



GOVERNMENT OF INDIA

GUIDELINES

**For the Implementation of Up-Scaled
“Support for Entrepreneurial and Managerial
Development of MSMEs through Incubators”**

**A Component of
National Manufacturing Competitiveness Programme
(CLCS-TUS)**



Micro, Small & Medium Enterprises

सूक्ष्म, लघु एवं मध्यम उद्यम

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

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ABBREVIATIONS

BI	–	Business Incubators
BE	–	Business Enablers
DC	–	Development Commissioner
DIP&P	–	Department of Industrial Policy and Promotion
DST	–	Department of Science and Technology
DSIR	–	Department of Scientific and Industrial Research
EAT	–	Expenditure Advance Transfer
FA	–	Financial Advisor
HI	–	Host Institute
O/o DC(MSME)	–	Office of Development Commissioner(Micro, Small and Medium Enterprises)
M/oMSME	–	Ministry of Micro, Small & Medium Enterprises
MSEs	–	Micro and Small Enterprises
MSME – DI	–	MSME-Development Institute
MSME	–	Micro, Small & Medium Enterprises
NSIC	–	National Small Industries Corporation
NMCP	–	National Manufacturing Competitiveness programme
NMIU	–	National Monitoring and Implementation Unit
IA	–	Implementing Agency
PoC	–	Proof of Concept
SPM	–	Special Purpose Machine
PFMS	–	Public Fund Management System

Support for Entrepreneurial and Managerial Development of MSMEs through Incubators

1.0 BACKGROUND

Globally, technology and its rapid expansion and adoption is becoming a critical factor in is impacting almost all sectors. Technology is also deciding the way Micro, Small and Medium Enterprises (MSMEs) expand in the global economy while playing an important role in the national economic development.

driving economic growth. The rise of technologies such as artificial intelligence, Internet of Things as well as blockchain

The Finance Minister's Budget speech of 2018-19 specifically mentions the importance of block chains and artificial intelligence while protecting our (big) data through cyber security. In this rapidly changing world, competitiveness of MSMEs needs to be maintained through continuous innovation and to build adequate support infrastructure to nurture such innovation. We need to have Business Incubators (BI) for enabling the MSMEs to develop innovative ideas that are not only useful for MSMEs but also for the complete industrial ecosystem. BIs are also required for assisting in commercialization of such ideas thereby accelerate such technologies from ideas to successful businesses and generate employment opportunities. The BIs will act as Entrepreneurship Support Organisation while Enablers will accelerate the revenue of MSMEs through technology and commercial inputs.

The components under the program will include mentoring support in business and technology, networking with other businesses, seed capital assistance, professional assistance to make the enterprise successful and achieve higher growth. Technology based new enterprises are typically characterized as high risk and high growth ventures, and as such, they require an enabling environment like BI to enhance the prospects of success.

2.0 OBJECTIVE

2.1 The main objective of the scheme is to promote & support untapped creativity of individual and to promote adoption of latest technologies in manufacturing as well as knowledge based innovative MSMEs (ventures) that seek the validation of their ideas at the proof of concept level. The scheme also supports engagement with Enablers who will advise such MSMEs in expanding the business by supporting them in design, strategy and execution. The Enablers will play a pivotal role and would be integral part of the business development.

3. COMPONENTS OF SCHEMES

3.1 Registration as Host Institute (HI)

Institutions such as Technical colleges, universities, other professional colleges/institutes, R&D institutes, NGOs involved in relevant activities, Entrepreneurs Development Centre (EDCs), MSME-DIs/Technology Centers (TCs), DICs or any institute/organization of Central/State Govt. may apply for HI and set up a Business Incubator (BI). HIs registered under previous scheme need to re-register themselves through online MIS to avail benefits of the scheme..

Institutes in the North East Region will be given priority for supporting BIs. The HIs/BIs should also encourage participation from women/ SC/ST candidates for the inclusive implementation of the scheme.

3.2 Awareness Programme

Awareness Programmes to sensitize and create awareness amongst MSMEs/ Students about the benefits of the scheme will be funded @ Rs.0.70 lakhs per programme. NMIU/IA will conduct these programmes. Place and venue of the programme may be decided by NMIU/IA.

3.3 Workshop

The objective of the Workshop is to have interaction amongst various stakeholders i.e MSMEs, technical institutes, engineering colleges and R & D institutes and other relevant participants to evolve strategies for solving problems arising during execution of activities undertaken through the scheme. Workshops will be organized by NMIU/IA with the involvement of various stakeholders and such Workshops will be funded @ Rs. 5 lakhs per day for national level and Rs. 3 Lakh per day for regional level workshop. Place and venue of the workshop may be decided by NMIU/IA.

3.4 Grant in Aid support to Host Institutes (HIs)

Govt Grant in Aid support will be provided to approved Host Institutes (HIs) for incubation related defined activities. HIs may submit proposal as per format through concerned Implementing Agency (IA). IA after due diligence may forward the proposal with recommendations to NMIU. Evaluation Committee constituted at NMIU level will consider and forward deserving proposals to O/o DC-MSME for approval. Govt. of India shall provide Grant in Aid through NMIU as mentioned below.

3.4.1 Grant in Aid support for Plant and Machinery to HI up to Rs. 1.00 cr. (max)

HIs shall be provided grant of up to Rs. 1.00 Cr. for procurement and installation of relevant plant and machines including hardware and software etc. in BI in order to strengthen the technology related R&D activities and common facilities for incubatees of BI. This grant will be provided in two equal installments of Rs. 50.00 lakh each. Costs

over and above of Rs. 1.00 cr, if any, would be met by HI at its own. Cost towards land, building is not covered under this grant. Institutes approved as Host Institutes in the previous scheme may also be considered for this support subject to eligibility. The list of plant, machines and all other items may be finalized as per the need of HI in consultation with IA and other relevant institutes.

Grant will be released in two instalments:

- i. 1st installment of 50% of the approved amount may be released after approval of the proposal as per procedure. This should preferably be utilized by HI within 6 months of receipt of funds.
- ii. 2nd installment of 50% of the approved amount may be released after utilization of 80 % of 1st installment and submission of physical verification report by concerned IA. This should preferably be utilized within 3 months of receipt of funds.

3.4.2 Grant in Aid to HI for developing and nurturing the ideas up to max. Rs. 15.00 lakh per idea

Govt assistance up to max. Rs. 15 lakh per idea shall be provided to HI. Preferably, the duration of the project/idea is one year, however, the same can be extended depending upon the circumstances. For students, the contribution will be Nil and for MSMEs/others, contribution will be 15 % of total project cost. Funds will be released in following two instalments:

1. 70% of the approved project cost as per Table after approval of the idea by committee and signing of agreement between Host Institute and Incubatee.
2. 30% of the approved project cost after utilization of 80 % of 1st installment utilized and submission of physical verification report by concerned Implementing Agency (IA).

In case, an Incubatee leaves the idea / project unfinished, then the work / development done by the incubatee can be progressed by HI by engaging other deserving incubate(s) to further completing the idea / project, if considered worthy by the HI.

3.4.3 SEED Capital support fund for setting up of Startups:

Assistance of up to Rs.1.00 cr as grants in aid for the seed capital support to appropriate Incubates shall be provided. Financial assistance may be given in the form of soft loan, interest free loan, equity participation, grant or combination of these etc.

Various expert agencies may be empanelled as Business Enablers with the approval of PMAC and they will play a pivotal role in commercialization of ideas. They

will get associated with projects/ideas at the time of seeking SEED capital support. Enablers will prepare business plans of ideas for its commercialization and also conduct market survey and provide necessary consultancy or advisory services on various issues involved in commercialization of idea. Business plan should also include recovery mechanism of SEED capital support to HI so as to be utilized for other projects. They will play a crucial role in getting the MSME selected for Proof of Concept validation as well as the seed funding round. Process and methodology for engaging Enablers will be decided and approved by committee. Fees paid to Enablers will be covered under the SEED Capital support fund.

3.5 Publicity, Branding and Mobilization:

Documentary/short films, preparation of book of knowledge and any other related activity may be undertaken under this component.

3.6 Miscellaneous Expenses

Expenses towards Project related domestic/foreign travel, participation in National/International seminars/conclaves/trainings/study and other missions/exposure to innovative ventures etc., admin expenses, printing of guidelines, purchase of office automation equipment, hiring of manpower/experts/consultants etc., contingencies, assistance to IAs for their role in implementing the scheme etc. may be done as per procedure.

4. IMPLEMENTATION OF THE SCHEME

4.1 The scheme is proposed to be implemented up to financial year 2019-20.

4.2 A National Monitoring and Implementation Unit (NMIU) shall be setup in the O/o DC(MSME) for facilitation, implementation and monitoring of the scheme involving Implementing Agencies as per directions of PMAC.

4.3 Implementing Agencies (IAs) shall be at MSME DIs / TCs / Govt. of India/ State Government and its organizations. Detailed criteria of selection and role of IAs shall be laid down by NMIU with the approval of PMAC.

4.4 A Project Monitoring and Advisory Committee (PMAC) set up in the O/o DC,MSME will look after the planning, screening / identification of interventions / projects and such other functions as may be necessary to ensure effective implementation of the scheme. PMAC will be empowered to take all key decisions related to the scheme and to approve minor modifications/procedural changes in the guideline for operational expediency.

The constitution of PMAC will be as follows:

1.	AS&DC (MSME)	Chairman
2.	Joint Secretary, O/o DC MSME	Vice Chairman
3.	EA (IFW)/ Representative	Member
4.	JS DIPP/ Representative	Member
5.	Representatives of expert agencies	Member
6.	In- Charge, NMIU	Member
7.	Representative of Associations	Members
8.	ADC/ JDC In – charge of MSME-DIs/TCs at O/o DC (MSME) / Director of MSME –DIs /TCs concerned	Member
9.	JDC/ Director/ Nodal officer handling scheme in DC MSME	Member– Secretary
10.	Special invitees/ experts/ consultants/IAs	Member

PMAC will hold its meeting as and when required.

4.5 Portal/MIS will be developed for online operationalisation of scheme. Proposals will be submitted to IAs and after initial scrutiny; same will be put up to PMAC through NMIU for consideration and approval

4.6 Eligibility Criteria for MSMEs: All MSMEs registered under MSME Act 2006 as amended from time to time and also MSMEs which are included as per executive orders issued by Office of DC (MSME) consistent with MSME Act from time to time.