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Enterprenurship Development Under Government Support in India through Business Incubation

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Abstract

The specific requirement of the project, the structure of the instrument and its accuracy levels in measuring data, from business incubation community. The source of data needed to come from the four different important incubation players such as Business Incubator Managers, Incubatee Entrepreneurs, Academicians who are engaged in Business Incubation Activities and Policy Makers.

Keywords: Incubation manager; Entrepreneurship development; Government

Introduction

Importance of this study

This study is the first of its kind in India and therefore it is hoped that this study will provide some useful insights, policy implications and recommendation for new entrepreneurs who are attempting to introduce change and development to attract our nation's growth. This study is also expected to extend our understanding about the extent of successful entrepreneurship development and change polices in improving performance.

Research Methodology

The research methods involved in this study should be based on three phases.

In Phase I, crucial concepts to be generated using a variety of means such as literature review, focus group interviews and content analysis of relevant documents. In Phase two, the themes of the research are elaborated through open ended, non-standardized interviews. Finally, in Phase three, data are gathered using appropriate measuring instruments.

Phase II of the research was essentially qualitative in its design. Interviews to be conducted for the purpose of understanding the view of the Incubator Managers, Incubate Entrepreneurs, Academicians and Policy Makers.

Phase III of the research consisted of a quantitative survey, a questionnaire to be distributed to various Incubator Managers, Incubate Entrepreneurs, Academicians and Policy Makers. Survey research is particularly well suited for studying attitudes, opinions and orientations. A high response rate increases the probability that the respondents will accurately represent sample, thereby reducing the chance of bias Moore.

Five Generation of Innovation

1. Technology Push
2. Market Pull
3. Coupling of R&D and Marketing
4. Integrated Business Process
5. System Integration and Networking

Results, Discussion and Conclusion

Defining entrepreneur

A person who organizes and operates a business or businesses, taking on greater than normal financial risks in order to do so.

Someone who basically:

1. Becomes aware of a need (product or service)

2. Creates a business to fulfil that need

Due to the nature of entrepreneurs, they cannot be summarized in one definitive way but they all have common traits. These are some of the most common:

- **Flexible**-able to work whenever needed
- **Self motivated**-can motivated themselves to take action
- **Good Common sense**-Can make judgments sensibly and accurately
- **Good timing**-requires patience and know when to jump in and get things done!

There are also multiple types of entrepreneur and these can be broken down to the acronym

'SMILE'

S System, someone who is happy to buy a proven system and use it (eg. franchisee)

M Money, someone who measures their success by the number in the bank

I Innovator, the creative among you who enjoy developing new ideas

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L Lifestyle, for those who want their hobby as their job and to earn money from it

E Empire builders, those who want power and influence and to see their brand.

Ups and downs of being an entrepreneur

Can make a lot of money: The richest people in the world are entrepreneurs of one business type or another.

Risk: The financial risk in starting up a company does not guarantee a fixed flow of income for yourself or your loved ones at first.

Independence: Many people don't like to be answerable a boss and prefer being in control of their working lives. They are leaders as opposed to followers.

Time: Running a business may be heavily demanding on your time.

Control: Being in charge of how time is spent and other areas of work management lead to greater autonomy and control over life.

Isolation: Many people starting their own business may feel lonely of not properly supported. It is a different work culture and requires a great deal of self-motivation. To reduce the risk factor to the budding entrepreneurs Government of India launched DST in 1997 which objectives give below.

Literature Survey

Department of Science and Technology (DST)

Department of Science and Technology (DST) was established in May 1971, with the objective of promoting new areas of Science and Technology and to play the role of a nodal department for organizing, coordinating and promoting S and T activities in the country.

The Department has major responsibilities for specific projects and programmes as listed below:

1. Formulation of policies relating to Science and Technology.

2. Matters relating to the Scientific Advisory Committee of the Cabinet (SACC).

3. Promotion of new areas of Science and Technology with special emphasis on emerging areas.

a) Research and Development through its research institutions or laboratories for development of indigenous technologies concerning bio-fuel production, processing, standardization and applications, in co-ordination with the concerned Ministry or Department.

b) Research and Development activities to promote utilization of by-products to development value added chemicals.

4. Futurology.

5. Coordination and integration of areas of Science and Technology having cross-sectoral linkages in which a number of institutions and departments have interest and capabilities.

6. Undertaking or financially sponsoring scientific and technological surveys, research design and development, where necessary.

7. Support and Grants-in-aid to Scientific Research Institutions, Scientific Associations and Bodies.

8. All matters concerning:

(a) Science and Engineering Research Council;

(b) Technology Development Board and related Acts such as the Research and Development Cess Act, 1986 (32 of 1986) and the Technology Development Board Act, 1995 (44 of 1995);

(c) National Council for Science and Technology Communication;

(d) National Science and Technology Entrepreneurship Development Board;

(e) International Science and Technology Cooperation including appointment of scientific attaches abroad (These functions shall be exercised in close cooperation with the Ministry of External Affairs);

(f) Autonomous Science and Technology Institutions relating to the subject under the Department of Science and Technology including Institute of Astro-physics and Institute of Geo-magnetism;

(g) Professional Science Academies promoted and funded by Department of Science and Technology;

(h) The Survey of India, and National Atlas and Thematic Mapping Organization;

(i) National Spatial Data Infrastructure and promotion of G.I.S;

(j) The National Innovation Foundation, Ahmedabad.

9. Matters commonly affecting Scientific and technological departments/organizations/institutions e.g. financial, personnel, purchase and import policies and practices.

10. Management Information Systems for Science and Technology and coordination thereof.

11. Matters regarding Inter-Agency/Inter-Departmental coordination for evolving science and technology missions.

12. Matters concerning domestic technology particularly the promotion of ventures involving the commercialization of such technology other than those under the Department of Scientific and Industrial Research.

13. All other measures needed for the promotion of science and technology and their application to the development and security of the nation.

14. Matters relating to institutional Science and Technology capacity building including setting up of new institutions and institutional infrastructure.

15. Promotion of Science and Technology at the State, District, and Village levels for grass- roots development through State Science and Technology Councils and other mechanisms.

16. Application of Science and Technology for weaker sections, women and other disadvantaged sections of Society.

India is one of the top-ranking countries in the field of basic research. Indian Science has come to be regarded as one of the most powerful instruments of growth and development, especially in the emerging scenario and competitive economy. In the wake of the recent developments and the new demands that are being placed on the S and T system, it is necessary for us to embark on some major science projects which have relevance to national needs and which will also be relevant for tomorrow's technology. The Department of Science and Technology plays a pivotal role in promotion of science and technology in the country. The department has wide ranging activities ranging from promoting high end basic research and development of cutting edge

technologies on one hand to service the technological requirements of the common man through development of appropriate skills and technologies on the other.

Hon'ble Minister for Ministry of Science and Technology and Ministry of Earth Sciences.

The best solution to solve a problem of unemployment, in country like India, is to have as many Job Creators as possible, so we need Entrepreneurs. Various Government and Non Government agencies are doing lot of work to promote Entrepreneurship. Particularly Government of India is doing great work to promote Techno Entrepreneurship by providing support through various agencies under the umbrella of Department of Science and Technology (DST). Even it has established National Science and Technology Entrepreneurship Development Board under DST.

I will try to give information and study, mainly exploratory, related to these support activities to convert Techno-innovation to Techno Entrepreneurship by keeping main focus on Technology Business Incubation approach in India. Here I am trying to give conceptual model to establish relationship between Techno Innovation and Techno Entrepreneurship. And this will be substantiated by various Techno Innovation and Techno Entrepreneurship illustrations of real life.

Here, the major focus is given to Technology Business Incubation approach to support and create Techno Entrepreneurship from Techno-innovation. This paper will show a research gap, in the context of India, in the area of Techno -entrepreneurship through Technology Business Incubation. This can be further useful for research in broader sense in future in this context [1].

Entrepreneurship

Definition Entrepreneurship is neither science nor an art. It is the practice. It has acknowledged base. Peter Drucker Entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities. Entrepreneurship is a creative human act involving the mobilization of resources from one level of productive use to a higher level of use. "It is the process by which the individual pursue opportunities without regard to resources currently controlled."Entrepreneurship involves a willingness to take responsibility and ability to put mind to a task and see it through from inception to completion. Another ingredient of entrepreneurship is sensing opportunities, while others see chaos, contradiction, and confusion. Essence of Entrepreneurship is going against time with maturity and serving as a change agent.

Scope of entrepreneurship development in India

In India there is a dearth of quality people in industry, which demands high level of entrepreneurship development programme throughout the country for the growth of Indian economy. The scope of entrepreneurship development in country like India is tremendous.

Especially since there is widespread concern that the acceleration in GDP growth in the post reforms period has not been accompanied by a commensurate expansion in employment. Results of the 57th round of the National Sample Survey Organization NSSO) show that unemployment figures in 2003-04 were as high as 8.9 million. Incidentally, one million more Indian joined the rank of the unemployed between 2005-06 and 2007-08.

The rising unemployment rate (9.2% 2008 est.) in India has resulted on growing frustration among the youth. In addition there is always problem of underemployment. As a result, increasing the entrepreneurial activities in the country is the only solace. Incidentally, both the reports prepared by Planning Commission to generate employment opportunities for 10 crore people over the next ten years have strongly recommended self-employment as a way-out for teaming unemployed youth. We have all the requisite technical and knowledge base to take up the entrepreneurial challenge. The success of Indian entrepreneurs in Silicon Valley is evident as proof. The only thing that is lacking is confidence and mental preparation. We are more of a reactive kind of a people. We need to get out of this and become more proactive. What is more important than the skill and knowledge base is the courage to take the plunge. Our problem is we do not stretch ourselves. However, it is appreciative that the current generations of youth do not have hang-ups about the previous legacy and are willing to experiment.

These are the people who will bring about entrepreneurship in India. At present, there are various organization sat the country level and state level offering support to entrepreneurs in various ways. The Govt. of India and various State Government has been implementing various schemes and programmes aimed at nurturing entrepreneurship over last four decades. For example, MCED in Maharashtra provides systematic training, dissemination of the information and data regarding all aspects of entrepreneurship and conducting research in entrepreneurship. Then there are various Govt. sponsored scheme for the budding entrepreneurs. Recognizing the importance of the entrepreneur development in economic growth and employment generation, Maharashtra Economic Development Council (MEDC) has identified entrepreneurial development as the one of the focus area for Council activities two years ago. Various Chambers of Commerce and apex institutions have started organizing seminars and workshops to promote entrepreneurship. Incidentally, various management colleges have incorporated entrepreneurship as part of their curriculum. This is indeed a good development. This shows the commitment of the Govt. and the various organizations towards developing entrepreneurial qualities in the individuals

History of Entrepreneurship in India

The history of entrepreneurship is important worldwide, even in India. In the precolonial times the Indian trade and business was at its peak. Indians were experts in smelting of metals such as brass and tin. Kanishka Empire in the 1st century started nurturing Indian entrepreneurs and traders.

Following that period, in around 1600 A.D., India established its trade relationship with Roman Empire. Gold was pouring from all sides. Then came the Portuguese and the English. They captured the Indian sea waters and slowly entered the Indian business. They forced the entrepreneurs to become traders and they themselves the role of entrepreneurs. This was the main reason for the downfall of Indian business in the colonial times which had its impact in the post-colonial times too. The colonial era make the Indian ideas and principles rigid.

A region of historic trade routes and vast empires, the Indian subcontinent was identified with its commercial and cultural wealth for much of its long history. Gradually annexed by the British East India Company from the early eighteenth century and colonized by the United Kingdom from the mid-nineteenth century, India became an independent nation in 1947 after a struggle for independence that was marked by widespread nonviolent resistance. It has the world's

twelfth largest economy at market exchange rates and the fourth largest in purchasing power. Economic reforms since 1991 have transformed it into one of the fastest growing economies however, it still suffers from high levels of poverty, illiteracy, and malnutrition. For an entire generation from the 1950s until the 1980s, India followed socialist-inspired policies. The economy was shackled by extensive regulation, protectionism, and public ownership, leading to pervasive corruption and slow growth. Since 1991, the nation has moved towards a market-based system. Entrepreneurship is the result of three dimensions working together: conductive framework conditions, well-designed government programmes and supportive cultural attitudes. Across these three perspectives of entrepreneurship, two major conclusions are apparent. Firstly, the economic, psychological and sociological academic fields accept that entrepreneurship is a process. Secondly, despite the separate fields of analysis, entrepreneurship is clearly more than just an economic function.

There were three distinct classes in village India: (i) the agriculturists, (ii) the village artisans and menials, and (iii) the village officials. The agriculturists could be further divided into the land-owning and the tenants. Labor and capital needed was either supplied by the producers themselves out of their savings or by the village landlord or by the village moneylender. These credit agencies supplied finance at exorbitant rates

Graphics analysis: It is a most crucial part the incubators must associate himself with various organizations like ISBA–Indian Science Park and Business Incubators Association, APIN–Asia Pacific Incubation Network, AAIN–Asian Association of Incubation Network etc (Figures 1-6).

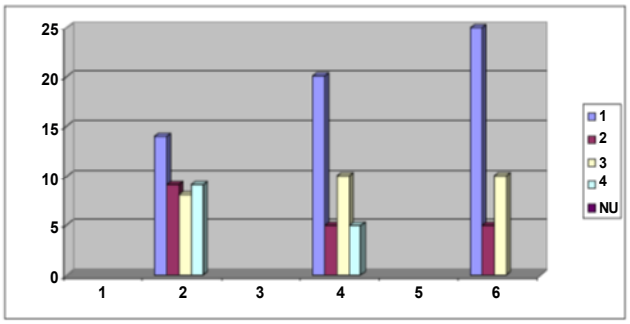

Figure 1: Your feedback on the perceived value of physical resources on facility related services.Incubation centre provide you with: if you are not utilizing any facility please write not used (nu).

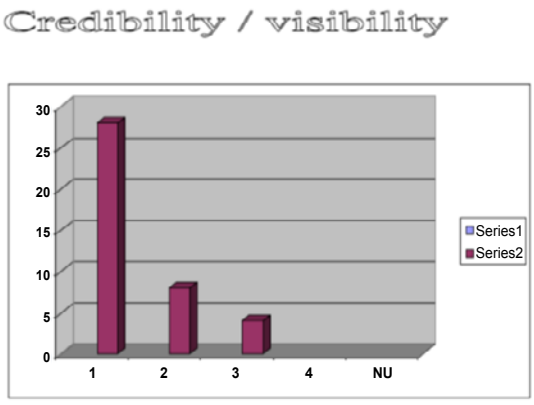

Figure 2: Incubators are constantly doing road shows, seminars and advertisement to enhance their visibility.

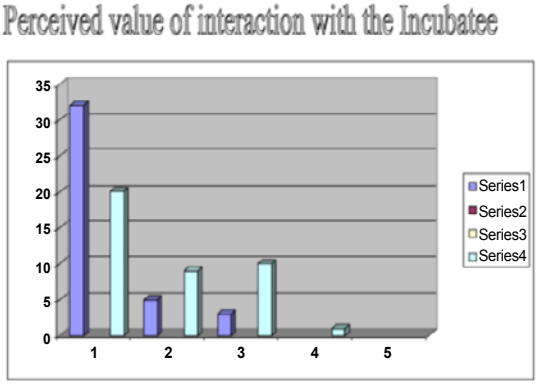

Figure 3: Incubation Managers are periodically meet their incubates through various forums to understand their needs.

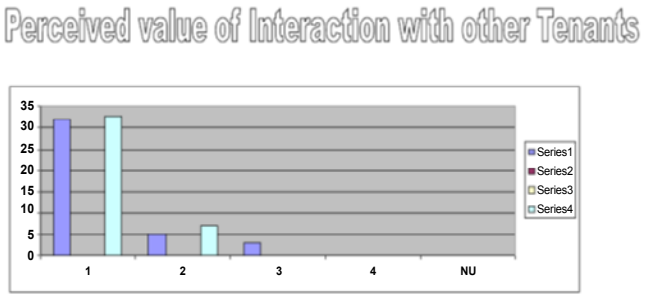

Figure 4: In the interactive meetings one incubates can meet other tenants and exchange their incubation industry experience.

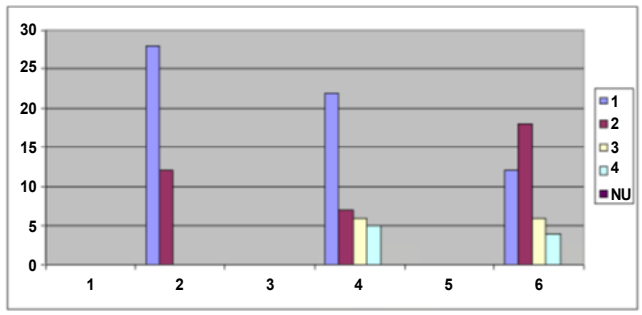

Figure 5: Perceived value of the accessibility to and networking with the resources outside incubator.

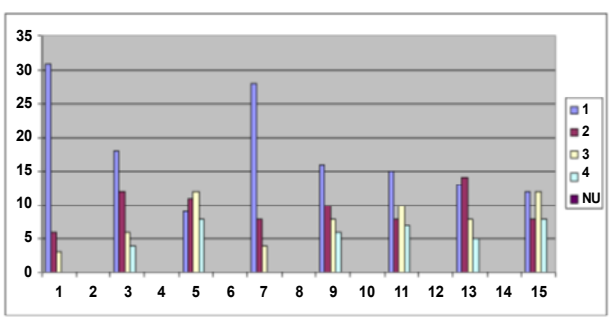

Figure 6: Evaluation must be done periodically to assist extended client facility related services.

Based the response to my questioners from Incubation Managers and Incubate I come to a conclusion that Science Parks and TBI should reach peoples more effetely to implement the scheme successfully. Also the benefited incubate should spread his experience around him. This will create a more value to the schemes. Also all colleges entrepreneurship cell should be educated to extend their services (Tables 1 and 2).

Sl. No.	Name and Address of Contact Person - TBI
1.	**Amity Business Incubator** E-3 Block ,Ist Floor, Sector 125, Amity University Campus, Noida Ph: 0120-43292242/ 243 Email: arsharma@abs.amity.edu
2.	**Society for Development of Composites** Composites Technology Park 205, Bande Mutt, Kengeri Satellite Township, Bangalore -560060 Phone:- +91 080 6599 7605, 65581005, 28482768 Fax:- +91 080 28482771 Email: drgopalan2003@yahoo.com
3.	**Technopark – Technology Business Incubator** Trivandrum 695 581 Ph: +91-471-2700222 Fax: +91-471-2700171 E-Mail: kccnair@technopark.org
4.	**Society for Innovation and Entrepreneurship** Indian Institute of Technology-Bombay Powai, Mumbai 400 076 Phone: (+91 22) 2576 7072/ 7016 Fax: +91 22) 2572 1220 Email: poyni.bhatt@iitb.ac.in
5.	**Vellore Institute of Technology (VITTBI)** Vellore - 632014 Phone :- +91 0416 2243097 Fax :- +91 0416 2243097 Email: vittbi@vit.ac.in, balac68@yahoo.com
6	**Technology Business Incubator –** **University of Madras** Taramani campus, Chepauk, Chennai 600113. Tel: 044-24540038/39 Email: tbi_unom@yahoo.com, tbi@unom.ac.in
7.	**Rural Technology & Business Incubator** Indian Institute of Technology Madras Chennai 600036 Tel: 044 – 2257 5441 Fax: 044-2257 0120 Email: lvaidya@tenet.res.in,office@telnet.res.in
8.	**Bannari Amman Institute of Technology – Technology Business Incubator** Sathyamangalam - 638 401. Phone:- 04295-221289 Fax: 04295-23775 Email: bitsathy@bannari.com
9.	**Periyar Technology Business Incubator** Periyar Maniammai College of Technology for Women, Periyar Nagar, Vallam-613 403, Thanjavur Tele fax-04362-264520 E-mail: info@periyartbi.org; ap_aruna@yahoo.co.in
10.	**JSSATE – Science and Technology Entrepreneurs' Park** J.S.S. Academy of Technical Education, C-20/1, Sector-62, Noida-201301, (U.P). Phone:- +91 012-2401514/16 Fax:- +91 012 – 2401516/2401451 Email: ce@jssstepnoida.org
11.	**Krishna Path Incubation Society** Krishna Institute of Engineering and Technology 13 KM Stone, Ghaziabad - Meerut Road, Ghaziabad 201206 Tel: 01232-262059 Email: tbi@kiet.edu, kumartbi@gmail.com,
12.	**Entrepreneurship Development Center** NCL Innovation Park National Chemical Laboratory Pune-411008 Phone: +91-20-2590-2185 Fax: +91-20-2590-2618 Email: v.premnath@ncl.res.in, vv.panchanadikar@ncl.res.in
13.	**SJCE – STEP** **S.J. College of Engineering,** Mysore - 570 006 Phone: 0821- 2548321 Fax: 0821 - 2548321 E-mail: sjce-step@rocketmail.com
14.	**Centre for Innovation Incubation and Entrepreneurship (CIIE)** Indian Institute of Management, Vastrapur Ahmedabad 380015 Phone:- +91 079 266324203 Fax:- +91 79 6324203, 26324207 Email:-kunal@iimahd.ernet.in
15.	**NITK - Science and Technology Entrepreneurs Park** National Institute of Technology – Karnataka Surathkal 575025 P.O. Srinivasanagar D.K. District. Phone:- +91 0824 2475490, 2477847 Fax:- 0824 2477590 E-mail:- directorstep@hotmail.com
16.	**Basaveshwar Engineering College** Science and Technology Entrepreneurs Park(BEC-STEP), STEP Road, Behind BTDA Campus, Bagalkot - 587102 Phone:- +91 08354 233204 Fax:- +91 08354 233204 E-mail:- mmbecstep@yahoo.com
17.	**Science and Technology Park** University of Pune, Pune - 411007 Phone:- +91 20 25699206/25693449 Fax:- +91 20 25699206 E-mail:- stppune@gmail.com, dirstp@unipune.ernet.in
18.	**Science and Technology Entrepreneurs Park - Thapar University** Patiala -147001 Punjab Phone:- +91 0175 2393011, 3314 Fax:- 0175 2393011 E-mail:- d_goyal_2000@yahoo.com; dgoyal@tiet.ac.in, ccstep@tiet.ac.in
19.	**TREC-STEP** TREC-STEP, NIT Campus Tiruchirappalli 620015 Phone:- +91 0431 2500085,2500697 Fax:- +91 0431 2500175 E-mail:- jawa_ts@yahoo.com / ed@trecstep.com
20.	**PSG-STEP** PSG College of Technology, Peelamedu Coimbatore 641004 Tamil nadu Phone:- +91 0422 4363300 Fax:- 0422 2573833 Email:- psgstep@vsnl.com
21.	**STEP - Indian Institute of Technology,** Kharagpur - 721 302. Phone: 03222-281091, 278618 Fax: 03222-278618 E-mail: dhrubes@gmail.com, mdstep@hijli.iitkgp.ernet.in, dbiswas@sric.iitkgp.ernet.in
22.	**STEP - Guru Nanak College of Engineering,** Ludhiana - 141 006 Phone: 0161 2814748/ 2814183 Fax: 0161- 2814748 E-mail: step_gnec@yahoo.com

Table 1: List of Science and Technology Entrepreneurship Parks (Steps)/ Technology Business Incubators (Tbis) Recognized By NSTEDB, DST, Government of India.

Sl. No.	Name and Address of Contact Person - TBI
1.	**Kongu Engineering College** Perundurai 638052, Erode, Tamil Nadu Phone:- +91 4294 226650, 226633 Fax No:- 226649 Email:- balamurugan@kongu.ac.in, tbi-kec@kongu.ac.in
2.	**Amrita TBI** **Amrita Vishwa Vidhyapeetham** Amritapuri Campus, Clappana P.O. Kollam, Kerala-690 525 Ph: 0476-2896318 Ex 4503 Email: kailash@amritapuri.amrita.edu

Table 2: Following Technology Business Incubators would be recognized recently.

Government to take steps to reach the right innovative entrepreneur to fine tunes their schemes. My suggestions are; Incubation Managers should conduct road shows, seminars, and events etc. in and around his region periodically. Encourage entrepreneurs who approached him is guided properly to access the government services. Government should periodically monitor and access their outreach centers to implement their schemes successfully. Government and Incubation Managers are advised to collect the feedback from their respected clients. Seed support system (sss) for start-ups in incubators Preamble: Technology Business Incubators (TBIs) and Science and Technology Entrepreneurs Parks (STEPs) are a facility to incubate technological ideas or technologies under development to enable them to reach the market place. It helps the young firms to survive and Grow by providing specialized support services during the critical period of a business venture i.e. the start-up phase. The goal is to nurture successful indigenous technologies and growth oriented entrepreneurs/enterprises. Around 55 STEPs/TBIs have been promoted at the institutions of higher learning e.g. IITs, IIMs, NITs, NID, and ICRISAT etc. by the National Science and Technology Entrepreneurship Development Board, of the DST across the country.

The requirement While the STEPs/TBIs are able to support the "Space + Services + Knowledge" requirements, wide gap exists in supporting the typical & specialized capital requirements of a technology driven startup which are not being addressed properly through existing mechanisms.The basic idea of the proposed financial assistance is to equip the STEP/TBI with the much needed early stage financial assistance to be provided to deserving ideas/technologies. This would enable some of these innovative ideas/technologies to graduate to a level where they can then be fit for seeking normal lending commercial banks /FI's route in their way to the successful commercialization process. Thus the proposed assistance is positioned to act as a bridge between development and commercialisation of technologies.

Guiding Features of the Proposed Assistance under SSS

- The Seed Support would be disbursed to incubatees (physical resident units within STEP/TBI) who are registered units and there
- Exist a proper legal agreement between the incubatee and STEP/TBI.
- The funds would cater to early stage funding for indigenous ideas and technologies requiring up-scaling and related work
- The funds would be disbursed to the deserving incubatees with proper due diligence by the STEP/TBI.
- This assistance would be used by the incubated entrepreneur only and would not be used by the incubator for facility creation.
- The fund would be managed by identified TBIs/STEPs selected by NSTEDB
- A modest seed financial support with an upper limit of Rs. 50.00 lakhs to a start-up.
- The terms of disbursement to the selected incubatees should be linked to
- Benchmarks/milestones as per the business plan/project proposal.
- The selection and disbursement of the proposed support would be based on
- ¾ Simple procedures
- ¾ Fast decisions ¾ Periodic Checks Broad Areas to be covered under the financial assistance
- The start–ups would be supported primarily on the following
- Product development
- Testing and Trials
- Test Marketing
- Mentoring
- Professional Consultancy (To attract Professors of institutions to work with small firms)
- IPR issues
- Manpower for day to day operations
- Any other area as deemed necessary and recommended by the Selection Committee of individual STEP/TBI.

Mechanism of selection, disbursement, governance and fund management of SSS

1. STEP/TBI would take measures to enhance the capacities of the TBI team to manage the seed fund and equip them about the financing process and due diligence of a start-up.

2. Normal time range of utilization of the SSS by the STEP/TBI would be three years from the date of receipt of the first installment of funds.

3. Each of the TBI/STEP implementing SSS would devise a proper mechanism and governance structure involving the right experts to evaluate the prospective incubates under physical incubation for seed fund support.

4. Each of this TBI/STEP would constitute a Management Committee and should associate good fund managers as consultants for proper implementation and management.

5. NSTEDB would disburse the financial assistance of maximum Rs. 200 lakhs in installments to the recommended TBIs/STEPs with a ceiling of Rs.50.00 lakhs for a startup, to be disbursed phase-wise based on progress milestones of the start-up.

6. The STEP/TBI CEO would be responsible for its proper disbursement and management.

7. STEP/TBI would have flexibility in disbursement of Seed Support to the potential incubatees with proper due diligence in the form of soft loan/royalty sharing /minority equity stake of the STEP/TBI depending on case to case basis.

8. The STEP/TBI would execute an agreement with the selected incubatee after sanction of the seed support and it should be signed before the release of the first installment of seed fund. Subsequent disbursement schedules should be linked to the progress milestones of the incubate venture for a period normally linked to the incubation period. The TBI/STEP should ensure that the necessary terms and conditions related to the Seed support agreement recovery schedule are clearly defined and is a part of the Seed fund agreement.

Some of the suggestive clauses on seed fund recovery already in practice by some of the

STEP/TBI is given below: a) The loan repayment period can normally vary from 2-5 years depending on the revenue model and moratorium of interest payment which can be around 6 months. In some cases STEP/TBI can also accept post dated checks as a part of the Seed fund payment recovery schedule.

b) The loan agreement provides for repayment of loan after a moratorium of one or two years after full disbursal based on the project. The interest is @6% per annum and repayment is in 5-8 half yearly installments depending on the quantum of loan. If an incubatee fails to pay the installments on time as per the schedule mentioned in the agreement, penalty of 2% on total due amount shall be charged. If an incubatee defaults in making payments repeatedly then part/full outstanding loan amount with interest shall be converted into fully paid equity. There is also a provision to right on IP in case of repeated default.

c) In case the agreement is for royalty sharing, the incubatee has to pay a royalty of 4% of Gross Revenue from sales of the product, for the period of 3-5 years from the launch of the product.

d) In exceptional cases the local selection committee would be empowered to relax certain conditions on recovery depending on case to case basis with convincing justifiable reasons, and these cases should be reported to the Department.

9. Various programmes should be organized periodically by STEP/TBIs implementing seed support to enhance the investment readiness of the incubatees.

10. Seed Fund to an incubatee is also regarded as a means to attract and raise external angel/venture capital funding. This would be an important parameter to judge the success of the seed fund being implemented by STEP/TBI. Encouragement to STEPs/TBIs who implement it successfully by way of showing growth of the seed support fund through the reflows from the loan/royalty/realization of equity stake for funding future proposals. Submission of a detailed report on the status of utilization of grants along with Utilization certificate and statement of audited expenditure for every disbursement made by Department in favor of the Seed Support [2-5].

References

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