

Government of India
NITI AAYOG
Atal Innovation Mission

GUIDELINES FOR SETTING UP OF ATAL INCUBATION CENTRES (AICs)

1.0 Background:

The Government of India has set up 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 facilities across various parts of India with suitable physical infrastructure in terms of capital equipment and operating facilities, coupled with the availability of sectoral experts for mentoring the start-ups, business planning support, access to seed capital, industry partners, trainings and other relevant components required for encouraging innovative start-ups. Accordingly, AIM supports the establishment of Atal Incubation Centres (AICs) that would nurture innovative start-up businesses in their pursuit to become scalable and sustainable enterprises. The scheme is known as Atal Incubation Centre. The terms and conditions of the scheme are at [Annexure I](#).

AIM invites applications for setting up AICs through the online application form provided at this URL - [<http://aimapp2.aim.gov.in/aic2.0> | <http://aimapp2.aim.gov.in/aic2.0>]

2.0 Objectives of the Scheme:

The objective of the scheme is to promote and establish world class incubation centres in specific subjects/sectors such as manufacturing, transport, energy, health, education, agriculture, water and sanitation etc. in India. These incubation centres would support and encourage innovative technology-based start-ups that have an application and/or impact in the core sectors of the economy. The incubation centres would provide the start-ups with necessary guidance, tech support, infrastructure, access to investors, networking, and facilitating a host of other resources that may be required for the start-up to survive and scale.

3.0 Expected Functions of the AICs:

3.1 Assist the incubatees in creating a sustainable, scalable & profitable business model

3.2 Build a dedicated, professional and strong team with adequate knowledge and experience in guiding start-ups, building business plans, facilitating investments, building networks etc. This team is also required to have technical knowledge of the sector focus of the incubator

3.3 Provide state-of-art physical lab and other infrastructure as well as value-added support services

3.4 Create a strong network of mentors who would provide sector specific knowledge & real-world practical guidance

3.5 Conduct events and inspirational programs to help develop an entrepreneurial ecosystem in the region

3.6 Provide trainings and mentorship to entrepreneurs

3.7 Forge partnerships and networks with academia, industry, funding sources, existing incubators and others for the start-ups to leverage.

3.8 Enable access to prototyping facilities, test beds, markets, and pilot implementation for the product/services.

3.9 An ideal application would be a collaboration between a corporate sector entity and a research oriented / academic institution with aligned areas of focus.

4.0 Features of the Scheme:

4.1 The categories of entities that can apply for setting up AICs include higher educational institutions, R&D institutes, entities from the corporate sector, alternative investment funds registered with SEBI, business accelerators etc.

4.2 The applicants must be legal entities which include (but not restricted to) Societies registered under the Societies Registration Act 1860, Trusts registered under the Indian Trusts Act 1882, Private Limited companies (including Section 8 and Section 25 companies) registered under the Companies Act 1956 or Companies Act 2013, statutory bodies i.e. entities created through Acts of Parliament, Alternate Investment Funds registered with SEBI. It is to be noted that no change in the applicant's legal entity will be allowed at any stage in the application or during the project.

4.3 All applicants of the AIC Program must have a minimum 3 years of existence at the time of application or last date for the call of application.

4.4 Non-government applicants that are loss making in any of the previous three years will not be considered. However, special considerations may be given to incubators focusing on social impact or to institutions of eminence (subject to the approval of AIM Mission High Level Committee). Further, non-government applicants need to have minimum turnover which is twice the size of the annual tranche given by AIM in the preceding financial year.

4.5 AICs can also be established by one or more collaborating entities (Consortiums). In case a consortium is applying for the AIC, the financials of the Lead Member will be considered for the financial aspects mentioned in 4.4.

4.6 However, it may be noted that even if the applicant is profitable over the past three years, an overall and comprehensive assessment of the financials of the applicant will be undertaken during the due diligence process. If the applicant is not considered financially capable to sustain and operate the AIC, such an applicant will not be considered for the program.

4.7 AICs are encouraged to focus on a limited number of areas, which align with their core strengths. The AIC should have up to a maximum of three primary sectors of focus. An illustrative list of sectors has been provided in the online application form.

4.8 Final decision of the nature of the legal entity allowed to be an AIC incubator would be at the sole discretion of AIM.

5.0 Mechanism for Implementation of the AIC

5.1 Please note that that shortlisted applicant may use either of the options – a) to implement the AIC through the applicant who has applied to AIM i.e. the existing legal entity, or b) create a separate Special Purpose Vehicle (SPV) to implement the AIC. The process for the setting up of an SPV is set out in [Annexure VIII](#) of these guidelines. Please note that the SPV can either be a Section 8 or Private Limited Company but has to be limited by shares. **A Company limited by guarantee is not permitted to be used as an SPV.**

5.2 Further, if the applicant, that gets short-listed for setting up an AIC, is governmental in nature, it will have the option of accepting the Grants-in-aid themselves or alternatively may incorporate a SPV.

5.3 If the applicant, that gets short-listed for setting up an AIC, is non-governmental in nature, it is required to incorporate a separate SPV to implement the AIC mandatorily.

5.4 However, if any applicant, whether private or government, has an existing legal entity for exclusively operating a business incubator then the requirement for creating a separate SPV may be waived off and this existing legal entity being used as the business incubator may receive the grant. However, it may please be noted that the objectives, purpose and operations of the AIC should be distinct and not an extension of the current incubator.

5.5 If the AIC is proposed to be merely an extension/scale-up of the current incubator, then the applicant should apply through the Established Incubation Centre (EIC) program.

5.6 It is clarified that AIM retains the right at its discretion to require any AIC applicant to form an SPV for implementing the AIC.

5.7 The applicant can apply for scale up support at the end of the program subject to fulfilling the objectives and targets based on the performance of the AIC through the EIC program which may be notified in due course of time. Such support will only be granted by AIM at its sole discretion.

6.0 Funding Support:

6.1 Successful applicants would be provided grant-in-aid to set up the AIC for a maximum period of 5 years up to Rs 5 Crore (in case no lab facilities are established) and up to Rs. 10 Crore (in case **sector specific** lab facilities are established) to cover the capital and operational expenditures.

6.2 An AIC will be eligible for lab funding if it is establishing a sector-specific lab as per the incubator's sector focus. The exact amount of the grant shall be decided by AIM based on the application and business plan, as per the prevailing scheme.

6.3 A separate book of accounts which is third party auditable would need to be maintained for all expenses and utilization of AIM Grant in funds and required matching funds (where applicable). The Bank account should be opened in a public sector bank and should be interest bearing. A separate bank account should be opened for seed funds. The interest earned on the grant-in-aid should be reported to the AIM, NITI Aayog and returned to the Consolidated Fund of India at the end of each financial year, however, the interest

from Seed Fund account should be returned to the Seed Fund pool in the bank account (and not to Bharat Kosh).

6.4 In case the AIC is being implemented through setting up a new SPV, then the Grants-in- Aid shall be disbursed to the separate bank account of the SPV. Alternatively, if the AIC is being implemented through the applicant, then the applicant must create a new bank account for the purpose of holding, spending or disbursing funds for the purpose of the AIC.

6.5 Key aspects of funding based on the category of applicant is as below:

Type of Applicant	Matching Contribution	Maximum AIM Grant-in-Aid
Government Applicants:		
1. Government Academic / R&D	No matching contribution applicable	Up to Rs. 5 Crores (in case of no lab facility) Up to Rs. 10 Crores (in case of lab facility proposed)
2. Government Non-Academic	No matching contribution applicable	
Non -Government Applicants:		
3. Private Academic	At least 25% of the Grant-in-Aid amount provided by AIM	Up to Rs. 5 Crores (in case of no lab facility) Up to Rs. 10 Crores (in case of lab facility proposed)
4. Private Non-Academic	At least 100% of the Grant-in-Aid amount provided by AIM	
5. Private R&D	At least 100% of the Grant-in-Aid amount provided by AIM	

6.6 As mentioned in the table above, AIM shall provide a maximum of up to Rs. 10 crores. The rest of the project cost (Matching contribution and/or the Bridging cost for the project, if any) will be borne by funds that the applicant itself is providing, either directly or through other sources arranged by the applicant. It is clarified that the funds brought in by the applicant shall be independent of and in addition to the Grants in aid received from AIM. Further, note that Matching Contribution is defined as Applicant / Promoter / Host Institution's contribution as required by clause 6.5. Bridging Cost is defined as the cost borne by the Application / Promoter / Host Institution over and above their Matching Contribution as stated in the Budget approved for the AIC, if any.

6.7 Cost components mentioned in para 8.7 (given below) shall **not** be considered as project costs. The budget plan presented by the applicant should clearly demarcate all components of the project costs which are not eligible for funding by AIM.

6.8 In case the applicant forms the SPV to implement the AIC, the Grants-in-Aid will be transferred to the bank account of the SPV. If an SPV is not required to be formed, the Grants-in-Aid shall be transferred to the separate and exclusive bank account of the applicant. No third party / affiliate / sister concern organisation shall be allowed to receive the Grants-in-Aid in any circumstances whatsoever.

6.9 It is hereby clarified that all matching contribution / bridging costs need to be deposited in the dedicated bank account of the AIC and spent from this bank account. Any amount directly spent by the Promoter / Host Institution / any other third party towards the expenses of the AIC will not be considered as the applicant's matching contribution and or / bridging cost.

6.10 In case of private applicants that are non-academic, then the rental value of the building as per the registered lease agreement on pro- rata basis for the space allocated to the AIC can be considered as the applicant's contribution to the AIC in the project cost.

- This is subject to submission of the lease documents and the actual rent receipts.
- This consideration will be restricted to a maximum of 20% of the matching grant contribution provided by the AIC applicant.
- In case, there is a variation, the AIM team has the discretion to allow the limit to which the consideration will be made for the rent.
- The rental value will be considered only if it is being paid out of the new bank account created for the AIC.
- It may also be noted that the rental should be paid to the third party directly which should not be related in any way with the Host / Promoters of the applicant.
- In either case, (SPV or not) the rental value shall NOT be considered as host contribution if the space allotted to the AIC is owned by the applicant.

6.11 In case of applicants that are academic or R&D in nature, then the rental value of the building will not be considered in the project cost.

6.12 Each tranche of the grant-in-aid shall be disbursed only after the applicant provides proof of matching contribution and or / Bridging Cost that is to be brought in by the applicant itself (or through other sources) as monetary/cash contribution. In-kind contributions or contributions made before the Sanction is released, shall not be considered as matching contribution and or / Bridging Cost.

6.13 In case there is any matching contribution / bridging cost applicable, the applicant will be responsible for ensuring that the amount deposited in the dedicated bank account of the AIC complies / adheres with all applicable laws, government rules and regulations including FCRA, GFR, RBI regulations etc.

6.14 The amount of the matching contribution should be equal to or more than the amount of the tranche that is to be disbursed by NITI Aayog. Any machinery/infrastructure which was already present with the host institution before receiving the Grants-in-Aid from AIM, NITI Aayog cannot be considered as a matching contribution towards setting up the AIC.

6.15 The grant-in-aid shall be disbursed in a phased manner as per the budget plan submitted by the applicant and approved by the AIM directorate.

7.0 AIC Team Guidelines:

7.1 The Grants-in-Aid shall be disbursed only after the applicant provides proof of having a full-time and qualified CEO identified and committed to operationalise the AIC.

7.2 In order to receive the grant, the profile of the short-listed candidate(s) for the CEO position should be submitted to AIM. The CEO and the rest of the AIC team has to be in place and engaged on a full-time basis within 30 days of receiving the Grant.

7.3 The CEO should have experience as an entrepreneur or in the startup ecosystem and have a strong understanding of starting companies, early stage investments, raising funds, technology and incubation.

S/he should be a dynamic changemaker dedicated to the AIC who has the enthusiasm and energy required to do the leg work that this position requires. The CEO must be a visionary to make the AIC self-sustainable.

7.4 The CEO of the AIC is required to be hired on a full-time basis. In case where the applicants are academic institutions / R&D labs, no in-house faculty members / scientists / researchers can be appointed the CEOs, if they are not full time and they continue to take lectures / deliver their regular duties as faculty / scientists.

7.5 If any blood relatives or related individuals by law of any director(s) or management officials of the applicant institution / officials / external consultant are appointed as CEO / Incubation Manager or any other key role in the AIC (whether part-time or full-time at the AIC), the same needs to be declared to AIM prior to such appointment.

8.0 Budget Guidelines:

8.1 Expenditure on office furnishings, administration utility and maintenance, and office expenses should be kept to a minimum.

8.2 The larger part of the grant-in-aid should be spent on the core operation activities of the AIC as described in para 3.0 (Expected functions of the AIC).

8.3 The total grant-in-aid which can be spent towards capital expenditure (including sector specific equipment / lab, machinery, office equipment, furniture etc.) should not exceed Rs 3.5 crores and the grant-in-aid spent towards seed fund should not exceed Rs. 1 Crores.

8.4 The applicant may be allowed to deviate from the sub-head allocation of the approved budget plan (provided that the expenditure limits on major heads are maintained) up to an extent of 10% of the approved amount.

8.5 The Promoter / Host Institution or the SPV (as the case may be) will be required to submit audited statement of accounts and the Utilization Certificates (UCs) of the grant every six months from the time of receiving the grant, (ii) at the end of each financial year; and, (iii) as well as at the time of seeking further instalments of the grant, if any. The Promoter / Host Institution will also be required to submit a quarterly progress report to NITI Aayog. The proforma of the UC is attached as [Annexure II](#) to this document.

8.6 AIM, NITI Aayog will have the ongoing right to get a financial audit done for the SPV/ applicant, if required, as frequently as it considers suitable.

8.7 The following elements shall not be allowed to be included in the project cost itself (irrespective of whether it's the contribution of the applicant or NITI Aayog):

- Cost of purchasing land, building (shell and core construction), purchase of vehicles, etc.
- Rental expense in case the applicant is an academic / R&D institution is not allowed to be a part of the project cost
- Notional Rental expense / EMI being paid against the space which is owned by the host institution / promoter (whether academic or not) of the applicant for the AIC.

- Cost of hiring any external agency/consultant for conducting whole or part of the AIC operations. (AIM will assist the AIC in developing the operational model based on global best practices and will provide training to the AIC team).
- Cost of any fee paid to any external agency/individual(s) for the preparation of the application for AIC.
- Expenses such as SPV registration charges, seed money for the bank accounts, and other similar expenses for incorporation of the SPV (in case an SPV is made for the implementation of the AIC).
- Any machinery/infrastructure which was already present with the host institution before receiving the Grants-in-Aid from AIM, NITI Aayog cannot be considered as a part of the project cost for setting up the AIC.
- Monetisation of any notional / opportunity costs.

8.8 The applicant is strongly encouraged to make the AIC self-sustainable in a period of five years and it should clearly reflect in the proposed budget submitted by the applicant. Sustainability means that the cash flow statements for the first 5 years of operations should show substantial surplus which can be used to fund the operations of the AIC in the 6th year when AIM, NITI Aayog funds are not available anymore.

9.0 Infrastructure requirements:

9.1 The applicant would have to provide at least 10,000 sq. ft. of ready-to-use built up space, for the exclusive use of the AIC in case lab facilities are established. If no lab facilities are established, the applicant would have to provide at least 5,000 sq. ft. of ready-to-use built-up space (**fully constructed area**), for the exclusive use of the AIC. This means that the civil works must be complete and doors and windows, railings for the staircase, lifts, fire safety/fire-fighting, air- conditioning, lighting etc. should already be in place. This space should not include terraces, gardens, parking spaces or other similar areas that are not core to the incubator.

9.2 The space should be owned or leased by the applicant. In case of a leased space, the period of lease should be minimum of 10 years. In case of selection of the applicant for the grant-in-aid, the documents of ownership of the space / lease agreements shall be verified.

9.3 The cost of the land and building shall not be included in the project cost.

10.0 The applications would be evaluated by a duly constituted Screening-cum-Selection Committee for this purpose. Selected applicants will be required to enter into a Memorandum of Agreement (MoA) and Bond ([Annexures III / V](#) and [IV / VI](#), respectively), with AIM, NITI Aayog that also contains relevant provisions regarding refund of Grant-in-Aid amount in case of any breach of contract. The MoA also includes the total approved budget and the finalised goals and deliverables of the applicant in its annexures. The indicative criteria that may be used for evaluation of the applications are given in [Annexure VII](#).

11.0 The above scheme, screening criteria and guidelines are subject to periodic review in consultation with concerned stakeholders. The current version of the guidelines is subject to change in the future and the extant (revised) guidelines at any point of time shall be applicable to the applicant/ SPV.

ANNEXURE I - 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. All applications are to be strictly submitted in the online mode. No hard copies will be accepted.
5. Applicants can seek clarifications on the guidelines through the email incubator- aim@gov.in.
6. All communications related to the scheme including announcements of shortlisted applicants and final selection of applicants will be published on the AIM website - <https://aim.gov.in/>.
7. 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.
8. AIM's decision will be final and no explanation or justification for any aspect of the selection process shall be given.
9. Applicants shall bear all costs associated with the preparation and submission of their applications, and their participation in the selection process.
10. AIM strongly discourages engagement of consultants / external agencies on a paid basis for preparation and submission of the application.
11. AIM, NITI Aayog will have no liability on account of any omission or commission of regulatory/statutory requirement by the AIC or its incubatees and their companies.
12. In case of any dispute, the same shall be subject to the jurisdiction of the courts of Delhi.
13. The applicant cannot change the host entity / grantee once the application has been submitted. Such applicants need to re-apply in the next application cycle.
14. To receive the grant-in-aid fund, the AIC is required to be registered under PFMS. The instructions will be communicated separately and in due course of time to the selected applicants.
15. The remaining grant-in-aid shall be disbursed to the AIC in the subsequent years, based on satisfactory achievement of the committed goals and deliverables and the compliance of financial requirements.
16. The amount of grant-in-aid released should be spent exclusively on the specified purpose for which it has been sanctioned within the stipulated time frame and as per the break-up suggested for fund utilisation.
17. If the AIC is being implemented through the SPV, the applicant is required to immediately start the process of setting up the SPV and upload a copy of registration certificate along with bank details and other documents as may be asked for by the AIM directorate within a stipulated time frame after receiving the intimation letter from the AIM directorate to release the funds to the SPV.
18. Any expenditure incurred by the Applicant / SPV before the release of the Sanction Letter and the first tranche of Grant-in-Aid will not be considered as a part of the project cost. These expenses will not be reimbursed, in any form.
19. The AIC shall put in place all the requisite physical infrastructure (shared/specific) such as laboratory and workshop facilities, pre-incubation services, networking, mentoring, systems, processes and tools within a period of six months from the date of release of funds for capital and operational expenditure required to achieve the targets arrived at mutually between AIM, NITI Aayog and the AIC, which would form the basis for evaluation of the performance of the AIC.

- 20.** The AIC is expected to meet its goals and deliverables on the number of startups, events, infrastructure, mentors and network commitments etc as per their proposed action plan within the stipulated time frame, which would be monitored at every stage before release of every tranche.
- 21.** It is mandatory for the AIC to attend all workshops and meetings conducted by AIM, NITI Aayog with regard to incubation centres. Intimation for such events will be provided in advance, and recusal if required, should be obtained by the AIC in writing from AIM, NITI Aayog.
- 22.** The AIC should develop appropriate linkages with other parties to ensure its success. For instance, an AIC in an educational institute should collaborate with the industry and vice versa.
- 23.** The AIC would evolve a transparent system for selection of incubatees. The incubatees would be admitted subject to fulfilling the admission criteria and the AIC would enter into an appropriate agreement with the incubatees. The agreement should include various aspects like mentoring support, provision of support services, provision of workspace, access to labs / equipment, access to investor portfolio etc.
- 24.** As part of the Grant-in-Aid to the AIC, it is mandatory for the AIC to abide by the AIC monitoring system, details of which will be communicated in due course of time. AIM, NITI Aayog will have the right to evaluate and monitor the activities and working of the AIC, to ensure that it is in alignment with the vision of AIM, NITI Aayog. The website link for uploading AIC updates and related instructions will be communicated separately.
- 25.** The AIC will be required to submit i) Progress Report; ii) Audited Statement of Accounts and Balance Sheets; and iii) Utilisation Certificate (UCs) (as per the format in [Annexure II](#)) and other requisite documents for the grant-in-aid at the end of every six months as well as at the time of seeking further instalments of the grant-in-aid, if any. The AIC shall submit separate UCs for Grant-in-Aid and Bridging Cost / Matching Contribution. Interest earned by the Applicant on the instalment received in the form of tranches by the Applicant would have to be remitted back to the Government of India by means of an Account Payee Demand Draft drawn in favour of Drawing and Disbursing Officer, NITI Aayog, payable at New Delhi and only post this the subsequent tranches can be disbursed.
- 26.** All the assets acquired or created out of the grant-in-aid should not be disposed of or encumbered or utilised for the purpose other than those for which the grant-in-aid has been sanctioned without the prior written permission of the AIM, NITI Aayog.
- 27.** Concerned officers of Atal Innovation Mission, NITI Aayog or its authorized representatives may visit the organization/AIC periodically for ascertaining the progress of work and resolving any difficulties that might be encountered in the course of implementation.
- 28.** AIM, NITI Aayog reserves the right to terminate support to the AIC at any stage, if it is convinced that the grant-in-aid is not being utilised for the identified purpose or that appropriate progress is not being made.
- 29.** In case an AIC wishes to wind up its activities, the AIC shall give a notice of at least three months to AIM, NITI Aayog before the closure, and design and implement a closure/succession plan with the written approval of AIM, NITI Aayog as per the established procedures / regulations for winding up.
- 30.** In the event of breach or violation of the MoA terms and conditions, the AIC will be required to refund to the Government on demand, the entire amount or such part thereof as may be determined by the competent authority and mentioned in the demand notice issued by the Government, along with interest thereon at the rate of 11.50% (or as applicable by the GFR rules) compounded annually from the date of the receipt of the grant-in-aid to the date of refund.

- 31.** The applicant will need to be in compliance with and not do anything in contravention of the General Financial Rules, 2017 (or the relevant corresponding rules if the General Financial Rules are updated at any point during the term). It is the applicant's responsibility to ensure compliance with the General Financial Rules, 2017 (or the relevant corresponding financial rules if the General Financial Rules are updated at any point during the term).
- 32.** As per Rule 211(1) of GFR, the accounts of the AIC shall be open to inspection by the sanctioning authority/audit by the C&AG and the institution shall provide all the necessary support to carry out the inspection/audit.
- 33.** The Applicant and the AIC will need to mandatorily follow the EAT module of PFMS to book the expenditure and generate UCs as prescribed in Rule 86 of GFR 2017.
- 34.** AIM, NITI Aayog will have no responsibility in case of any loss caused to life or property due to accident, fire or any other reasons. The AIC is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to AIC. The manpower employed by the AIC will be the responsibility and liability of the applicant and AIM, NITI Aayog will not have any responsibility or liability towards them.
- 35.** List of documents to be submitted by all applicants, duly signed and stamped, within 90 days from the date of the intimation letter but before the release of first instalment:
 - (i) Two copies Memorandum of Agreement (includes Budget and Goals & Deliverables as annexures) and one original copy of Bond
 - (ii) Copy of the Registration Certificate / Certificate of Incorporation of the applicant and the SPV
 - (iii) Registration details including Public Financial Management System (PFMS) document of the new bank account created for the AIM Grant-in-Aid for the registration of AIC on the PFMS portal
 - (iv) Proof of availability of at least 5,000 sq. ft (in case no lab is required) and 10,000 sq. ft. (in case labs established) ready-to-use built up space (fully constructed area) along with a copy of the lease deed/ownership documents in favour of the applicant and floor plan (please note that the entire space needs to be at the single location). It is assumed that the applicant would continue to provide the space for the AIC beyond the initial lease period. For certain entities including but not limited to, central universities, state universities, etc., AIM at its discretion may accept declarations / undertaking in regard to the availability of space.
 - (v) Board resolution commitment by the authorized signatory etc. indicating the availability of matching contribution over a period of five years
 - (vi) Audited copies of the balance sheets and ITRs for the last three years of the applicant (from the date of closing the applications).
 - (vii) Proof of availability of matching contribution / bridging cost equivalent to the tranche in question, in the bank account created for the AIM grants-in-Aid.
 - (viii) CV of the proposed CEO
 - (ix) List of equipment for makerspace, fab lab, sector specific lab etc

Please note that if the applicant is setting up an SPV for the implementation of the AIC then all these documents shall pertain to the SPV and not the applicant.

- 36.** Any waiver to the terms, conditions and clauses of the AIC guidelines and its annexures will need to be approved by the competent authority at Atal Innovation Mission.

ANNEXURE II - FORMAT OF THE UTILISATION CERTIFICATE

FORM GFR 12A

GENERAL FINANCIAL RULES 2017
Ministry of Finance
Department of Expenditure



GFR 12 – A

[(See Rule 238 (1))]

**FORM OF UTILIZATION CERTIFICATE
FOR AUTONOMOUS BODIES OF THE GRANTEE ORGANIZATION**

UTILIZATION CERTIFICATE FOR THE YEAR..... in respect
of recurring/non-recurring
GRANTS-IN-AID/SALARIES/CREATION OF CAPITAL ASSETS

1. Name of the Scheme.....
2. Whether recurring or non-recurring grants.....
3. Grants position at the beginning of the Financial year
 - (i) Cash in Hand/Bank
 - (ii) Unadjusted advances
 - (iii) Total
4. Details of grants received, expenditure incurred and closing balances: (Actuals)

Unspent Balances of Grants received years [figure as at Sl. No. 3 (iii)]	Interest Earned thereon	Interest deposited back to the Government	Grant received during the year			Total Available funds (1+2-3+4)	Expenditure incurred	Closing Balances (5-6)
			Sanction No. (i)	Date (ii)	Amount (iii)			
1	2	3	4			5	6	7

Component wise utilization of grants:

Grant-in-aid-General	Grant-in-aid-Salary	Grant-in-aid-creation of capital assets	Total

Details of grants position at the end of the year

- (i) Cash in Hand/Bank
- (ii) Unadjusted Advances
- (iii) Total



Certified that I have satisfied myself that the conditions on which grants were sanctioned have been duly fulfilled/are being fulfilled and that I have exercised following checks to see that the money has been actually utilized for the purpose for which it was sanctioned:

- (i) The main accounts and other subsidiary accounts and registers (including assets registers) are maintained as prescribed in the relevant Act/Rules/Standing instructions (mention the Act/Rules) and have been duly audited by designated auditors. The figures depicted above tally with the audited figures mentioned in financial statements/accounts.
- (ii) There exist internal controls for safeguarding public funds/assets, watching outcomes and achievements of physical targets against the financial inputs, ensuring quality in asset creation etc. & the periodic evaluation of internal controls is exercised to ensure their effectiveness.
- (iii) To the best of our knowledge and belief, no transactions have been entered that are in violation of relevant Act/Rules/standing instructions and scheme guidelines.
- (iv) The responsibilities among the key functionaries for execution of the scheme have been assigned in clear terms and are not general in nature.
- (v) The benefits were extended to the intended beneficiaries and only such areas/districts were covered where the scheme was intended to operate.
- (vi) The expenditure on various components of the scheme was in the proportions authorized as per the scheme guidelines and terms and conditions of the grants-in-aid.
- (vii) It has been ensured that the physical and financial performance under..... (name of the scheme has been according to the requirements, as prescribed in the guidelines issued by Govt. of India and the performance/targets achieved statement for the year to which the utilization of the fund resulted in outcomes given at Annexure – I duly enclosed.
- (viii) The utilization of the fund resulted in outcomes given at Annexure – II duly enclosed (to be formulated by the Ministry/Department concerned as per their requirements/specifications.)
- (ix) Details of various schemes executed by the agency through grants-in-aid received from the same Ministry or from other Ministries is enclosed at Annexure –II (to be formulated by the Ministry/Department concerned as per their requirements/specifications).

Date:
 Place:

Signature

Signature

Name.....

Name.....

Chief Finance Officer
 (Head of the Finance)

Head of the Organisation

(Strike out inapplicable terms)

ANNEXURE III- MEMORANDUM OF AGREEMENT (WITHOUT SPV)

Format of the MoA to be signed with the applicant (No SPV in place), in case of selection of the applicant

Memorandum of Agreement

This MEMORANDUM OF AGREEMENT (“MoA”) is entered on this day of (Month) 20XX by and between:

- i. (Name of the Applicant), established and existing under the laws of India with its registered address at (hereinafter referred to as “the Applicant”) for setting up and operation of the Atal Incubation Centre (AIC).

AND

- ii. The think tank of Government of India, NITI Aayog (hereinafter referred to as “NITI AAYOG”, Sansad Marg, New Delhi – 110001 (hereinafter referred to as the second party)

WHEREAS NITI Aayog, Government of India under the Atal Innovation Mission (hereinafter referred to as AIM), has taken up an initiative to provide financial support to selected institutions for establishment of Atal Incubation Centres in India to support innovators and start-up businesses in their pursuit to become successful entrepreneurs/enterprises.

WHEREAS the Applicant has been selected by AIM, NITI Aayog for establishing the Atal Incubation Centre through a rigorous selection process, and the Promoter / Host Institution shall contribute towards the setting up of the Atal Incubation Centre, in kind and in cash, matching the support provided by NITI Aayog.

The Applicant and NITI Aayog, Government of India have decided to enter into this MoA setting out the working arrangement, that each party agrees, is necessary for achieving the objectives of this initiative of Government of India, as under:

ARTICLE 1: Background and Purpose

1.1 Background of Atal Innovation Mission

The 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 the 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:

- a. Entrepreneurship promotion:** Wherein innovators would be supported and mentored to become successful entrepreneurs at Incubation Centres and Atal Tinkering Laboratories.

b. Innovation promotion: to provide a platform where innovative ideas are generated and supported to develop innovative technological solutions.

1.2 Setting up of Atal Incubation Centres (AIC)

With a view to promote entrepreneurship and innovation in the country, NITI Aayog has taken up an initiative under Atal Innovation Mission (AIM), to establish Atal Incubation Centres. As a part of this initiative, NITI Aayog will provide financial support to selected academic and non-academic institutes and organizations to set up the Atal Incubation Centre (AIC) to support and encourage start-ups in specific subjects / sectors such as manufacturing, transport, energy, health, education, agriculture, water and sanitation etc. and would provide them with necessary infrastructure facilities and other value-added services.

1.3 Background of the Applicant

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

1.4 Purpose of the Grant-in-Aid

AIM, NITI Aayog shall provide the Grant-in-Aid to the Applicant to set up the AIC that would provide high class incubation facilities with suitable infrastructure in terms of capital equipment and operating facilities, coupled with the availability of sectoral experts for high quality mentoring to the start-ups in their early stages of growth.

The AIC set up by the Applicant should have incubation facilities such as competent team members who understand the incubation and startup ecosystem and have the ability to successfully guide the incubatee startups; infrastructure such as incubation space, meeting rooms, conferencing space and facilities; tech support such as sector specific labs and workshops that have tools and equipment; seed funding support; other support services such as IPR, regulatory, legal, market research, etc.; and so on. The AIC should also conduct outreach initiatives, build a network of mentors, subject matter experts and investors, devise training programs and/or other incubation related events, and build the entrepreneurship ecosystem for incubatee startups.

ARTICLE 2: Areas of Collaboration

The Applicant and AIM, NITI Aayog are collaborating to set up the AIC with the objective of supporting a large number of innovative technology based startups that have an application and impact in core sectors such as agriculture, biotechnology, health, education, energy, manufacturing, housing, transport, etc.

ARTICLE 3: Duration

This MoA shall be valid initially for a period of 6 years from the date of signing by all the parties.

ARTICLE 4: TERMS Responsibilities of the Applicant

The Applicant shall be responsible for the following:

4.1 The Applicant shall be responsible for establishing the Atal Incubation Centre (AIC)

4.2 The Applicant shall be responsible for proper utilization of the funds provided by NITI Aayog for establishment of the AIC to support and encourage start-ups as well as provide them with necessary infrastructure facilities and other value-added services.

4.3 Provision of at least 5,000 sq. ft. of built up spaces (including land and building), in case a lab is not established and 10,000 sq. ft. of built up space (including land and building) to set up the AIC, in case a lab is established.

4.4 In case of renting of the required space for AIC, the lease period should be for a minimum of 10 years with the requisite lease deed registered as per law

4.5 The Applicant will ensure appointment of a dedicated full time CEO with the necessary domain and management expertise and other core team/supporting staff for successful operations of the AIC within 30 days of the date of release of the first tranche.

4.6 The Applicant will have full freedom to decide the compensation of the CEO as well as the management team.

4.7 It will be the responsibility of the Applicant to bridge the gap between the project cost and the Grant-in-aid from AIM, NITI Aayog to ensure that all the facilities as per the scope envisaged, are established in the AIC to make it fully functional.

4.8 The Applicant will provide proof of financial closure for the project cost to AIM, NITI Aayog within three calendar months of receiving the intimation of short- listing.

4.9 The Applicant will provide proof of availability of matching contribution equivalent to the tranche in question, in the new bank account set up for the operations of the AIC.

4.10 All funds to the Applicant by NITI Aayog shall be utilised only for the purposes of setting up and operating the AIC and will not be allowed to be diverted for any other purpose.

4.11 The Applicant shall carry out all the activities of the AIC in conformance with the laws of the land in an ethical manner with all the regulatory and statutory requirements being adhered to.

4.12 Maintenance of Assets of the AIC

4.12.1 The Applicant is expected to undertake reasonable care and due maintenance of the assets of AIC (both from financial support from NITI Aayog and the counterpart support by the Applicant).

4.12.2 The Applicant 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.

4.12.3 All the assets of the AIC from the Grant-in-Aid, the Applicant and/or other sources of funds if any, including those maintained and promoted from the grant shall be installed in the premises of the AIC and not in any other department/division of the Applicant.

4.12.4 All the assets acquired or created for the purpose of AIC including the land and building brought in by the Applicant shall not be allowed to be disposed of or encumbered or utilized for the purpose other than that of AIC without the prior written permission of AIM, NITI Aayog. AIM, NITI Aayog reserves the right to terminate future grants and recover the assets created for AIC, if it is convinced that the Applicant is not utilizing the assets for the objectives of AIC.

4.13. AIC's Operational Responsibilities

4.13.1. It is suggested that the AIC should be administered by a Governing Body/ Board chaired by the Head of the Applicant. The Governing Body of the AIC may meet quarterly to review progress of AIC and provide policy guidelines for the operations of the AIC. The Applicant should ensure that the operations of the AIC are in line with the sanctioned proposal and activities are tailored to attain projected milestones (to be submitted by the Applicant before the release of the first tranche). The Governing Body should ideally provide adequate autonomy and flexibility to the Chief Executive Officer (CEO) of the AIC for making speedy & transparent decisions.

4.13.2. The Applicant shall identify and appoint adequate number of team members (technical) for the day to day operations and management of the AIC. The team should include a full time CEO and other members who have the domain knowledge and the expertise required for supporting the startups through the grants- in-aid provided by NITI Aayog. The suggested team to incubatee company's ratio is 1:5, which needs to be put in place progressively.

4.13.3. The Applicant will ensure development of domain and management expertise of its core team/supporting staff through training/re-training, starting within six months from the date of release of the grant-in-aid.

4.13.4. The Manpower employed by the Applicant for the AIC will be the liability of the Applicant and NITI Aayog will not have any liability towards them.

4.13.5. The Applicant will develop the physical space for the AIC including but not limited to co-working space for the incubatee companies, sector specific laboratories, other relevant tools and equipment, meeting rooms, conferencing facilities, etc.

4.13.6. The Applicant shall open two separate bank accounts – one for the exclusive operations of the AIC and other for the seed fund component of the Grant- in-Aid.

4.13.7. Within six months of receiving the grant, the AIC should be fully functional and operational. This shall include:

- CEO of the AIC and other technical team who can provide business mentoring support to incubatees, should be in place and stabilised
- The labs, if any, should be set up with the technical team required to operate the lab, hired
- The 5000 sq. ft. space (in case no lab is required) and 10,000 sq. ft (in case lab is established) should be furnished and fully functional (ready to use).
- Proper branding of the AIC should be done (name board near the entrance)
- The incubation program must be in place (i.e. the package that will be offered to incubatees describing the value-add to incubatees, duration, milestones for graduation, engagement model etc.)
- The AIC should have already conducted at least two promotional / outreach events
- The AIC must have rolled out its call for applications for admitting incubatees and must have enrolled incubatees
- AIM retains the unfettered right to require the AIC to ensure the above in total or any part thereof is fully operational to AIM's satisfaction, no later than 6 months from receiving the grant. If for any reason whatsoever, the above responsibilities of the AIC are not completed, it will be considered a material breach and AIM may, by giving 60 days' notice for rectification of the material breach, terminate this MoA if said material breach is not rectified within the aforementioned 60 days. Upon termination, the AIC will be required to return the entire grant amount without any deductions whatsoever including for the avoidance of doubt any utilized amounts of the grant in aid, and including the interest amount earned by the AIC from the grant.

4.13.8. The Applicant will evolve a transparent system for selection of incubatees in line with the thematic area of specialization chosen. The incubatees would be admitted fulfilling the admission criteria and the AIC should execute appropriate incubation agreement with incubatees. The residency period and the exit policy may also be defined clearly in the agreement.

4.13.9. The Applicant will provide the context-appropriate assistance and handholding to startups to help them become sustainable and scalable enterprises, including but not limited to, business and strategy advice; facilitating access to relevant laboratories and maker's spaces; legal, accounting and intellectual property services and/or support; networking with mentors, vendors, and investors; national and international linkages, etc.

4.13.10. The amount of the Grant-in-Aid towards providing seed funding support to start-ups can be utilised only after the AIC raises a matching amount of co-investment through non-government sources (non-government sources exclude central, state and local governments). It is to be noted that this co-investment is over and above any contribution of the applicant in the seed fund component of the total project cost. Detailed guidelines about the seed support funding are enclosed below ([Annexure A](#) of the MoA). The AIC shall support the start-ups to raise seed support and other investments.

4.13.11. The AIC will adequately promote itself through online and offline channels. The AIC shall have a website which should go live within 30 days of the date of release of the first tranche of the grant-in-aid. The website should describe all the facilities and offering that it has for aspiring and recent entrepreneurs. Eventually the incubatees should also be listed on the website.

4.13.12. The AIC is required to mention "Atal Incubation Centre supported by Atal Innovation Mission, NITI Aayog" in all its communication/stationery and branding material, whether online or offline, as well as on the display board at the entry gate of the AIC. The AIC will be required to adhere to the branding guidelines which will be share at a later stage.

4.13.13. In case of any operational disputes or lack of clarity, the decision of the CEO, NITI Aayog shall be final and binding on the Promoter/Host Institution.

4.14. Monitoring responsibilities

- i. AIM, NITI Aayog has put in place a progress update and monitoring framework with key performance requirements for AIC. The AIC shall subscribe itself to the monitoring system and provide the updated information on a monthly basis.
- ii. The monitoring framework captures the Key Performance Indicators (KPIs) of the AIC and the AIC will be obligated to update these KPIs on a monthly basis.
- iii. The AIC will be required to demonstrate the impact it has been able to make through the grant-in-aid. The AIC will be expected to deliver on the implementation plan as submitted by the AIC to NITI Aayog for every tranche of the grant-in-aid.
- iv. The operations and performance of the AIC may be reviewed monthly / quarterly / yearly by AIM, NITI Aayog or by a professional third-party agency appointed by NITI Aayog. The AIC is expected to co-operate fully and provide all the information required for a fair and successful evaluation of the performance of the AIC. The AIC shall be informed about the third party appointed for the purpose and the outcome of evaluation in a timely manner.
- v. In the event the Applicant fails to make adequate progress in the establishment of AIC and operations of the AIC, including implementing start-up incubations activities, or adhere to the responsibilities mentioned throughout this MoA, 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. It is clarified that this is without prejudice to AIM's right to terminate this MoA under the provisions of Clause 4.13.7 above.
- vi. The release of grant for every tranche will be based on satisfactory performance of the AIC as well as fulfilment of the financial requirements by the SPV/AIC.
- vii. Concerned officials of AIM, NITI Aayog or its authorized representatives will have the right to visit the AIC periodically for ascertaining the progress of work and resolving any difficulties that might be encountered in the course of implementation.

4.15 Other Obligations

- i. By accepting this grant-in-aid, the AIC becomes a part of the AIM program network and will collaborate with and support AIM, NITI Aayog on their various initiatives and programs relating to innovation, incubation and entrepreneurship. These initiatives may include (but not limited to) the Atal Tinkering Labs, The Atal New India Challenges and other similar initiatives in the area of innovation and startup ecosystem in India and the world. Such initiatives shall be communicated to the AIC from time to time.
- ii. AIM, NITI Aayog is also providing grant-in-aid to institutes for scaling up Established Incubation Centres (EICs), Atal Tinkering Labs (ATLs), ACIC and ANIC programs. The AIC shall be expected to work with one or more EICs that shall be facilitated by AIM, NITI Aayog. The support from EICs 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-organizing relevant events and / or any other support that the AIC may need from time to time.
- iii. The AIC shall be expected to support the ATLs on aspects such as mentoring of the students, organising exposure visits and interaction sessions with innovators and entrepreneurs, and /or any other support that the ATLs may need from time to time.

- iv. AIM, NITI Aayog through its partners may also extend support to the AIC with tools, equipment, research collaborations and /or partnerships. The AIC should exploit such partnerships, if any are extended by AIM, NITI Aayog. The AIC is expected to attend all the workshops, events, meetings and conferences related to entrepreneurship, innovation, business incubation, training of teams and other relevant topics, which may be organized / facilitated by NITI Aayog from time to time. The AIC shall be intimated in advance about the organization of any such events. Recusal from any such events, if required, should be requested from the AIM, NITI Aayog in writing.
- v. It is expected that the AIC shall become financially self-sustainable by the end of five years' time and no other grant-in-aid is requested from any government agency for its operations. The Applicant should ensure smooth continuation of activities and facilities after the end of the support from AIM, NITI Aayog.
- vi. The main purpose for setting up of the Special Purpose Vehicle (SPV) is to establish Atal Incubation Centre (AIC). The main objectives to be included under the object's clause in the Memorandum of Association in case of the SPV are given as below :

“To set up and implement the Atal Incubation Centre (AIC) in partnership with Atal Innovation Mission, NITI Aayog with an objective of supporting innovative technology-based startup enterprises in India. The AIC shall endeavour to implement the following:

- a. To establish a high-class incubation facility, including but not limited to: (a) suitable physical infrastructure and operating facilities, and (b) affiliations with sectoral experts
 - b. To enable a support ecosystem for incubated startups, including but not limited to: mentoring, planning, organizing events, lab facilities, regulatory guidance
 - c. To provide preference in support to startups or innovators that have applications / impact in the core sectors of the economy (including but not limited to agriculture, healthcare, clean energy and sustainable technologies, education, housing, transportation, cyber security, IOT, Robotics and AI, water and sanitation)
 - d. To encourage innovation in the Indian ecosystem, through activities that include but are not limited to (a) awareness workshops, (b) training and capacity building and (c) mentoring support to early stage startup enterprises
 - e. To encourage creation of new technologies and intellectual property
 - f. To support and carry out any other activity relevant to promotion and incubation of startups in the country;
- vii. Regardless of any term or objective set out in the relevant Constitutional Documents i.e. Memorandum of Association or Articles of Association, Trust Deed, Charter of Societies or any other relevant document ('Constitutional Documents') of the AIC, it will not undertake or engage in any activity that is in contravention of the Objectives set out above, the AIC guidelines or the relevant Memorandum of Agreement entered into with AIM, NITI Aayog under any circumstances whatsoever. The AIC further understands that the Objectives set out above supersede any other purpose, object, item, section, paragraph, article or any other corresponding line item set out in the applicable Constitutional Documents of the AIC, should there be any conflict between the two. In the event it is unclear to the AIC whether an activity or objective that we are undertaking or contemplating whether to undertake is contradictory to the above Objectives, the AIC guidelines or the relevant Memorandum of Agreement entered into with AIM, NITI Aayog, it will seek AIM's written response/clarification and/or approval (where required) on the same;
- viii. All contributions of the AIC towards meeting the '**Total Project Cost**' i.e. the total cost of setting up the AIC as determined in the budget finalized and approved for the AIC by AIM, NITI Aayog, basis which the Grant-in-aid has been awarded, including the matching contribution and the gap (if any) between the Grant-in-aid and the total project cost ('**Bridging Cost**') will be deposited in the dedicated bank account created for the Grant-in-aid from AIM, NITI Aayog

ix. The AIC will ensure that no notional expenditure (i.e. expenditure that has not been made from the funds in the dedicated bank account created for the Grant-in-aid of AIM, NITI Aayog by the AIC will be considered as its contribution towards the project, including for the avoidance of doubt, the matching contribution and the Bridging Cost (if any) as approved in the budget (basis which the Grant-in-aid has been awarded);

x. The AIC certifies that it has not obtained or applied for grants for the same purpose or activity from any other Ministry or Department of the Government of India or State Government and it will remain in compliance with Rule 230 (1) of the General Financial Rules, 2017 (or the relevant corresponding rule if the General Financial Rules are updated at any point of time during the term);

xi. All interests or other earnings against the Grant-in-aid or advances (other than reimbursement, if applicable) released to the AIC will be mandatorily remitted to the Consolidated Fund of India immediately after finalisation of the accounts (at the end of each financial year). Further, the AIC also affirms, declares and undertakes that such interest earnings or advances will not be adjusted against future grant releases or tranches and it shall ensure its compliance with Rule 230 (8) of the General Financial Rules, 2017 (or the relevant corresponding rule if the General Financial Rules are updated at any point of time during the term);

xii. That without limitation to points (x) and (xi) above, the AIC affirms that it will be in compliance with and not do anything in contravention of the General Financial Rules, 2017 (or the relevant corresponding rules if the General Financial Rules are updated any point during the term). The AIC understands that it is its responsibility to ensure compliance with the General Financial Rules, 2017 (or the relevant corresponding financial rules if the General Financial Rules are updated any point during the term)

ARTICLE 5: Assignment

The Applicant shall not assign any part of this MOA to any other person/organization without prior written approval from NITI Aayog.

ARTICLE 6: Amendments

No alterations, additions or modification hereto shall be valid and binding unless the same are reduced to writing and signed by all the three parties.

ARTICLE 7: Non-Exclusive Discussions

The Applicant 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 into or consummate transactions similar to the Areas of Collaboration in India or elsewhere.

ARTICLE 8: Sanction and Disbursement of Grant-In-Aid

i. NITI Aayog shall provide financial support in the form of grant-in-aid to the Applicant in five or more annual tranches on the basis of the budget submitted by the Applicant and approved by AIM, NITI Aayog. In case of government institutions, release of funds in every tranche will be subject to the Applicant contributing the matching contribution in the new bank account of the AIC.

ii. The amount disbursed in the tranches will depend on the proposed and agreed expenditure as per the budget plan submitted by the Applicant. Release of funds will also be dependent on the progress of the AIC and satisfactory compliance with the financial requirements.

- iii. Any unspent balance, out of the Grant-in-Aid disbursed by AIM, NITI Aayog, as well as the interest earned thereof, would have to be returned to the Consolidated Funds of India before raising the request for the subsequent tranche.
- iv. After six years from the date of the release of first instalment, any unspent balance out of the Grant-in-Aid received from AIM, NITI Aayog 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 favour of Drawing and Disbursing Officer, NITI Aayog, payable at New Delhi.
- vi. In case of sector specific AICs, the support for capital equipment for the use by incubatees will be taken into account at the time of release of funds by AIM, NITI Aayog in the first tranche of the grant-in-aid. In case of sector agnostic AICs addressing multiple sectors, it will be considered after 5 incubatee companies are in place or after the AIC has completed at least one year of operation. A provision of annual maintenance of the equipment may be built in the annual recurring costs after the expiry of warranty period of the equipment.
- vi. Administrative expenses such as board meeting, annual meeting charges, auditing charges, seed money for the bank accounts, and other similar startup expenses are not allowed from the grant-in-aid.
- vii. If the AIC is hosted within the campus/premises of an academic institute or in the buildings owned by the Applicant, then the rental value of the said premises shall not be considered as Applicant contribution and the same shall not be allowed as a part of the administrative costs.
- viii. Seed-fund, if any, provided under this sanction, is intended to create a pool of funds to achieve two objectives: (a) enable the AIC 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. The Seed Support grant can only be disbursed after completion of one year of operations of the AIC subject to the condition that AIC has adequate number of Startups which are ripe for seed fund support. Principles of seed funding support system are given at [Annexure A](#) to this document.

ARTICLE 9: Utilization of the Grant –In-Aid

- i. The grant-in-aid towards the Personnel Expenses would be used only for engaging new team members for the AIC and not towards the salaries/fees/remuneration of the existing team strength of the Applicant (as on the date of receiving the sanction of grant-in-aid from NITI Aayog).
- ii. The Grant in Aid funds shall not be utilized towards the funding international travel by the AIC team or the supported startups or any other person(s).
- iii. Any funds that the Applicant has sought for outsourcing services such as training of the Incubation Centre team, training of entrepreneurs, design and implementation of the AIC, selection of incubatee companies, best practices, or any other services for which any payment are to be made to an external agency/third party (national or international), then the Applicant needs to obtain prior written approval from AIM, NITI Aayog. The Applicant will be free to avail such services out of their own funding and the grant-in-aid from NITI Aayog should not be used for this purpose.
- iv. Utilization of Seed Funding Component
 - a. The amount of the grant-in-aid towards providing seed funding support to start-ups can be utilised only after the AIC raises a matching amount through non-government sources (non-government sources exclude central, state and local governments).
 - b. The Applicant is expected to maintain a separate bank account for seed support grant funds 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.

V. The total cost of the project, the contribution of the applicant as Matching Contribution and / or Bridging Cost and the contribution of AIM, NITI Aayog as Grant-in-Aid, will be according to the budget submitted as [Annexure B](#) of this document.

vi. The approved goals and deliverables of the AIC are enclosed in [Annexure C](#) respectively

ARTICLE 10: Maintenance and Submission of Financial Statements for Audit

i. The Applicant shall maintain separate books of accounts for the grant- in-aid funds received from NITI Aayog, if the AIC is not being implemented through the SPV. The grant-in-aid funds shall be kept in an interest-bearing bank account and the interest earned should be returned to Consolidated Funds of India at the end of each financial year.

ii. The Applicant will be required to submit audited statement of accounts and the Utilization Certificates (UCs) of the grant (i) every six months from the time of receiving the grant, (ii) at the end of each financial year (iii) as well as at the time of seeking further instalments of the grant, if any. The Applicant will also be required to submit a quarterly progress report to NITI Aayog. The proforma of the UC is attached as [Annexure II](#) of the guidelines.

iii. AIM, NITI Aayog will have the ongoing right to get a financial audit done for the / Applicant, if required, as frequently as it considers suitable.

iv. The CAG, at its discretion, shall have the right to access the books of account for the grant received from the Government.

ARTICLE 11: Termination

11.1 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 Applicant / SPV shall refund all unspent grant-in-aid amount to AIM, NITI Aayog. NITI Aayog shall also withdraw the privilege of the AIC to mention “Supported by Atal Innovation Mission, NITI Aayog” in all its communication and branding material.

11.2 If this MoA is terminated by AIM under the provisions of Clause 4.13.7 or if at any time during the Term of this MoA the AIC is found to have perpetuated any misappropriation of funds or acted with wilful misconduct, then the AIC shall refund all the grant in aid received by it without any deductions including for the avoidance of doubt any utilized amounts from the grant in aid, and shall also return the interest amount it has earned from the grant in aid received. Further, AIM, NITI Aayog shall also withdraw the privilege of the AIC to mention “Supported by Atal Innovation Mission, NITI Aayog” in all its communication and branding material.

11.3 The AIC (“**Indemnifying Party**”) will indemnify, keep indemnified and hold AIM and NITI Aayog (“**Indemnified Parties**”) and each of the Indemnified Parties’ senior officials, officers, employees, agents and representatives harmless from and against all losses, liabilities, claims, damages, costs and expenses, and interest chargeable thereon, including reasonable legal fees and disbursements incurred or suffered by the Indemnified Party or Indemnified Parties either jointly or severally as the case may be, and each of its/their directors, officers, employees, agents and representatives in any manner relating to (i) breach of any representation or warranty of the Indemnifying Party set forth in this Agreement; and (ii) breach of the obligations and/or covenants of Indemnifying Party under this Agreement.

ARTICLE 12: Dispute Settlement

12.1 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.

12.2 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 the Applicant)

Attention of:

Address:

Phone:

Email:

If to the NITI AAYOG:

Attention of: Mission Director, Atal Innovation Mission Address: NITI AAYOG, Sansad Marg, 110001

Phone: +911123042337

Email: r.ramanan@gov.in

For and on behalf of:

The Applicant By Print Name: Title: Date: Place:	The NITI Aayog By Print Name: Title: Date: Place:
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Annexure A: Mandatory Guidelines for Managing the Seed Support part of the Grant- in-Aid

- The Seed Support grant for SPV/AICs can only be disbursed after completion of one year of operations.
- The grant-in-aid can be utilized for seed support for incubatee startups up to a maximum of Rs. One Crore
- The Seed Support would be managed by the SPV/AIC team, and not delegated or assigned to any external agency. The SPV/AIC 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 SPV/AIC, and the same will be disbursed only to the deserving incubatees as debt, equity, or a combination of both.
- The upper limit of seed support to an incubatee start-up through the grant-in-aid by the AIC will be Rs.12.5 lakhs.
- The SPV/AIC is required to raise co-investment amount for the seed support through non-government sources (Non- government sources exclude central, state and local governments.) matching the grant-in-aid and applicant's contribution for seed support.
- The working for the co-investment amount needed to be raised is illustrated below:

AIM Grant-in-Aid for Seed support (A) INR Crs	Applicant's contribution for Seed support (that is included in the approved budget) (B) INR Crs	Total seed fund pool (C=A+B) INR Crs	Co-investment needed to be raised from non-government sources (D=C) INR Crs	Total investments in the startups (E=C+D) INR Crs
1	0	1	1	2
1	1	2	2	4

- The co-investment from seed support that is raised by the SPV/AIC from non- government sources needs to be equal or more than the investment from the AIC's seed fund account
- The SPV 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 SPV/AIC 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 wilful acts or omissions of the SPV/AIC 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 AIC-incubated enterprises only, and would not be used by the AIC for facility creation.
- It is expected that the Seed Support would be managed by the SPV/AIC staff members, so as to build incubation and investment capacity within the team.
- The Seed Support is given as a grant to the SPV, and the AIC will disburse it to the deserving incubatees as debt, convertible debt, equity, or a combination thereof. It is expected that the SPV/AIC 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 SPV/AIC 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 AIC), which are registered units only on the recommendation of the Seed Support Investment Committee constituted by the SPV/AIC.
- The SPV/AIC should examine all cases of seed support and summarize 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 start up 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 SPV/AIC. It is necessary to ensure that there exist a proper, legally- vetted agreement between the incubatee and the SPV/AIC. 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 core sector innovations and technologies. (Core sector here is defined as infrastructure and service delivery sectors, such as agriculture, housing, health, energy, water and sanitation, hygiene and waste management, education, health, or environmental protection).
- The seed support grant should be utilized fully by the SPV/AIC within a period of three years from the date of receipt of the first instalment of funds under the grant-in-aid for seed support. In case the SPV/AIC is not able fully utilize the seed support part of the grant within a period of three years, the AIC 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 a minimum of three months affiliation with the AIC.
- 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 Promoter / Host Institutions in the incubate startup should be at least 51%.

- It is expected that SPV/AIC 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
 - Prototyping and 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 AIC

Quantum of Seed Support

- It is expected that the seed support of up to a maximum of Rs.1.00 Crore, with a matching amount raised through non-government sources would be judiciously dispersed 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.12.5 lakhs. In case an AIC would like to increase the investment limit per incubatee of INR 12.5 lakhs, it should seek a written approval from AIM regarding the same. The AIM team will evaluate such requests on a case by case basis depending upon the 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 SPV/AIC 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 SPV/AIC CEO would constitute the SSIC, in consultation with the AIM, NITI Aayog to incorporate AIC staff and external experts in the relevant fields. AIM reserves the right to nominate a member to the SSIC.
- Any non-government investor who contributes towards the matching seed fund may be encouraged to be a part of the SSIC.
- The SPV/AIC CEO would be responsible for its proper disbursement and management of the seed support.
- The SPV would take measures to enhance the capabilities and skill set of the AIC team to manage the seed fund. The investments would be done keeping sound business principles in mind.

- The SPV 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 SPV/AIC 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 SPV/AIC 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 2-3 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.

Repayment of Seed Support

- To the extent possible, the equity model for seed support should be encouraged. The SPV/AIC 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 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 SPV/AIC 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 Utilization 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 subsequent instalments based on predefined milestones achieved. SPV/AIC would be required to submit a detailed report on the status of utilization of grants along with the Utilization Certificate and Statement of Audited accounts for each F.Y. The SPV/AIC 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 Utilization Certificate (UC). The amount collected against repayments may be utilized as seed support for the next round of incubatees and not for any other activity of the SPV/AIC, except for the condition described in the para on Management Fees.

- Interest earned by the SPV/AIC 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 SPV/AIC 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 therefore proposed to give an incentive of 15% on the surplus generated at the end of each year, which could be retained by SPV/AIC for its incubation- related activities.

Settlement of the Seed Fund in case of Closure or Discontinuation of SPV/AIC

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

ANNEXURE IV - BOND (NO SPV)

Format of the Bond to be signed with the applicant

BOND FORM

(Applicable to AICs that are not set up by the Government)

(Bond to be executed in favour of NITI Aayog on non-judicial stamp paper of at least Rs. 100 for receiving the Grant-in-aid)

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

2. SIGNED this day ofin the year

3. WHEREAS on obligator’s request the Government has as per Atal Innovation Mission (AIM)
Letter No. dated and hereinafter referred to as
the “**Sanction Letter**”, agreed to make in favour of the Obligator for the purpose of setting up
Atal Incubation Centre at
..... a grant
of Rs. (Rupees
.....), the Obligator has 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 application sent to the
Government. The Obligator is willing to accept the proposed amount, or any other amount
approved/ sanctioned by the Government. The Obligator is willingly executing this bond of the
proposed amount with the stipulation that the Obligator and the Surety will be bound 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 Sanction Letter to be issued by the Government.

4. Now in consideration of the aforesaid Sanction Letter, the Obligator herein binds itself and undertakes to comply with the conditions of the Sanction Letter referred to herein and if the Obligator shall duly fulfil and comply with all its conditions mentioned in the Sanction Letter 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, as it may deem fit and on its option. These presents further witness that:

a. The decision of the CEO, NITI Aayog, Govt. of India or the Mission Director of the Atal Innovation Mission, NITI Aayog, Govt. 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 Sanction Letter, shall be final and binding on the Obligator.

b. Further, if the Obligator fails to pay or perform the tasks or duties as agreed between both the parties in the MOA or its liability under this Bond, then it shall be the liability of the Surety to refund to the Government the entire amount as mentioned in this bond.

The liability of the Surety here under shall not be impaired or discharged by reason of time being granted by the Government or any forbearance, act or omission by or on the part of the Government whether with or without the knowledge or consent of the Surety in respect or in relation to the obligation or conditions to be performed or discharged in the obligation or by reason of the matter or thing whatsoever, which under the law relating to the Surety shall but for this provision have the effect of so releasing the Surety from such liability, nor shall it be necessary for the Government, to pursue the Obligator before using the Surety or either of them to the amount due here under.

c. The Obligator herein agrees and undertakes to surrender / pay to Government the monetary value of all such pecuniary or other benefits which it may receive or derive / have received or derived through / upon unauthorized use of the Grant for purpose other than that of which the Grant was intended or the assets, purchased largely from out of "Government Grants". The decision of the CEO, NITI Aayog or the Mission Director, Atal Innovation Mission, NITI Aayog, Govt. of India, as regards the monetary value of to be surrendered /paid to the Government will be final and binding on Obligator.

d. The Obligator or the Surety shall, in the event of breach or violation of the terms and conditions mentioned in the Sanction Letter, refund to the Government on demand and without demur the entire amount of Rs. (Rupees
.....)

.....) or such part thereof as may be mentioned in the Notice Demand 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 by means of an Account's Payee Demand Draft drawn in favour of Drawing and Disbursing Officer, NITI Aayog, payable at New Delhi.

e. 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.

f. 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 Surety the day and year here in above written and accepted for
..... (Name and Designation) on the day and year appearing against his signature.

Signed for and on behalf of the Obligator (..... Name of the AIM Grantee)

(Name and Designation of the Signatory)
(With date and Stamp / Seal)

Signed for and on behalf of the Surety (..... Name of the Surety) with
copy of Registration Certificate and PAN

(Name and Designation of the Signatory)
(With date and Stamp / Seal)

In the presence of:

1.....
(Signature)
(Name & Address of witness)
Aadhar Card No/PAN No..... (attach copy)

2.....
(Signature)
(Name & Address of witness)
Aadhar Card No/PAN No..... (attach copy)

Accepted for and on behalf of the President of India

ANNEXURE V - MEMORANDUM OF AGREEMENT (WITH SPV)

Format of the MoA to be signed with the applicant (SPV in place), in case of selection of the applicant.

Memorandum of Agreement

This MEMORANDUM OF AGREEMENT (“MoA”) is entered on this day of (Month) 20XX by and between:

- i. (Name of the Applicant), established and existing under the laws of India with its registered address at (hereinafter referred to as “the Applicant”) together with (Name of the SPV) (hereinafter referred to as “the SPV”), established as per the Companies Act with its registered office at (hereinafter referred to as the first parties) for setting up and operation of the Atal Incubation Centre (AIC).

AND

- ii. The think tank of Government of India, NITI Aayog (hereinafter referred to as “NITI AAYOG”, Sansad Marg, New Delhi – 110001 (hereinafter referred to as the second party)

WHEREAS NITI Aayog, Government of India under the Atal Innovation Mission (hereinafter referred to as AIM), has taken up an initiative to provide financial support to selected institutions for establishment of Atal Incubation Centres in India to support innovators and start-up businesses in their pursuit to become successful entrepreneurs / enterprises.

WHEREAS the Applicant has been selected by AIM, NITI Aayog for establishing the Atal Incubation Centre through a rigorous selection process, and the Promoter / Host Institution shall contribute towards the setting up of the Atal Incubation Centre, in kind and in cash, matching the support provided by NITI Aayog.

- iii. The Applicant has setup the SPV for establishment of the Atal Incubation Centre (AIC) as per the conditions set out by NITI Aayog for this purpose. The Promoter/Host Institution jointly with the SPV and NITI Aayog, Government of India have decided to enter into this MoA setting out the working arrangement, that each party agrees, is necessary for achieving the objectives of this initiative of Government of India, as under:

ARTICLE 1: Background and Purpose

1.1 Background of Atal Innovation Mission

The 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 the 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:

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

1.2 Setting up of Atal Incubation Centres (AIC)

With a view to promote entrepreneurship and innovation in the country, NITI Aayog has taken up an initiative under Atal Innovation Mission (AIM), to establish Atal Incubation Centres. As a part of this initiative, NITI Aayog will provide financial support to selected academic and non-academic institutes and organizations to set up the Atal Incubation Centre (AIC) to support and encourage start-ups in specific subjects / sectors such as manufacturing, transport, energy, health, education, agriculture, water and sanitation etc. and would provide them with necessary infrastructure facilities and other value-added services.

1.3 Background of the Applicant

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

1.4 Background of the SPV

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

1.5 Purpose of the Grant-in-Aid

AIM, NITI Aayog shall provide the Grant-in-Aid to the SPV to set up the AIC that would provide high class incubation facilities with suitable infrastructure in terms of capital equipment and operating facilities, coupled with the availability of sectoral experts for high quality mentoring to the start-ups in their early stages of growth.

The AIC set up by the SPV should have incubation facilities such as competent team members who understand the incubation and startup ecosystem and have the ability to successfully guide the incubatee startups; infrastructure such as incubation space, meeting rooms, conferencing space and facilities; tech support such as sector specific labs and workshops that have tools and equipment;

seed funding support; other support services such as IPR, regulatory, legal, market research, etc.; and so on. The AIC should also conduct outreach initiatives, build a network of mentors, subject matter experts and investors, devise training programs and/or other incubation related events, and build the entrepreneurship ecosystem for incubatee startups.

ARTICLE 2: Areas of Collaboration

The Applicant together with the SPV and AIM, NITI Aayog are collaborating to set up the AIC with the objective of supporting a large number of innovative technology based startups that have an application and impact in core sectors such as agriculture, biotechnology, health, education, energy, manufacturing, housing, transport, etc.

ARTICLE 3: Duration

This MoA shall be valid initially for a period of 6 years from the date of signing by all the parties.

ARTICLE 4: TERMS Responsibilities of the Applicant

The Applicant shall be responsible for the following:

- 4.1** The Applicant shall be responsible for setting up a Special Purpose Vehicle (SPV) for the purpose of establishing the Atal Incubation Centre (AIC)
- 4.2** The Applicant shall be responsible for proper utilization of the funds provided by NITI Aayog for establishment of the AIC to support and encourage start-ups as well as provide them with necessary infrastructure facilities and other value-added services.
- 4.3** Provision of at least 5,000 sq. ft. of built up spaces (including land and building), in case a lab is not established and 10,000 sq. ft. of built up space (including land and building) to set up the AIC, in case a lab is established.
- 4.4** In case of renting of the required space for AIC, the lease period should be for a minimum of 10 years with the requisite lease deed registered as per law
- 4.5** The Applicant will ensure appointment of a dedicated full time CEO with the necessary domain and management expertise and other core team/supporting staff for successful operations of the AIC within 30 days of the date of release of the first tranche.
- 4.6** The Applicant will have full freedom to decide the compensation of the CEO as well as the management team.
- 4.7** It will be the responsibility of the Applicant to bridge the gap between the project cost and the Grant-in-aid from AIM, NITI Aayog to ensure that all the facilities as per the scope envisaged, are established in the AIC to make it fully functional.
- 4.8** The Applicant will provide proof of financial closure for the project cost to AIM, NITI Aayog within three calendar months of receiving the intimation of short- listing.
- 4.9** The Applicant will provide proof of availability of matching contribution equivalent to the tranche in question, in the new bank account of the SPV set up for the operations of the AIC.
- 4.10** All funds to the Applicant by NITI Aayog shall be utilised only for the purposes of setting up and operating the AIC and will not be allowed to be diverted for any other purpose.

4.11 The Applicant shall carry out all the activities of the AIC in conformance with the laws of the land in an ethical manner with all the regulatory and statutory requirements being adhered to.

4.12 Maintenance of Assets of the AIC

4.12.1 The SPV is expected to undertake reasonable care and due maintenance of the assets of AIC (both from financial support from NITI Aayog and the counterpart support by the Applicant).

4.12.2 The SPV 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.

4.12.3 All the assets of the AIC from the Grant-in-Aid, the Applicant and/or other sources of funds if any, including those maintained and promoted from the grant shall be installed in the premises of the AIC and not in any other department/division of the Applicant.

4.12.4 All the assets acquired or created for the purpose of AIC including the land and building brought in by the Applicant shall not be allowed to be disposed of or encumbered or utilized for the purpose other than that of AIC without the prior written permission of AIM, NITI Aayog. AIM,

NITI Aayog reserves the right to terminate future grants and recover the assets created for AIC, if it is convinced that the SPV is not utilizing the assets for the objectives of AIC.

4.13. AIC's Operational Responsibilities

4.13.1. It is suggested that the AIC should be administered by a Governing Body/ Board chaired by the Head of the Applicant. The Governing Body of the AIC may meet quarterly to review progress of AIC and provide policy guidelines for the operations of the AIC. The Applicant should ensure that the operations of the AIC are in line with the sanctioned proposal and activities are tailored to attain projected milestones (to be submitted by the Applicant before the release of the first tranche). The Governing Body should ideally provide adequate autonomy and flexibility to the Chief Executive Officer (CEO) of the AIC for making speedy & transparent decisions.

4.13.2. The SPV shall identify and appoint adequate number of team members (technical) for the day to day operations and management of the AIC. The team should include a full time CEO and other members who have the domain knowledge and the expertise required for supporting the startups through the grants- in-aid provided by NITI Aayog. The suggested team to incubatee company's ratio is 1:5, which needs to be put in place progressively.

4.13.3. The SPV will ensure development of domain and management expertise of its core team/supporting staff through training/re-training, starting within six months from the date of release of the grant-in-aid.

4.13.4. The Manpower employed by the SPV for the AIC will be the liability of the Applicant or the SPV and NITI Aayog will not have any liability towards them.

4.13.5. The SPV will develop the physical space for the AIC including but not limited to co-working space for the incubatee companies, sector specific laboratories, other relevant tools and equipment, meeting rooms, conferencing facilities, etc.

4.13.6. The SPV shall open two separate bank accounts – one for the exclusive operations of the AIC and other for the seed fund component of the Grant- in-Aid.

4.13.7. Within six months of receiving the grant, the AIC should be fully functional and operational. This shall include:

- CEO of the AIC and other technical team who can provide business mentoring support to incubatees, should be in place and stabilised
- The labs, if any, should be set up with the technical team required to operate the lab, hired
- The 5000 sq. ft. space (in case no lab is required) and 10,000 sq. ft (in case lab is established) should be furnished and fully functional (ready to use).
- Proper branding of the AIC should be done (name board near the entrance)
- The incubation program must be in place (i.e. the package that will be offered to incubatees describing the value-add to incubatees, duration, milestones for graduation, engagement model etc.)
- The AIC should have already conducted at least two promotional / outreach events
- The AIC must have rolled out its call for applications for admitting incubatees and must have enrolled incubatees
- AIM retains the unfettered right to require the AIC to ensure the above in total or any part thereof is fully operational to AIM's satisfaction, no later than 6 months from receiving the grant. If for any reason whatsoever, the above responsibilities of the AIC are not completed, it will be considered a material breach and AIM may, by giving 60 days' notice for rectification of the material breach, terminate this MoA if said material breach is not rectified within the aforementioned 60 days. Upon termination, the AIC will be required to return the entire grant amount without any deductions whatsoever including for the avoidance of doubt any utilized amounts of the grant in aid, and including the interest amount earned by the AIC from the grant.

4.13.8. The SPV will evolve a transparent system for selection of incubatees in line with the thematic area of specialization chosen. The incubatees would be admitted fulfilling the admission criteria and the AIC should execute appropriate incubation agreement with incubatees. The residency period and the exit policy may also be defined clearly in the agreement.

4.13.9. The SPV will provide the context-appropriate assistance and handholding to startups to help them become sustainable and scalable enterprises, including but not limited to, business and strategy advice; facilitating access to relevant laboratories and maker's spaces; legal, accounting and intellectual property services and/or support; networking with mentors, vendors, and investors; national and international linkages, etc.

4.13.10. The amount of the Grant-in-Aid towards providing seed funding support to start-ups can be utilised only after the AIC raises a matching amount of co-investment through non- government sources (non-government sources exclude central, state and local governments). It is to be noted that this co-investment is over and above any contribution of the applicant in the seed fund component of the total project cost. Detailed guidelines about the seed support funding are enclosed below ([Annexure A](#) of the MoA). The AIC shall support the start-ups to raise seed support and other investments.

4.13.11. The AIC will adequately promote itself through online and offline channels. The AIC shall have a website which should go live within 30 days of the date of release of the first tranche of the grant-in-aid. The website should describe all the facilities and offering that it has for aspiring and recent entrepreneurs. Eventually the incubatees should also be listed on the website.

4.13.12. The AIC is required to mention “Atal Incubation Centre supported by Atal Innovation Mission, NITI Aayog” in all its communication/stationery and branding material, whether online or offline, as well as on the display board at the entry gate of the AIC. The AIC will be required to adhere to the branding guidelines which will be share at a later stage.

4.13.13. In case of any operational disputes or lack of clarity, the decision of the CEO, NITI Aayog shall be final and binding on the Promoter/Host Institution.

4.14. Monitoring responsibilities

i. AIM, NITI Aayog has put in place a progress update and monitoring framework with key performance requirements for AIC. The AIC shall subscribe itself to the monitoring system and provide the updated information on a monthly basis.

ii. The monitoring framework captures the Key Performance Indicators (KPIs) of the AIC and the AIC will be obligated to update these KPIs on a monthly basis.

iii. The AIC will be required to demonstrate the impact it has been able to make through the grant-in-aid. The AIC will be expected to deliver on the implementation plan as submitted by the AIC to NITI Aayog for every tranche of the grant-in-aid.

iv. The operations and performance of the AIC may be reviewed monthly / quarterly / yearly by AIM, NITI Aayog or by a professional third-party agency appointed by NITI Aayog. The AIC is expected to co-operate fully and provide all the information required for a fair and successful evaluation of the performance of the AIC. The AIC shall be informed about the third party appointed for the purpose and the outcome of evaluation in a timely manner.

v. In the event the SPV fails to make adequate progress in the establishment of AIC and operations of the AIC, including implementing start-up incubations activities, or adhere to the responsibilities mentioned throughout this MoA, 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. It is clarified that this is without prejudice to AIM’s right to terminate this MoA under the provisions of Clause 4.13.7 above.

vi. The release of grant for every tranche will be based on satisfactory performance of the AIC as well as fulfilment of the financial requirements by the SPV/AIC.

vii. Concerned officials of AIM, NITI Aayog or its authorized representatives will have the right to visit the AIC periodically for ascertaining the progress of work and resolving any difficulties that might be encountered in the course of implementation.

4.15 Other Obligations

i. By accepting this grant-in-aid, the AIC becomes a part of the AIM program network and will collaborate with and support AIM, NITI Aayog on their various initiatives and programs relating to innovation, incubation and entrepreneurship. These initiatives may include (but not limited to) the Atal Tinkering Labs, The Atal New India Challenges and other similar initiatives in the area of innovation and startup ecosystem in India and the world. Such initiatives shall be communicated to the AIC from time to time.

ii. AIM, NITI Aayog is also providing grant-in-aid to institutes for scaling up Established Incubation Centres (EICs), Atal Tinkering Labs (ATLs), ACIC and ANIC programs. The AIC shall be expected to work with one or more EICs that shall be facilitated by AIM, NITI Aayog. The support from EICs 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-organizing relevant events and / or any other support that the AIC may need from time to time.

- iii. The AIC shall be expected to support the ATLs on aspects such as mentoring of the students, organising exposure visits and interaction sessions with innovators and entrepreneurs, and /or any other support that the ATLs may need from time to time.
- iv. AIM, NITI Aayog through its partners may also extend support to the AIC with tools, equipment, research collaborations and /or partnerships. The AIC should exploit such partnerships, if any are extended by AIM, NITI Aayog. The AIC is expected to attend all the workshops, events, meetings and conferences related to entrepreneurship, innovation, business incubation, training of teams and other relevant topics, which may be organized / facilitated by NITI Aayog from time to time. The AIC shall be intimated in advance about the organization of any such events. Recusal from any such events, if required, should be requested from the AIM, NITI Aayog in writing.
- v. It is expected that the AIC shall become financially self-sustainable by the end of five years' time and no other grant-in-aid is requested from any government agency for its operations. The Applicant should ensure smooth continuation of activities and facilities after the end of the support from AIM, NITI Aayog.
- vi. The main purpose for setting up of the Special Purpose Vehicle (SPV) is to establish Atal Incubation Centre (AIC). The main objectives to be included under the object's clause in the Memorandum of Association in case of the SPV are given as below: :

“To set up and implement the Atal Incubation Centre (AIC) in partnership with Atal Innovation Mission, NITI Aayog with an objective of supporting innovative technology-based startup enterprises in India. The AIC shall endeavour to implement the following:

- a. To establish a high-class incubation facility, including but not limited to: (a) suitable physical infrastructure and operating facilities, and (b) affiliations with sectoral experts
 - b. To enable a support ecosystem for incubated startups, including but not limited to: mentoring, planning, organizing events, lab facilities, regulatory guidance
 - c. To provide preference in support to startups or innovators that have applications / impact in the core sectors of the economy (including but not limited to agriculture, healthcare, clean energy and sustainable technologies, education, housing, transportation, cyber security, IOT, Robotics and AI, water and sanitation)
 - d. To encourage innovation in the Indian ecosystem, through activities that include but are not limited to (a) awareness workshops, (b) training and capacity building and (c) mentoring support to early stage startup enterprises
 - e. To encourage creation of new technologies and intellectual property
 - f. To support and carry out any other activity relevant to promotion and incubation of startups in the country;
- vii. Regardless of any term or objective set out in the relevant Constitutional Documents i.e. Memorandum of Association or Articles of Association, Trust Deed, Charter of Societies or any other relevant document ('Constitutional Documents') of the AIC, it will not undertake or engage in any activity that is in contravention of the Objectives set out above, the AIC guidelines or the relevant Memorandum of Agreement entered into with AIM, NITI Aayog under any circumstances whatsoever. The AIC further understands that the Objectives set out above supersede any other purpose, object, item, section, paragraph, article or any other corresponding line item set out in the applicable Constitutional Documents of the AIC, should there be any conflict between the two. In the event it is unclear to the AIC whether an activity or objective that we are undertaking or contemplating whether to undertake is contradictory to the above Objectives, the AIC guidelines or the relevant Memorandum of Agreement entered into with AIM, NITI Aayog, it will seek AIM's written response/clarification and/or approval (where required) on the same;

viii. All contributions of the AIC towards meeting the ‘**Total Project Cost**’ i.e. the total cost of setting up the AIC as determined in the budget finalized and approved for the AIC by AIM, NITI Aayog, basis which the Grant-in-aid has been awarded, including the matching contribution and the gap (if any) between the Grant-in-aid and the total project cost (‘**Bridging Cost**’) will be deposited in the dedicated bank account created for the Grant-in-aid from AIM, NITI Aayog

ix. The AIC will ensure that no notional expenditure (i.e. expenditure that has not been made from the funds in the dedicated bank account created for the Grant-in-aid of AIM, NITI Aayog by the AIC will be considered as its contribution towards the project, including for the avoidance of doubt, the matching contribution and the Bridging Cost (if any) as approved in the budget (basis which the Grant-in-aid has been awarded);

x. The AIC certifies that it has not obtained or applied for grants for the same purpose or activity from any other Ministry or Department of the Government of India or State Government and it will remain in compliance with Rule 230 (1) of the General Financial Rules, 2017 (or the relevant corresponding rule if the General Financial Rules are updated at any point of time during the term);

xi. All interests or other earnings against the Grant-in-aid or advances (other than reimbursement, if applicable) released to the AIC will be mandatorily remitted to the Consolidated Fund of India immediately after finalisation of the accounts (at the end of each financial year). Further, the AIC also affirms, declares and undertakes that such interest earnings or advances will not be adjusted against future grant releases or tranches and it shall ensure its compliance with Rule 230 (8) of the General Financial Rules, 2017 (or the relevant corresponding rule if the General Financial Rules are updated at any point of time during the term);

xii. That without limitation to points (x) and (xi) above, the AIC affirms that it will be in compliance with and not do anything in contravention of the General Financial Rules, 2017 (or the relevant corresponding rules if the General Financial Rules are updated any point during the term). The AIC understands that it is its responsibility to ensure compliance with the General Financial Rules, 2017 (or the relevant corresponding financial rules if the General Financial Rules are updated any point during the term)

ARTICLE 5: Assignment

The Applicant / SPV shall not assign any part of this MOA to any other person/organization without prior written approval from NITI Aayog.

ARTICLE 6: Amendments

No alterations, additions or modification hereto shall be valid and binding unless the same are reduced to writing and signed by all the three parties.

ARTICLE 7: Non-Exclusive Discussions

The Applicant, SPV 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 into or consummate transactions similar to the Areas of Collaboration in India or elsewhere.

ARTICLE 8: Sanction and Disbursement of Grant-In-Aid

- i. NITI Aayog shall provide financial support in the form of grant-in-aid to the SPV in five or more annual tranches on the basis of the budget submitted by the Applicant and approved by AIM, NITI Aayog. In case of government institutions, release of funds in every tranche will be subject to the Applicant contributing the matching contribution in the new bank account of the AIC.
- ii. The amount disbursed in the tranches will depend on the proposed and agreed expenditure as per the budget plan submitted by the Applicant. Release of funds will also be dependent on the progress of the AIC and satisfactory compliance with the financial requirements.
- iii. Any unspent balance, out of the Grant-in-Aid disbursed by AIM, NITI Aayog, as well as the interest earned thereof, would have to be returned to the Consolidated Funds of India before raising the request for the subsequent tranche.
- iv. After six years from the date of the release of first instalment, any unspent balance out of the Grant-in-Aid received from AIM, NITI Aayog 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 favour of Drawing and Disbursing Officer, NITI Aayog, payable at New Delhi.
- vi. In case of sector specific AICs, the support for capital equipment for the use by incubatees will be taken into account at the time of release of funds by AIM, NITI Aayog in the first tranche of the grant-in-aid. In case of sector agnostic AICs addressing multiple sectors, it will be considered after 5 incubatee companies are in place or after the AIC has completed at least one year of operation. A provision of annual maintenance of the equipment may be built in the annual recurring costs after the expiry of warranty period of the equipment.
- vi. Administrative expenses such as board meeting, annual meeting charges, auditing charges, seed money for the bank accounts, and other similar startup expenses are not allowed from the grant-in-aid.
- vii. If the AIC is hosted within the campus/premises of an academic institute or in the buildings owned by the Applicant, then the rental value of the said premises shall not be considered as Applicant contribution and the same shall not be allowed as a part of the administrative costs.
- viii. Seed-fund, if any, provided under this sanction, is intended to create a pool of funds to achieve two objectives: (a) enable the AIC 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. The Seed Support grant can only be disbursed after completion of one year of operations of the AIC subject to the condition that AIC has adequate number of Startups which are ripe for seed fund support. Principles of seed funding support system are given at [Annexure A](#) to this document.

ARTICLE 9: Utilization of the Grant –In-Aid

- i. The grant-in-aid towards the Personnel Expenses would be used only for engaging new team members for the AIC and not towards the salaries/fees/remuneration of the existing team strength of the Applicant (as on the date of receiving the sanction of grant-in-aid from NITI Aayog).
- ii. The Grant in Aid funds shall not be utilized towards the funding international travel by the AIC team or the supported startups or any other person(s).
- iii. Any funds that the Applicant / SPV has sought for outsourcing services such as training of the Incubation Centre team, training of entrepreneurs, design and implementation of the AIC, selection of incubatee companies, best practices, or any other services for which any payment are to be made to an external agency/third party (national or international), then the Applicant needs to obtain prior written approval from AIM, NITI Aayog. The Applicant / SPV will be free to avail such services out of their own funding and the grant-in-aid from NITI Aayog should not be used for this purpose.
- iv. Utilization of Seed Funding Component

- c. The amount of the grant-in-aid towards providing seed funding support to start-ups can be utilised only after the AIC raises a matching amount through non-government sources (non-government sources exclude central, state and local governments).
- d. The SPV is expected to maintain a separate bank account for seed support grant funds 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.

V. The total cost of the project, the contribution of the applicant as Matching Contribution and / or Bridging Cost and the contribution of AIM, NITI Aayog as Grant-in-Aid, will be according to the budget submitted as [Annexure B](#) of this document.

vi. The approved goals and deliverables of the AIC are enclosed in [Annexure C](#) respectively

ARTICLE 10: Maintenance and Submission of Financial Statements for Audit

- i. The SPV shall maintain separate books of accounts for the grant- in-aid funds received from NITI Aayog. The grant-in-aid funds shall be kept in an interest-bearing bank account and the interest earned should be returned to Consolidated Funds of India at the end of each financial year.
- ii. The SPV will be required to submit audited statement of accounts and the Utilization Certificates (UCs) of the grant (i) every six months from the time of receiving the grant, (ii) at the end of each financial year (iii) as well as at the time of seeking further instalments of the grant, if any. The Applicant will also be required to submit a quarterly progress report to NITI Aayog. The proforma of the UC is attached as [Annexure II](#) of the guidelines.
- iii. AIM, NITI Aayog will have the ongoing right to get a financial audit done for the SPV / Applicant, if required, as frequently as it considers suitable.
- iv. The CAG, at its discretion, shall have the right to access the books of account for the grant received from the Government.

ARTICLE 11: Termination

11.1 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 Applicant / SPV shall refund all unspent grant-in-aid amount to AIM, NITI Aayog. NITI Aayog shall also withdraw the privilege of the SPV / AIC to mention “Supported by Atal Innovation Mission, NITI Aayog” in all its communication and branding material.

11.2 If this MoA is terminated by AIM under the provisions of Clause 4.13.7 or if at any time during the Term of this MoA the AIC is found to have perpetuated any misappropriation of funds or acted with wilful misconduct, then the SPV shall refund all the grant in aid received by it without any deductions including for the avoidance of doubt any utilized amounts from the grant in aid, and shall also return the interest amount it has earned from the grant in aid received. Further, AIM, NITI Aayog shall also withdraw the privilege of the AIC to mention “Supported by Atal Innovation Mission, NITI Aayog” in all its communication and branding material.

11.3 The AIC / SPV (“**Indemnifying Party**”) will indemnify, keep indemnified and hold AIM and NITI Aayog (“**Indemnified Parties**”) and each of the Indemnified Parties’ senior officials, officers, employees, agents and representatives harmless from and against all losses, liabilities, claims, damages, costs and expenses, and interest chargeable thereon, including reasonable legal fees and disbursements incurred or suffered by the Indemnified Party or Indemnified Parties either jointly or severally as the case may be, and each of its/their directors, officers, employees, agents and representatives in any manner relating to (i) breach of any representation or warranty of the Indemnifying Party set forth in this Agreement; and (ii) breach of the obligations and/or covenants of Indemnifying Party under this Agreement.

ARTICLE 12: Dispute Settlement

12.1 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.

12.2 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 the Applicant)

Attention of:

Address:

Phone:

Email:

If to the NITI AAYOG:

Attention of: Mission Director, Atal Innovation Mission Address: NITI AAYOG, Sansad Marg, 110001

Phone: +911123042337

Email: r.ramanan@gov.in

For and on behalf of:

<p>The Applicant By</p> <p>Print Name:</p> <p>Title:</p> <p>Date:</p> <p>Place:</p>	<p>The SPV By</p> <p>Print Name:</p> <p>Title:</p> <p>Date:</p> <p>Place:</p>	<p>The NITI Aayog By</p> <p>Print Name:</p> <p>Title:</p> <p>Date:</p> <p>Place:</p>
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Annexure A: Mandatory Guidelines for Managing the Seed Support part of the Grant- in-Aid

- The Seed Support grant for SPV/AICs can only be disbursed after completion of one year of operations.
- The grant-in-aid can be utilized for seed support for incubatee startups up to a maximum of Rs. One Crore
- The Seed Support would be managed by the SPV/AIC team, and not delegated or assigned to any external agency. The SPV/AIC 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 SPV/AIC, and the same will be disbursed only to the deserving incubatees as debt, equity, or a combination of both.
- The upper limit of seed support to an incubatee start-up through the grant-in-aid by AIC will be Rs.12.5 lakhs.
- The SPV/AIC is required to raise co-investment amount for the seed support through non-government sources (Non- government sources exclude central, state and local governments.) matching the grant-in-aid and applicant’s contribution for seed support.
- The working for the co-investment amount needed to be raised is illustrated below:

AIM Grant-in-Aid for Seed support (A) INR Crs	Applicant’s contribution for Seed support (that is included in the approved budget) (B) INR Crs	Total seed fund pool (C=A+B) INR Crs	Co-investment needed to be raised from non-government sources (D=C) INR Crs	Total investments in the startups (E=C+D) INR Crs
1	0	1	1	2
1	1	2	2	4

- The co-investment from seed support that is raised by the SPV/AIC from non- government sources needs to be equal or more than the investment from the AIC’s seed fund account
- The SPV 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 SPV/AIC 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 wilful acts or omissions of the SPV/AIC 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 AIC-incubated enterprises only and would not be used by the AIC for facility creation.
- It is expected that the Seed Support would be managed by the SPV/AIC staff members, so as to build incubation and investment capacity within the team.
- The Seed Support is given as a grant to the SPV, and the AIC will disburse it to the deserving incubatees as debt, convertible debt, equity, or a combination thereof. It is expected that the SPV/AIC 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 SPV/AIC 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 AIC), which are registered units only on the recommendation of the Seed Support Investment Committee constituted by the SPV/AIC.
- The SPV/AIC should examine all cases of seed support and summarize 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 start up 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 SPV/AIC. It is necessary to ensure that there exist a proper, legally- vetted agreement between the incubatee and the SPV/AIC. 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 core sector innovations and technologies. (Core sector here is defined as infrastructure and service delivery sectors, such as agriculture, housing, health, energy, water and sanitation, hygiene and waste management, education, health, or environmental protection).
- The seed support grant should be utilized fully by the SPV/AIC within a period of three years from the date of receipt of the first instalment of funds under the grant-in-aid for seed support. In case the SPV/AIC is not able fully utilize the seed support part of the grant within a period of three years, the AIC 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 a minimum of three months affiliation with the AIC.
- 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 Promoter / Host Institutions in the incubate startup should be at least 51%.

- It is expected that SPV/AIC 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
 - Prototyping and 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 AIC

Quantum of Seed Support

- It is expected that the seed support of up to a maximum of Rs.1.00 Crore, with a matching amount raised through non-government sources would be judiciously dispersed 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.12.5 lakhs. In case an AIC would like to increase the investment limit per incubatee of INR 12.5 lakhs, it should seek a written approval from AIM regarding the same. The AIM team will evaluate such requests on a case by case basis depending upon the 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 SPV/AIC 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 SPV/AIC CEO would constitute the SSIC, in consultation with the AIM, NITI Aayog to incorporate AIC staff and external experts in the relevant fields. AIM reserves the right to nominate a member to the SSIC.
- Any non-government investor who contributes towards the matching seed fund may be encouraged to be a part of the SSIC.
- The SPV/AIC CEO would be responsible for its proper disbursement and management of the seed support.
- The SPV would take measures to enhance the capabilities and skill set of the AIC team to manage the seed fund. The investments would be done keeping sound business principles in mind.

- The SPV 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 SPV/AIC 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 SPV/AIC 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 2-3 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.

Repayment of Seed Support

- To the extent possible, the equity model for seed support should be encouraged. The SPV/AIC 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 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 SPV/AIC 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 Utilization 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 subsequent instalments based on predefined milestones achieved. SPV/AIC would be required to submit a detailed report on the status of utilization of grants along with the Utilization Certificate and Statement of Audited accounts for each F.Y. The SPV/AIC 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 Utilization Certificate (UC). The amount collected against repayments may be utilized as seed support for the next round of incubatees and not for any other activity of the SPV/AIC, except for the condition described in the para on Management Fees.

- Interest earned by the SPV/AIC 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 SPV/AIC 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 therefore proposed to give an incentive of 15% on the surplus generated at the end of each year, which could be retained by SPV/AIC for its incubation- related activities.

Settlement of the Seed Fund in case of Closure or Discontinuation of SPV/AIC

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

ANNEXURE VI - BOND (WITH SPV)

Format of the Bond to be signed with the applicant

BOND FORM

(Applicable to AICs that are not set up by the Government)

(Bond to be executed in favour of NITI Aayog on non-judicial stamp paper of at least Rs. 100 for receiving the Grant-in-aid)

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

2. SIGNED this day ofin the year

3. WHEREAS on obligator’s request the Government has as per Atal Innovation Mission (AIM)
Letter No. dated and hereinafter referred to as
the “**Sanction Letter**”, agreed to make in favour of the Obligator for the purpose of setting up
Atal Incubation Centre at
..... a grant
of Rs. (Rupees
.....), the Obligator has 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 application sent to the
Government. The Obligator is willing to accept the proposed amount, or any other amount
approved/ sanctioned by the Government. The Obligator is willingly executing this bond of the
proposed amount with the stipulation that the Obligator and the Surety will be bound 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 Sanction Letter to be issued by the Government.

4. Now in consideration of the aforesaid Sanction Letter, the Obligator herein binds itself and undertakes to comply with the conditions of the Sanction Letter referred to herein and if the Obligator shall duly fulfil and comply with all its conditions mentioned in the Sanction Letter 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, as it may deem fit and on its option. These presents further witness that:

a. The decision of the CEO, NITI Aayog, Govt. of India or the Mission Director of the Atal Innovation Mission, NITI Aayog, Govt. 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 Sanction Letter, shall be final and binding on the Obligator.

b. Further, if the Obligator fails to pay or perform the tasks or duties as agreed between both the parties in the MOA or its liability under this Bond, then it shall be the liability of the Surety to refund to the Government the entire amount as mentioned in this bond.

The liability of the Surety here under shall not be impaired or discharged by reason of time being granted by the Government or any forbearance, act or omission by or on the part of the Government whether with or without the knowledge or consent of the Surety in respect or in relation to the obligation or conditions to be performed or discharged in the obligation or by reason of the matter or thing whatsoever, which under the law relating to the Surety shall but for this provision have the effect of so releasing the Surety from such liability, nor shall it be necessary for the Government, to pursue the Obligator before using the Surety or either of them to the amount due here under.

c. The Obligator herein agrees and undertakes to surrender / pay to Government the monetary value of all such pecuniary or other benefits which it may receive or derive / have received or derived through / upon unauthorized use of the Grant for purpose other than that of which the Grant was intended or the assets, purchased largely from out of "Government Grants". The decision of the CEO, NITI Aayog or the Mission Director, Atal Innovation Mission, NITI Aayog, Govt. of India, as regards the monetary value of to be surrendered /paid to the Government will be final and binding on Obligator.

d. The Obligator or the Surety shall, in the event of breach or violation of the terms and conditions mentioned in the Sanction Letter, refund to the Government on demand and without demur the entire amount of Rs. (Rupees
.....)

.....) or such part thereof as may be mentioned in the Notice Demand 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 by means of an Account's Payee Demand Draft drawn in favour of Drawing and Disbursing Officer, NITI Aayog, payable at New Delhi.

e. 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.

f. 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 Surety the day and year here in above written and accepted for
..... (Name and Designation) on the day and year appearing against his signature.

Signed for and on behalf of the Obligator (..... Name of the AIM Grantee)

(Name and Designation of the Signatory)
(With date and Stamp / Seal)

Signed for and on behalf of the Surety (..... Name of the Surety) with
copy of Registration Certificate and PAN

(Name and Designation of the Signatory)
(With date and Stamp / Seal)

In the presence of:

1.....
(Signature)
(Name & Address of witness)
Aadhar Card No/PAN No..... (attach copy)

2.....
(Signature)
(Name & Address of witness)
Aadhar Card No/PAN No..... (attach copy)

Accepted for and on behalf of the President of India

ANNEXURE VII - CRITERIA FOR EVALUATION

The indicative criteria that may be used for evaluation of the applications are as below. Please note that criteria is subject to periodic review.

Parameter	Components
Eligibility Check	<ul style="list-style-type: none"> ● Submission of Mandatory Documents ● Commitment of the minimum built up space requirement ● 3+ Years of Existence of the Applicant at the date of closing of the application ● Applicant should be profitable in the last three years
Parameters to filter out institutes with weak research / innovation ecosystem	(Academic / Research Institutions) <ul style="list-style-type: none"> ● Number to teaching faculty members ● Number of faculty members with Ph.D. ● Number of patents filed / granted Prior experience in the area of innovation and entrepreneurship
Proposed Business Plan and Sustainability Plan for the AIC	<ul style="list-style-type: none"> ● Overall strengths and weakness of the proposed business plan as well as the action plan for implementation of the AIC ● Support offered to the incubatees ● u and deliverables for the project period ● Experience and background of the proposed team, board and other officials ● Experience and background of the applicant ● Number and diversity of partners proposed ● Location of the AIC ● Proximity to other Incubators ● Sector focus ● Usage of the Grant-in-Aid ● Financial sustainability plan
Contribution of the Applicant	<ul style="list-style-type: none"> ● Proposed contribution of the applicant towards the project cost ● Non-financial resources of the applicants that the AIC can leverage up on
Any Other	<ul style="list-style-type: none"> ● Any other criteria that the AIM Mission Directorate deems fit and is in line with the National Objectives ● Special consideration for incubators present in remote areas / hilly areas / areas with strong ecosystem presence

ANNEXURE VIII - SPV GUIDELINES

Guidelines for Setting Up of Special Purpose Vehicle (SPV) For Establishment of Atal Incubation Centre (AIC)

- I. The name of the SPV should be “AIC - <Promoter / Host Institution’s name>”
- II. In case there is a single Promoter / Host Institution, such a Promoter / Host Institution should have 100% shareholding in the equity structure of the SPV. Any change in the equity structure or inclusion of any partners in the SPV shall be with the prior approval of Atal Innovation Mission, NITI Aayog.
- III. The SPV can be established by one or more collaborating entities (Consortiums). For the purposes of this application, one of the entities of the consortium shall be identified as the ‘Lead Member’. It is clarified that the Lead Member should also have majority (> 51%) Indian ownership and will continue to hold more than 51% shareholding of the SPV set up for the implementation of the AIC. The lead member shall be considered as the applicant for the purposes of this application. (hereinafter referred to as “Applicant”). It is hereby clarified that the ownership structure of the AIC may be changed post sanction and disbursement of Grant-in-Aid, with prior written approval of AIM, provided the ‘Lead member’ continues to hold more than 51% of the shareholding of the AIC and the majority ownership of the AIC remains Indian.
- IV. Special Purpose Vehicle established for establishing the Atal Incubation Centre (AIC) should be a ‘not for profit’ (Section 8 company) or a ‘for profit company’ under the Companies Act 2013. Please note that the SPV company needs to be limited by shares. A company limited by guarantee is not permitted to be used as an SPV.
- V. The main purpose for setting up of the Special Purpose Vehicle (SPV) is to establish Atal Incubation Centre (AIC). The main objectives to be included under the object’s clause in the Memorandum of Association in case of the SPV are given as below:

“To set up and implement the Atal Incubation Centre (AIC) in partnership with Atal Innovation Mission, NITI Aayog with an objective of supporting innovative technology-based startup enterprises in India. The AIC shall endeavour to implement the following:

1. Establish a high-class incubation facility, including but not limited to: (a) suitable physical infrastructure and operating facilities, and (b) affiliations with sectoral experts.
2. Enable support ecosystem for incubated startups, including but not limited to: mentoring, planning, organizing events, lab facilities, regulatory guidance, etc.
3. Provide preference in support to startups or innovators that have applications / impact in the core sectors of the economy (e.g. agriculture, healthcare, clean energy and sustainable technologies, education, housing, transportation, Cyber security, IOT, Robotics and AI, water and sanitation, etc.)

4. Encourage innovation in the Indian ecosystem, through activities such as, but not limited to, (a) awareness workshops, (b) training and capacity building, (c) mentoring support, to early stage startup enterprises
5. Encourage creation of new technologies and intellectual property.
6. To support and carry out any other activity relevant to promotion and incubation of startups in the country."

VI. A SPV by the virtue of its name (A Special Purpose Vehicle) is created to carry out a special purpose. In this case, the special purpose is implementation of the AIC. The constitutional documents of the company should not contain anything in contravention to the contract which is being signed by the applicant, for e.g. – opening a dhaba/ dharamshala; buying land; buying and selling shares in the equity market. Refrain from mentioning any purpose/clause in the constitutional documents of the special purpose vehicle which are in contradiction to the principle of the SPV as well as the Memorandum of Agreement being signed with NITI Aayog.

In-case the applicant wants to add sub-clauses in furtherance to the above clauses for conducting the operations of the SPV, it may do so but it should be aligned with the broad objective of setting up the AIC.