

## **SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT OF SMEs THROUGH INCUBATORS**

### **a) Objectives**

The Scheme provides early stage funding for nurturing innovative business ideas (new indigenous technology, processes, products, procedure etc.) which could be commercialized in a year.

The main objective is to promote development of knowledge-based innovative ventures and to improve the competitiveness and survival instincts of the Micro, Small and Medium Enterprises (MSMEs). Such entrepreneurial innovative ideas are sought to be developed in reputed Technical Management institutions before these can become commercially viable and attract venture capital.

The idea is primarily for sustaining, at some basic or introductory level, the incubation of ideas that would have otherwise been lost for want of support. The expectations are that a sizeable percentage of the grantees/incubates would be graduating to higher levels of operation that would then require other form of support under other schemes/organizations including from Venture Capital or Angel Funding.

### **b) Programme**

A total of 100 Business Incubators (BIs) are expected to be set up between 2008-09 to 2011-12 with 25 BIs being made operational in selected technical institutions every year over the entire duration of the four years.

Each BI is expected to help incubation of 10 new ideas or units and is to be given financial assistance between Rs. 4 lakh to Rs. 8 lakh per idea/unit matured subject to an overall ceiling of Rs. 62.5 lakh per incubator, which works out to be Rs. 6.25 lakh per idea/unit on an average.

The technical managerial (Host) institute is expected to make available necessary laboratory/workshop facilities and other required to the young innovators/entrepreneurs. Each BI will make efforts to maintain a ratio of 4:1 between the incubated units catering to micro enterprises and small enterprises respectively. However, flexibility on this account would be permissible with the approval of Technical Approval Committee. Flexibility is also envisaged in having more than one BI in the same host institute and where required/justified, less than 10 or more than 10 hosted units in each BI.

### **c) Implementation**

The Scheme is being implemented in a Public Private Partnership (PPP) mode with expected private participation between 15% (in case of micro enterprises) to 25% (for small enterprises). Suitable proposals are invited from various reputed technical management institutes through approaching them individually and placement of advertisements in leading Newspapers.

The proposals, upon receipt, will be placed before a Technical Approval Committee for scrutiny/evaluation. Subsequently, these will be placed before the Selection Committee, headed by AS&DC (MSME), for final approval. The flow of finance to the Host Institute will commence after entering into the tripartite agreement between the Government, the Host Institute would be released 30 per cent of the expenditure expected to be incurred in the establishment and operation of the incubators with the balance being released in one or more installments, once the earlier amount is reported to have been utilized.

For details of the guidelines of the scheme, application forms and present status of the scheme, [Please Click Here](#)