India (OCI), Persons of Indian Origin (PIO) status would be considered as Indian citizens for the purpose of this scheme. The shareholding of Indian promoters in the incubate start up should be at least 51%.
- It is expected that EICs would make special efforts to discover and support enterprises that deploy technologies or business models to help solve India's infrastructure, public service delivery, or socio-economic challenges.
- Incubatee startups requiring seed support predominantly for capital equipment should not be encouraged. The start-ups would be supported primarily on the following grounds for the seed support
  - Product development
  - Testing and Trials
  - Test Marketing
  - Mentoring
  - Professional Consultancy (To attract professors/experts from institutions to work with start-ups.)
  - IPR issues
  - Manpower for day to day operations
  - Any other area as deemed necessary and recommended by the Seed Support Investment Committee of EIC

### **Quantum of Seed Support**

- It is expected that the seed support of up to a maximum of 25% of the grant-in-aid with a matching amount raised through non-government sources would be judiciously disbursed amongst the deserving incubatee start-ups.
- No startup will receive the seed support more than once.
- The upper limit of seed support to a start-up is Rs. 25 lakhs. However, if the Seed Support

Investment Committee with the best of its ability, wisdom and judgment recommends a higher amount of seed support for a very deserving applicant enterprise, the EIC should take prior approval from AIM, NITI Aayog for deviating from the limit of seed support and also present strong rationale behind such deviation. Any such exception or waiver would be provided at the sole discretion of the AIM, NITI Aayog. Any prior or standing exception would not constitute a precedent, and every case for request of waiver will be considered on its own merits.

### **Mechanism of Selection, Disbursement, Governance and Fund Management of the Seed Support**

- The EIC would constitute a committee called the Seed Support Investment Committee (SSIC) whose members would be experts who can evaluate the prospective incubatees under physical or virtual incubation requiring seed support. The EIC CEO would constitute the SSIC, in consultation with the AIM, to incorporate EIC staff and external experts in the relevant fields. AIM reserves the right to nominate a member to the SSIC.
- The investor who contributes towards the matching seed fund may be encouraged to be a part of the SSIC.
- The EIC CEO would be responsible for its proper disbursement and management of the seed support.
- The EIC would take measures to enhance the capabilities and skill set of the EIC team to manage the seed fund. The investments would be done keeping sound business principles in mind.
- The EIC would compile the investment decisions made by its SSIC annually and share an analytical report with the AIM, NITI Aayog at the end of each fiscal year, along with the UC.
- The CEO of the EIC will keep AIM, NITI Aayog duly informed about the meetings and the investment decisions of the Investment Committee along with the rationale for taking such decisions.
- The EIC would have milestone based disbursement schedules of the Seed Support to the incubatees as defined in the agreement and the release of funds should be in 3-4 tranches. In case the incubatee company is unable to achieve the prescribed milestones, the future releases may be stopped and any unspent balances may be recovered from the incubatee company.
- The EIC and its investee/incubatee companies will indemnify, defend and hold harmless AIM, NITI Aayog from and against, and in respect to, any and all losses, expenses, costs, obligations, liabilities and damages, including interest, penalties and attorney's fees and expenses, that may accrue to AIM, NITI Aayog as a result of any negligent or willful acts or omissions of the EIC and its investee / incubatee companies.

### **Repayment of Seed Support**

- To the extent possible, the equity model for seed support should be encouraged. The EIC team should be well conversed with the equity model and adequate efforts should be made to train the team on the equity model. However, if the seed support is sanctioned through convertible a convertible debt instrument or a soft loan, then efforts should be focused towards getting the repayment of the entire seed support money by the incubatee company

within 5 years.

- In exceptional cases, the Seed Support Investment Committee would be empowered to relax schedules of repayment on a case-to-case basis for convincing and justifiable reasons, and these relaxations should be reported to the AIM, NITI Aayog.
- In case of imminent or declared default by an investee company of the Seed Support, the EIC CEO will make his/her best efforts to recover the investment, as per the prevailing business practices. The recovered assets shall be added to the seed support pool.
- The cases of default must be reported to the Seed Support Investment Committee. Such default cases must also be reported to AIM, NITI Aayog while submitting the Annual Report on seed support.

### **Accounting and Utilisation of Seed Support Grant from AIM, NITI Aayog**

- A separate bank account has to be opened for the seed support. The total seed support from AIM, NITI Aayog will be released in 3-4 installments based on predefined milestones achieved. EIC would be required to submit a detailed report on the status of utilization of grants along with the Utilisation Certificate and Statement of Audited accounts for each F.Y. The EIC should report the seed support sanctioned and disbursed against each incubatee start up in the statement of audited accounts for the period (April 1 to March 31 of each F.Y) under report.
- Book of accounts for the disbursement of grant and for the seed support repayments may be kept separately. Interest on the unutilized seed support grant received from AIM, NITI Aayog must be reported in the Utilisation Certificate (UC). The interest earned on the recovered repayments from the seed supported companies should be accounted for separately and not mixed with AIM, NITI Aayog grant. The amount collected against repayments may be utilized as seed support for next round of incubatees and not for any other activity of the EIC, except for the condition described in the para on Management Fees.
- Interest earned by the EIC on the seed support funds should be mentioned separately in the UC, which would be adjusted against the subsequent releases to be made out of the total sanctioned grant of seed support.

### **Management Fees for the Seed Support**

AIM, NITI Aayog proposes to motivate and encourage EICs who show growth of the seed support fund through the inflow from the loan repayment/ royalty /realization of equity stake for funding future proposals. It is proposed to give an incentive of 15% on the surplus generated at the end of each year, which could be retained by EIC for its activities.

### **Settlement of the Seed Fund in case of Closure or Discontinuation of EIC**

In case of closure /discontinuation of the EIC, the total unutilized seed support amount available with the EIC at the time of closure must be refunded to AIM, NITI Aayog along with the total repayments received from the seed supported incubatees before closure of the EIC. Efforts will be made to recover the investments made by the EIC through the Seed support component before the dissolution of the EIC. The EIC CEO will make good faith efforts to hand over the portfolio to another EIC or Atal Incubation Centre (AIC), or to any other government agency, in consultation with AIM, NITI Aayog, before leaving the job.

**BOND FORM**

(Applicable to EICs that are set up by the government)

*(The grantee shall execute a Bond in favour of NITI Aayog on non-judicial stamp paper of Rs. 10 for receiving the grant-in-aid)*

Know all persons by these present that we the .....  
 .....(Name of the Established Incubation Centre) having its office at ..... vide  
 Registration Number ..... dated .....in the State of \_\_\_\_\_  
 (hereinafter called the “**Obligator**”) are held and firmly bound to the President of India (herein after  
 called the “**Government**”), for the sum of Rs. .... (Rupees in words  
 ..... ) well and truly to be paid to the President of India on demand and  
 without demur, for which payment we bind ourselves and our successors and assigns by these  
 presents. The term, obligator or sureties, unless repugnant to the context, shall mean and include the  
 respective agents, assigns, heirs, successors etc., as the case may be.

2. **SIGNED** this ..... day of .....in the year .....

3. **WHEREAS** on the Obligator’s request, the Government has, as per Atal Innovation  
 Mission (AIM) Sanction Letter No. .... dated ..... and herein  
 after referred to as the letter of sanction/ approval, agreed to make in favour of the Obligator for the  
 purpose of scaling up the startup incubation facilities at .....  
 ..... (name of the Established Incubation Centre) a  
 grant of Rs. .... (Rupees.....), the  
 obligators have agreed to execute this bond in advance, in favour of Atal Innovation Mission,  
 NITI Aayog for the entire amount of Rs.....as requested in the proposal sent to  
 the Government. The obligator is willing to accept the proposed amount or any other amount  
 approved/ sanctioned by the Government for this purpose. The obligator is willingly executing this  
 bond of the proposed amount with the stipulation that obligator will be bond up to this amount or by  
 the actual amount approved/sanctioned by the Government. The obligator is also willing to accept  
 all terms and conditions mentioned in the “Letter of Sanction” to be issued by the Government.

4. Now in consideration of the aforesaid letter of sanction, the obligator herein binds itself and  
 undertakes to comply with the conditions of the letter of sanction referred to herein and if the  
 obligator shall duly fulfil and comply with all its conditions mentioned in the letter of Sanction  
 mentioning the grant, then this bond or obligator’s obligation therein shall be void and of no effect,  
 but otherwise it shall remain in full force, effect and virtue, and the Government shall be at liberty

to enforce this bond against the obligator jointly and/or severally, as it may deem fit and on its option. These presents further witness that:

a. The decision of the CEO, NITI Aayog, Government of India or the Mission Director of the Atal Innovation Mission, NITI Aayog, Government of India, administratively concerned with the matter, on the question whether there has been breach or violation on the part of the Obligator or any of the terms and conditions mentioned in the letter of sanction, shall be final and binding on the Obligator.

b. The Obligator shall, in the event of breach or violation of the terms and conditions mentioned in the letter of sanction and MOA, refund to the Government on demand and without demur the entire amount of Rs. .... (Rupees .....) or such part thereof as may be determined by the competent authority and mentioned in the Demand Notice issued by the Government along with the interest thereon at the rate of 11.50% compounded annually (which would be adjusted as per the Government of India notification issued from time to time) from the date of receipt of the said amount by the Obligator up to the date of refund thereof to the Government.

c. The obligator and surety confirm that they have understood the scheme of grant of sanction and they have executed this bond voluntarily and out of their free will.

d. The Government of India has agreed to bear the stamp duty, if any, chargeable on these presents.

5. In witness thereof these presents have been executed on behalf of the Obligator and the Sureties the day and year here in above written and accepted for ..... (Name and Designation head of the obligator / institute receiving the grant) on the day and year appearing against his signature.

**Signed for and on behalf of the Obligators (Institute)**

**(with date and Stamp/Seal)**

**Signature of the Surety**

In the presence of:

1.....

(Name & Address of witness)

.....

(Signature)



Aadhar Card No/PAN No.....

2.....

(Name & Address of witness)

(Signature)

Aadhar Card No/PAN No.....

**Accepted for and on behalf of the President of India**

## UTILISATION CERTIFICATE

S. No.	Letter No. and Date	Amount (in Rs.)
	<b>Total</b>	

Certified that out of Rs. \_\_\_\_\_ of Grants-in-aid sanctioned during the year(s) \_\_\_\_\_ in favour of \_\_\_\_\_ by Atal Innovation Mission, NITI Aayog vide letter No. \_\_\_\_\_ dated \_\_\_\_\_ (and Rs. \_\_\_\_\_ on account of unspent balance of the previous year), a sum of Rs. \_\_\_\_\_ has been utilised for the purpose of \_\_\_\_\_ for which it was sanctioned and that the balance of Rs. \_\_\_\_\_ remaining unutilised at the end of the year has been surrendered to Government (vide letter No. \_\_\_\_\_ dated \_\_\_\_\_) / or will be adjusted towards the grants-in-aid

payable during the year \_\_\_\_\_.

2. Certified that I have satisfied myself that the conditions on which the grants-in-aid were sanctioned have been duly fulfilled / are being fulfilled and that I have exercised that following checks to see that the money was actually utilised for the purpose for which it was sanctioned.

*Kinds of checks exercised:*

- 1.
- 2.
- 3.
- 4.
- 5.

Signature of the head of the Institution / EIC \_\_\_\_\_

Designation \_\_\_\_\_

(Stamp / Seal)

Date \_\_\_\_\_

Place \_\_\_\_\_

Note: Please attach a copy of the audited statement of accounts along with Utilisation Certificate