

**Government of India  
Ministry of Communications and IT  
Department of Electronics & Information Technology  
R & D in IT Group**

**Technology Incubation and Development of Entrepreneurs  
(TIDE) Scheme**

**1. Title of the Scheme**

Technology Incubation and Development of Entrepreneurs (TIDE) in the areas of Electronics and ICT.

**2. Aim**

Technological Incubation and Development of Entrepreneurs (TIDE) aims to assist Institutions of Higher learning to strengthen their Technology Incubation Centres and thus enable young entrepreneurs to initiate technology start up companies for commercial exploitation of technologies developed by them.

**3. Objectives**

The objectives of the proposed scheme are:

- i. Set-up / Strengthen the Technology Incubation Centres and thus nurture technology entrepreneurship development;
- ii. Promote product oriented research and development;
- iii. Encourage and accelerate development of indigenous products and packages;  
and
- iv. Bridge the gap between R&D and commercialisation.

**4. Scope**

Recognizing the importance of Technology Incubation, many institutions of higher learning have already taken initiatives to nurture this activity. These include policy measures, infrastructure support, entrepreneurial training, IPR facilitation, and create a framework to nurture technology incubation.

The incubation centers provide a host of services to new enterprises and facilitate linkages that are congenial for their survival and growth. The centre also network with Angel Investors and Venture Capitalists who provide mentoring and financial support to the start up companies and enable the tenant companies to mature over a period of 2-3 years and graduate to a commercial place to do the actual business. The involvement of the faculty of the institute in the technology start-up activity reinforces teaching and research, strengthens linkages between education and industry, and also better aligns education to meet market requirements.

It is proposed to support such initiatives by providing financial and policy support for strengthening technology incubation activity. This would nurture technology innovation and, in the long run, enable local development of Electronics and IT products and packages.

## **5. Implementation Mechanism**

The following mechanism will be followed for implementation of the scheme:

### **5.1 Invitation of Proposals**

The project proposals for TIDE would be invited (as per the enclosed format) from institutions of higher learning conducting education Programmes of M. Tech/PhD in Engineering and Technology in ICT, Electronics and Management. These include institutions such as IITs, IIMs, NITs, IIITs and other premier institutes. The invitation would also be published on the DEITY website.

### **5.2 Selection Procedure**

A Committee set-by the Department shall scrutinize and evaluate the received proposals and recommend to the Department for appropriate financial support. The committee or a designated subcommittee/individual may also conduct a site visit to assess the institute.

The selection criteria may include:

- i. The quality and level of Education and Research;
- ii. Infrastructure, facilities and expertise;
- iii. Initiatives for technology entrepreneur-ship development;
- iv. Commitment and willingness of the Institute for supporting this activity; and
- v. Industrial milieu in the region

The support will be provided subject to the approval of the recommendations by the Department and the acceptance of the Terms and Conditions by the Host Institute (HI).

### **5.3 Financial Support**

Each TIDE center would be given financial support as Grant-in-aid of up to Rs 155 lakhs – payable in instalments. These funds can be used for improvement in infrastructure - up to Rs. 30 lakhs and for providing financial support to the incubating companies – Rs 125 Lakhs (@ Rs 25 lakhs per company). The grants under the proposed scheme would be subject to the enclosed terms & conditions. DEITY would constitute a Project Review and Steering Group (PRSG) for the Scheme. Release of funds to the HI/ TIDE will be done based on the recommendations of PRSG.

### **5.4 The Host Institute**

The Host Institution (HI) plays an important role not only in the establishment of the TIDE center but also in its smooth and efficient functioning and nurturing it into a successful venture.

Host institutions are expected to provide full support to the centre - including policy, Infrastructure, built-up space for TIDE Centre, and also enable access to institutes expertise and facilities. The HI will also ensure that the funds provided to the HI / TIDE Centre are utilised for the specific purpose.

## **5.5 The TIDE Center**

The TIDE centre is generally set-up by the Host Institute (HI) as a Society or Section 25 company, or Other Legal entity with a mandate to nurture and support technology start up companies. This entity can receive funds from the Government and non-Government bodies and financial institutions including VCs and Angel Investor Groups, give loans to start up companies, hold financial instruments (such as shares) in the companies, and plough back the revenues/funds received for the objects of the center.

The day to day operations of the TIDE center are looked after by the Chief Executive Officer/Managing Director or a designated person.

## **5.6 TIDE Functions**

### **5.6.1 Selection**

Each TIDE center should have a clear policy and a transparent process for selection of companies for incubation.

The selection should be done on the basis of a detailed techno-commercial proposal, including a business plan, submitted by prospective entrepreneur(s).

The proposal would be evaluated on its technical merits and commercial viability by a committee of experts who would recommend the level / duration / and terms of support to the prospective entrepreneur(s).

The support can be provided:

- i. On approval of the same by the Management Board of TIDE, and
- ii. On formation of the Company and signing an agreement with TIDE

The TIDE centre would regularly monitor the progress of the Company.

### **5.6.2 Infrastructure**

The TIDE centre will have sufficient built up area to provide operating space to the incubating companies.

### **5.6.3 Mentoring Support**

The TIDE centre will provide operating space to the selected companies, nurture them and mobilise technical / mentoring / managerial / financial / administrative / legal and other support as required by them.

### **5.6.4 Support for the Incubated Companies**

- i. The TIDE Centre will provide operating space to the selected companies on rent for a period of up to 2 years (extendable by one year).
- ii. Each company selected for incubation would get financial support, in the form of soft loan, of up-to Rs. 25 lakhs over two (or three) years period (subject to satisfactory performance). The amount of loan would be up to a maximum of 80% of the project cost of the incubating company. The loan can be used for equipment and consumables essential for the implementation of

- the project, subsistence allowance of the promoters, staff salaries and other contingencies.
- iii. At the end of two (or three) years, the company will have to return half of the financial support given to the company as per institute's policy and the remaining 50% can be given as equity to the TIDE centre, which can be encashed at the time of valuation.

## 6. Duration of the Scheme

As per the approval the scheme is valid till March 2014.

## 7. Benefits

The expected benefits from the proposed scheme are:

- i. The technology incubation will become a nurturing ground for technology start up companies. This would also enhance the relevance of Education and Training to meet the market requirements;
- ii. This would foster innovation in academic institutions and more indigenous products would emerge.
- iii. The industry would be encouraged to become product oriented rather than service oriented
- iv. Strengthen the academia – industry interaction.

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