

Technology Business Incubator (TBI)

GUIDELINES AND PROFORMA FOR SUBMISSION OF PROPOSALS



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Government of India
Ministry of Science & Technology
Department of Science & Technology
National Science & Technology Entrepreneurship Development Board
Technology Bhawan, New Mehrauli Road
New Delhi-110016

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TECHNOLOGY BUSINESS INCUBATOR (TBI)

1.1 Introduction

Business incubation has been globally recognized as an important tool for job creation and economic development. National Science and Technology Entrepreneurship Development Board of the Department of Science and Technology, Govt. of India is supporting Technology Business Incubators primarily in and around academic, technical and management institutions to tap innovations and technologies for venture creation by utilizing expertise and infrastructure already available with the host institution. Recently non-academic institutions have shown interest in setting up TBIs. Technology based new enterprises are high risk and high growth ventures, and require an enabling environment like TBI to enhance the prospects of their success. There are different variants of incubators like - Technology Business Incubators (TBIs); Innovation Hubs; Centers for Innovation & Entrepreneurship; Virtual Incubators and Seed Accelerators. We shall here only discuss Technology Business Incubators supported by Department of Science & Technology.

1.2 Objectives of TBI

- To create jobs, wealth and business in alignment with national priorities.
- To promote new technology/knowledge/innovation based startups.
- To provide a platform for speedy commercialization of technologies developed by the host institution or by any academic/technical/R&D institution or by an individual.
- To build a vibrant startup ecosystem, by establishing a network between academia, financial institutions, industries and other institutions.
- To provide cost effective, value added services to startups like mentoring, legal, financial, technical, intellectual property related services.

1.3 Eligibility for Submission of a Proposal of TBI

- a. The proposal to be submitted by an Academic/Technical/R&D Institution [called Host Institute (HI)] and other institutions with a proven track record in promotion of technology based entrepreneurship. The host institute is supposed to have adequate expertise and infrastructure to support incubation activity.
- b. In case, the host institute is other than an academic institution, it should be a legal entity registered in India with the clear purpose and objective of promoting research, innovation and entrepreneurial ecosystem. It would be desirable to have partnership with at least one academic institute of repute/ technical institutes of repute/existing TBIs or STEPs/institutions/government bodies engaged in promotion of innovation and entrepreneurship.
- c. The financial support for establishing a TBI would be extended to a not-for-profit legal entity registered as a society/trust/section 8 company. DST encourage a TBI to collaborate with an industry, an academic institution and with other institutions of repute focusing on innovation, research, commercialization and start-up promotion.
DST does not support for-profit incubators.

- d. The host institution should be in existence for at least 3 years. This will not apply to entities created by the central government or state governments.
- e. A Pure R&D proposal for academic pursuits and industrial consultancy will not be eligible for support.
- f. The proposals which are not complete or do not meet eligibility criteria will not be considered.

1.4 Submission of Proposal

- a. Proposal (two hard copies + soft version in MS word document) in the prescribed proforma which is available at <http://www.nstedb.com/institutional/tbi.htm> along with the necessary enclosures including consent for Terms & Conditions. The proposal should be forwarded by the Head of the Host Institute along with the endorsement as per the Annexure-I & II. The proposal should be sent to the following address:-

The Member Secretary,
National Science & Technology Entrepreneurship Development Board,
Department of Science & Technology,
Technology Bhawan,
New Mehrauli Road,
New Delhi-110016.

Telefax: (011) 26517186
E-mail : hk.mittal@nic.in
Web-site: www.nstedb.com

- b. Enclosures to be submitted with the proposal by the institutions other than the Publicly Funded Institutions

1. Registration Certificate of the Host Institute	One Copy
2. Memorandum of Association of the Host Institute	One Copy
3. Audited Statement of Accounts for the last three years	One Copy each
4. Annual Reports for the last three years	One Copy each

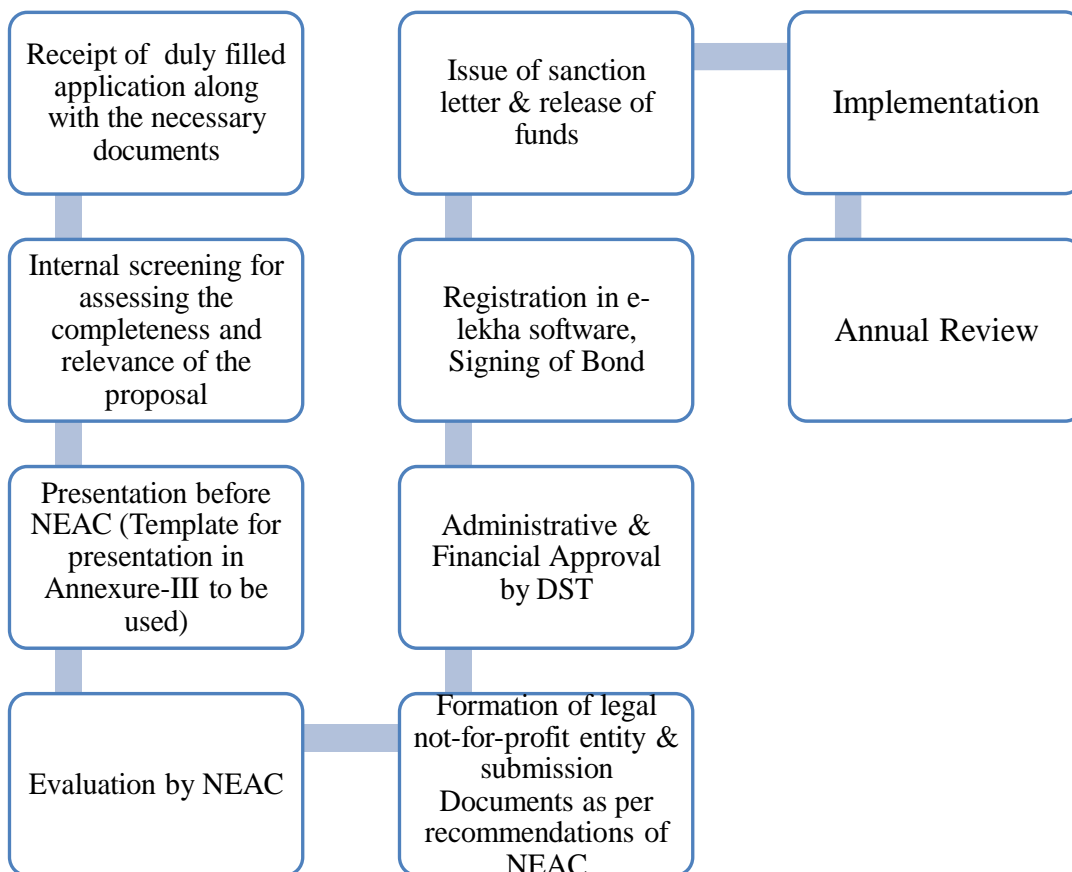
1.5. Acceptance and Processing of Application

The proposals are received throughout the year, however the National Expert Advisory Committee (NEAC) on Innovation, Incubation and Technology Entrepreneurship meets at least twice in a year. Any proposal submitted up to one month before the meeting will be placed before the NEAC.

1.6. Evaluation of Proposal

The proposals are evaluated based on the merit and the capability of the Host Institution in promoting technology based *startups*. The evaluation is done by the National Expert Advisory Committee on Innovation, Incubation and Technology Entrepreneurship, constituted by the Department consisting of experts in the domain of R&D, technology development & commercialization, entrepreneurship etc. The Department shall take a final decision to support the TBI based on the recommendation of the Committee.

EVALUATION PROCESS FLOW CHART



The following broad parameters are used for evaluation of the proposals –

- Preparedness of Host Institute (HI)/TBI
- Team proposing TBI at the HI and capability of HI for promoting startups and innovations.
- Approach and Methodology to be adopted, innovative content and pipeline of potential incubatees.
- Assessment of TBI reaching projected milestones, co-funding and sustainability of TBI.

1.7 Pre-requisites for Release of Funds

Once the proposal for TBI is agreed in-principle by DST, the process for the sanction of TBI and subsequent release of funds would be taken up after ensuring the following preliminary

actions are taken by the Host Institution:-

- (i) Registration of TBI as not for profit society/trust or a section 8 company by the Host Institution.
- (ii) Creation of a separate interest bearing bank account under the name of registered TBI.
- (iii) Earmarking of a minimum of 10000 sq. ft of furnished space for hosting the TBI. The NEAC may examine higher or lower requirements of space on a case to case basis.
- (iv) The minimum period of lease for which the HI should provide land & building is 15 years. It is assumed that HI would continue to provide support beyond the initial lease period. The commitment letter from HI should be enclosed for the same.

1.8 Implementation

- (i) After in-principle approval of the Department of Science and Technology for supporting a TBI, the grant for TBI would be released only after ensuring that all pre-requisites have been fulfilled.
- (ii) The TBI will be administered by the apex body called Governing Body. The Governing Body needs to be chaired by the Head of the Host Institution. The Governing Body of the TBI should meet every six months to review progress of TBI and provide policy guidelines for the operations of TBI. HI and TBI should ensure that the operations of TBI are in line with the sanctioned proposal and activities are tailored to attain projected milestones. The Government Body should provide adequate autonomy and flexibility to the Chief Executive Officer (CEO) to make speedy & transparent decisions.
- (iii) Technology Business Incubator is a specialized facility, hence for its proper day to day operation and management, competent manpower must be recruited. Each TBI would have a dedicated CEO & a compact team with domain knowledge and management expertise, who work full time for TBI.
- (iv) Host institution would constitute a selection committee with a DST nominee as a member for the selection of the CEO. A suitable incentive mechanism (share of surplus, earning of TBI, equity stake, etc) should be evolved by the host institution for the CEO and his team. HI shall be free to decide on the remuneration of CEO. The DST grant for the salary for the CEO will be limited to Rs.1.50 lakhs p.m. or actual whichever is lower. This limit of Rs.1.50 lakhs is fixed in the year 2015-16 and would get revised every year with a hike in salary of 10%.
- (v) The TBI would evolve a transparent system for selection of incubatees. The incubatees should be admitted fulfilling the admission criteria. TBI should execute appropriate agreement with incubatees. The residency period and the exit policy may also be defined clearly in the agreement.
- (vi) Each TBI is required to have a web-site of its own and should update it on a quarterly basis including the details of incubatees.

1.9 Monitoring

The continuation of support and annual funding *to the TBI* is entirely performance based and will be reviewed by the NEAC every year. The performance is monitored both in quantitative and qualitative manner by the NEAC. As and when it is felt necessary, a team constituted by DST may be sent for monitoring the progress of the TBI. In case of significant shortfall in the progress, the support may also be terminated mid-term upon the recommendation of NEAC. It is expected that the TBI attains self-sustenance at the end of five years.

2. GENERAL GUIDELINES

- (i) DST/NEAC has priority areas for supporting TBIs. The current focus areas are manufacturing, agriculture, healthcare, clean-tech, energy, water and Internet of Things (IOT).
- (ii) To apply for hosting TBI, the host institution should fulfill the criteria of eligibility as given in para 1.3.
- (iii) The proposal should be accompanied by both forwarding letter by the Host Institute (HI) and endorsement from the Head of the Institution. In case of educational institute (Head of the Institution) should forward the proposal. In case of partnership with state government institutions/state corporations/other institutions of repute the application should be forwarded by the Head of the partner institution. The application can also be forwarded by the State S&T Councils if they are partners in setting up TBIs.
- (iv) A copy of Bye Laws/Memorandum of Association in case of registered Society/Trust, Registration Certificate of the Private/other organizations acting as a Host Institute is to be attached with the proposal. In case of incubators in non-academic institutions, if they have partnership with other academic institutions, R&D organizations or industries, a copy of MoU should be submitted along with the application.
- (v) In case of sector specific incubators/technology incubators, the support for capital equipment for the use of incubatees would be considered by DST in the first year of initial sanction of the TBI while in case of non-sector specific incubators it will be considered after 4-5 incubatees are in place or TBI has completed at least one year of operation. A provision of annual maintenance of the equipments may be built in the annual recurring costs after the expiry of warranty period of the equipments.
- (vi) The incubator may apply separately under Seed Support System (SSS) scheme of DST after minimum of 5 number of incubatees are in place and there is a genuine requirement of seed support for nurturing the incubatees to take their start ups to next level. The guidelines and the proforma for application for Seed support may be accessed at http://www.nstedb.com/institutional/Guidelines_for_SSS.pdf
- (vii) The annual accounts/balance sheet of TBI as presented to the Governing Body along with the annual report are required to be made available to DST.
- (viii) It is expected that at the end of five years the TBI becomes self sustainable and no further support is requested from DST. It would be responsibility of the Host Institution and the Governing Body of the TBI to ensure the smooth continuation of activities after completion of 5 yrs.
- (ix) The release of grants after the first year and each subsequent year is subject to satisfactory performance of TBI. For this purpose the progress of work and achievement of milestones is to be sent by TBI to DST in the prescribed format.

- (x) In case of any kind of problem in the implementation of the programme, the same needs to be documented properly and brought to the knowledge of the TBI Governing Body and then to DST as early as possible. This will include inability to get adequate number of incubatees, frequent leaving of incubatees, inability to meet targets all along etc. In view of the problems, an action plan has to be sent to DST.
- (xi) Non-performance and non-compliance to the conditions required for sustainable incubation may result in discontinuation of further support and refund of unspent DST grant.

3. TERMS AND CONDITIONS

- (i) As per the latest instruction by Controller General of Accounts (CGA), Government of India, the grantee institution is required to register at CGA website (<http://pfms.nic.in>) to facilitate release of funds.
- (ii) All TBIs are required to execute a Bond (in prescribed proforma) on a non-judicial stamp paper before any grants-in-aid are released to them.
- (iii) The Host Institute /Governing Body of TBI would put in place a proper mechanism for ensuring proper implementation and execution of Technology Business Incubator (TBI). This mechanism is through a Committee known as the Project Evaluation & Monitoring Committee. This Committee consists of representatives of the DST, technical experts and financial experts.
- (iv) The furnished space provided to the TBI by the Host Institute should be on long term lease basis and in the name of not-for-profit entity created for the TBI. The minimum period of lease for which the HI should provide land & building is 15 years and HI should ensure that it will continue to provide support beyond the initial lease period. The commitment letter should be enclosed for the same.
- (v) The grant being released should be exclusively spent for the specified purpose for which it has been sanctioned within the stipulated time. Any unspent balance out of the amount sanctioned, including interest accrued, would be refunded to the Govt. of India by means of an Account's Payee Demand Draft drawn in favor of Drawing & Disbursing Officer, Department of Science & Technology, payable at New Delhi.
- (vi) The grantee shall furnish to Department of Science and Technology, utilization certificate and an audited statement of accounts pertaining to the grant as per the prevalent financial rules of Government of India.
- (vii) The grantee is required to send two copies each of following to Department of Science and Technology at the end of each financial year as well as at the time of seeking further installments of the grant, if any.
 - a. Progress report (hard & soft copy);
 - b. Audited statement of accounts relating to the amount sanctioned; and
 - c. Utilization certificate, in the prescribed proforma,

- (viii) All the assets acquired or created from the grant shall be installed in the premises of the TBI and not in any other department/Division of the host institute, unless specifically approved by the Department of Science and Technology on the recommendation of the NEAC.
- (ix) Assets acquired wholly or substantially out of government grant, except those declared as obsolete and unserviceable or condemned in accordance with the procedure laid down in the General Financial Rules (GFR), shall not be disposed off without the prior approval of the Department of Science and Technology.
- (x) TBI would maintain a record of all the capital equipments procured and once these are unserviceable/obsolete/unusable they should be disposed with a prior permission for assets more than Rs.1.00 lakh from the Department of Science and Technology. The fund thus generated from disposal of capital equipments should be flowed back for TBI activities.
- (xi) Concerned officers of DST or its authorized representatives may visit the organization/TBI for ascertaining the progress of work and attempt to resolve any difficulties that might be encountered in the course of implementation.
- (xii) The Controller and Auditor General (CAG) of India at his discretion shall have the right of access to the books of account for the grant received from the Government.
- (xiii) The grantee will maintain separate audited accounts for the grant. The funds released should be kept in a separate bank account earning interest, the interest earned should be reported to the Department of Science and Technology. The interest thus earned will be treated as a credit to the organization to be adjusted towards further installments of the grant, if any.
- (xiv) The grantee must not entrust the implementation of the work for which the grant is being sanctioned to another institution and divert the grant receipts as assistance to the latter institution. In case the grantee itself is not in a position to execute or complete the project, it may be required to refund forthwith the Department of Science and Technology, the entire amount of grants-in-aid received by it.
- (xv) DST reserves the right to terminate support to the project at any stage, if it is convinced that the grant is not being utilized properly or that appropriate progress in the project work is not being made.
- (xvi) Where support has been provided by DST under specific conditions accepted by a grantee institution and if it does not comply with these conditions, it will be liable to refund the grant already received in such a manner as may be required by the Government and no further DST grant will be allowed to such an institution.

- (xvii) DST will not have any liability towards the manpower appointed by the grantee institution for implementation of the project.
- (xviii) DST will have no responsibility in case of any loss is caused to any life or property due to accident, fire or any other reasons. The Host Institute is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to TBI.
- (xix) The DST will have no liability on account of any omission or commission of regulatory/statutory requirement by the TBI or its incubatees and their companies.
- (xx) The Grantee will indemnify, defend and hold harmless the Department of Science and Technology (Grantor) 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 the Grantor may incur as a result of any negligent or willful acts or omissions of the Grantee.