

File No.S-01/10/2022-KVI (I)
Government of India
Ministry of Micro, Small and Medium Enterprises
(ARI Division)

Udyog Bhavan, New Delhi
New Delhi, the dated 12th December, 2023

OFFICE MEMORANDUM

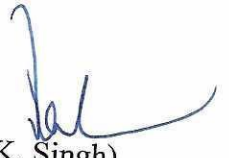
Subject: Revised Operational Guidelines for ASPIRE - regarding.

The undersigned is directed to refer to this Ministry's Office Memorandum F. No. 6/1(Misc)/2021-KVI-1 dated 28.1.2022 on the subject mentioned above and to say that amendments have been made in paras 9.1, 9.5 and para 12 of the Scheme.

2. A copy of the Amended Revised Operational Guidelines of 'A Scheme for Promotion of Innovation, Rural Industry & Entrepreneurship (ASPIRE)' is enclosed for ready reference. These Guidelines are effective w.e.f. 21.11.2023.

3. This issues with the concurrence of Integrated Finance Wing vide their Diary No. 188/2023-24/IFW-I dated 14.11.2023 and with the approval of the competent authority.

Encl: As above.



(P.K. Singh)

Under Secretary to the Govt. of India

Tele No. 011-23062573

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To,

1. Secretary, Department of Expenditure, North Block, New Delhi.
2. Secretary, Department of Economic Affairs, North Block, New Delhi.
3. Secretary, Department of Financial Services, Jeevandeep Building, New Delhi.
4. CEO/Secretary, Niti Aayog, Yojana Bhavan, Sansad Marg, New Delhi.
5. Secretary, Ministry of Environment, Forest and Climate Change, Indira Paryavaran Bhavan, Jor Bagh, New Delhi.
6. Secretary, Ministry of Labour and Employment, Shram Shakti Bhavan, New Delhi.
7. Secretary, Ministry of Development of North Eastern Region, Vigyan Bhavan, Annexe, Maulana Azad Road, New Delhi.
8. Secretary, Ministry of Minority Affairs, Paryavaran Bhavan, CGO Complex, New Delhi.
9. Secretary, Ministry of Rural Development, Krishi Bhavan, New Delhi.

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10. Secretary, Ministry of Social Justice and Empowerment, Shastri Bhavan, New Delhi.
11. Secretary, Ministry of Tribal Affairs, Shastri Bhavan, New Delhi.
12. Secretary, Ministry of Textiles, Udyog Bhavan, New Delhi.
13. Secretary, Ministry of Women and Child Development, Shastri Bhavan, New Delhi.
14. Secretary, Ministry of Fisheries, Animal Husbandry and Dairying, Krishi Bhavan, New Delhi.
15. Secretary, Ministry of Skill Development and Entrepreneurship, Shram Shakti Bhavan, New Delhi.
16. Secretary, Ministry of Food Processing Industries, Panchsheel Bhavan, August Kranti Marg, New Delhi
17. Secretary, Ministry of Panchayati Raj, Krishi Bhavan, New Delhi.
18. Secretary, Ministry of New and Renewable Energy, Block 14, CGO complex, Lodhi Road, New Delhi.
19. Secretary, Ministry of Agriculture & Farmers Welfare, Krishi Bhavan, New Delhi.
20. Secretary, Department of Science and Technology, Technology Bhavan, New Mehrauli Road, New Delhi-110016.
21. Central Nodal Agency- Khadi Village and Industries Corporation for ASPIRE, 3 Irla Road, Mumbai.
22. Dr. Rajeev Sharma, Faculty MSME Block, Entrepreneurship Development Institute of India,(Via Ahmedabad airport & Indira Bridge) Near Narayani Farm & Apollo Hospital, PO Bhat 382 428, Dist. Gandhinagar, Gujarat, India (Email: rajeev@ediindia.org).
23. Dr. Santanu Mohan Deka, Director, Indian Institute of Entrepreneurship (IIE), Basistha Chariali, N.H-37 Bypass, Near Game Village, Lalmati, Guwahati, Assam-781029 (Email: director@iie.gov.in/ santanudeka@rediffmail.com).
24. Shri Arijit Dutt, Dy. General Manager, SIDBI.

Copy to:-

1. PS to Hon'ble Minister (MSME)
2. PSO to Secretary (MSME).
3. PPS to AS & FA, M/o MSME.
4. PS to JS (ARI)
5. EA (IFW)
6. Joint Director (ARI)
7. Director (NIC) - with the request to upload on the website of the Ministry and ASPIRE Scheme.

GUIDELINES OF ASPIRE

A. REVISED OPERATIONAL GUIDELINES FOR LIVELIHOOD BUSINESS INCUBATOR (LBI)

1. Introduction

Livelihood Business Incubator (LBI) is an entity set up for imparting skill development & incubation programmes for promoting entrepreneurship and employment generation in agro-rural sector with special focus on rural and underserved areas.

2. Objectives of LBI:

- To generate employment opportunities by facilitating formal, scalable micro-enterprise creation.
- To skill, up-skill, re-skill unemployed, existing self-employed/ wage earners in new technologies.
- To provide skilled human capital to nearby industrial clusters and promote innovations for strengthening the competitiveness in the MSME sector

3. Functions of LBI:

- To conduct outreach programs to create awareness about the initiative and on-board prospective beneficiaries.
- Design and conduct incubation programs in the form of workshops to facilitate new micro-enterprise creation.
- To offer varied support services like financial, legal, product designing, accreditation, compliances, Trademarks, etc.
- To offer advisory services to the existing & informal enterprises to formalize them and make them scalable.
- To facilitate funding for micro-entrepreneurs by leveraging various GoI/State Government schemes and engaging with financial institutions.
- To provide hands-on training to trainees by simulating the industrial processes on the plants & machineries
- To create a conducive ecosystem for promoting entrepreneurship and generating employment by partnering with local entities catering to the upstream and downstream activities of the chosen thrust area.
- To make provision for using the facility at the Livelihood Business Incubation centre for development of product prototypes.

4. Eligibility for proposal submission

- Any agency/institution of Government of India/ State government or; existing training centres under Ministries/Departments of Government of India/State Government, Industry Associations, Academic Institutions.
- Any not-for-profit private institutions with experience in successfully executing incubation and/or skill development programs may be eligible to set up an LBI.

5. Submission of Proposal

The applicant organization will select a Mentor Institute and upload the proposal through the selected Mentor Institute as per the prescribed format online at www.aspire.msme.gov.in

Till such time, the online portal is fully developed and activated, the proposals in soft copy may be sent by the applicant organization to the Mentor Institute and subsequently to the Ministry to js.ari@nic.in. The list of the designated Mentor Institutes along with their contact details will be available on the portal www.aspire.msme.gov.in.

6. Institutional Arrangement

With the growing network of LBIs and the expanded scope thereof, the following scheme management structure will be followed.

6.1 Scheme Steering Committee (SSC)

A Scheme Steering Committee (SSC) is constituted under the chairpersonship of Secretary (MSME) (Annexure 1). The SSC may consist of representatives from other Central Ministries under the Government of India, or expert organizations as members/ special invitees, depending on the functional needs. The SSC will consider the proposals of the Host/Applicant Institutions for setting up of Livelihood Business Incubator (LBI), submitted through Mentor Institutes (MIs), and shall extend approval based on satisfying all the parameters set up by the SSC.

6.2 Mentor Institutes (MI)

Mentor Institutes (MIs) are national/state level institutions with expertise and on-field experience in the major sub-sectors of the rural industries with a proven track record of at least five (5) years in designing and imparting incubation and skill development programs to promote entrepreneurship. MIs will assist and handhold the applicant/Host institutes & the LBIs in their day-to-day operations. The MIs will also act as a SPOC between the Ministry and the Host Institute/LBI. The institution could be any of the following constitution:

- A Society registered under the Societies Registration Act, 1860.
- A Co-operative Society under an appropriate statute.
- A Section 8 Company under the Companies Act, 2013 (18 of 2013); or
- A Trust.
- Any Central/State government organization.
- Any other agency with the approval of the Scheme Steering Committee of ASPIRE.

6.2.1 Appointment of Mentor Institutes

The detailed eligibility conditions & procedure for selection for Mentor Institutes has been enclosed as Annexure 2. SSC shall take a final decision for approval of designated Mentor Institutes. The performance of the MI will be monitored both on quantitative & qualitative aspects by the SSC. In case of a significant shortfall in the progress, the support may also be terminated mid-term with the approval of SSC.

The applications should be sent over an email to js.ari@nic.in.

6.2.2 Role of Mentor Institutes

- Identification of prospective LBIs with relevant experience in skill development and running incubation programs, aligned to the local need.
- MIs may take the assistance of local MSME-DIs and Science and Technology Council members in the identification of such proposals.
- Assisting the Applicant/Host Institutes in preparing the Detailed Project Report (DPR) based on the regional analysis of the industrial landscape, potential skill gap in the region, and the economic strengths, etc. of the region.
- MI to submit the DPRs to the MoMSME for approval only after ensuring the following:
 - a. Ensuring the DPRs have been created based on the format provided under the scheme guidelines and is uploaded to the portal.
 - b. Execution of agreement on contribution in the case of eligible private applicants.
 - c. Ensuring availability of all necessary compliance documents, and space (5000 sq ft) with the HI to set up the proposed LBIs
- MI shall be responsible for timely disbursement of funds to the HI and ensure submission of audited UCs.
- Providing technical inputs for selection of machinery and ensuring timely procurement of the same.
- Assisting the HIs in hiring a dedicated and specialized team of resources to operate the LBIs.
- Conducting regular capacity workshops to improve the day-to-day operations and hence, the performance of the LBI.
- Assisting the HIs in designing the right incubation programme to be implemented by the proposed LBI.
- To maintain and share with the MoMSME, a database of the incubatees.
- To create and engage an ecosystem for the LBIs enabling micro-enterprise creation.
- Monitoring & evaluating the performance of the LBI against the target output and outcome through VCs and physical visits and advising the LBIs on course corrections.
- To act as a SPOC for grievance redressal for the LBIs.
- To ensure the Monthly and Quarterly Progress Report is regularly shared with the MoMSME along with any other information sought by the MoMSME.
- Creating and updating a working platform for recording and sharing the best practices for the LBIs under its umbrella.
- Creating a platform for converging with various GoI/State Government schemes to facilitate the creation of micro-enterprises and employment generation.
- Providing all necessary support for the implementation of the scheme by the HIs.
- Any other tasks assigned by the MoMSME.
- All MIs shall have to act diligently to ensure compliance to all Rules and Regulations, as required, for the proposals in order to obtain final approval from the SSC.

6.3 Host Institutes (HI)

Host Institutes are eligible applicant institutions where the LBIs will be hosted on approval by the SSC.

6.3.1 Role of a Host Institute

- Conduct an analysis of the region by studying the industrial landscape, the economic strengths of the region, identifying potential capability (skill) gap, etc. to select a thrust area for the proposed LBI.
- Preparation of the Detailed Project Report for the proposed LBI as per the format provided in the guidelines with assistance from the Mentor Institutes.
- Ensure timely procurement of Plant & Machinery as per the proposal for the LBI.
- Recruitment of dedicated human resources for the operation of the LBI.
- Conduct outreach programs/drives to mobilize incubatees for the LBI.
- Tracking and maintaining a detailed database of the incubatees from on-boarding to employment.
- To create, engage and maintain a working relationship with the stakeholders in the ecosystem like nearby academic institutions, Industries, successful entrepreneurs of the area, Financial Institutions, vendors, and suppliers, etc.
- To seek convergence from various GoI, State Government, and other schemes to facilitate the creation of micro-enterprises and employment generation.
- Operation & Maintenance (O&M) of assets created under the project.
- Responsible for furnishing the Utilization Certificate (UCs as per the GFR Norms) and sharing monthly, quarterly progress reports with the respective MI.

7. Appraisal and Approval Process:

- i. The proposals will be appraised based on their strength in promoting livelihood-based enterprises taking into account the locally available resources and local needs.
- ii. A Project Screening Committee (PSC) shall be constituted under each Mentor Institute (MI) chaired by the designated head of the MI for management and implementation of the scheme. The PSC will be responsible for evaluating the DPR prepared by the Host Institutes for setting up the LBI based on the prescribed format. Once approved, the DPR may be forwarded to the MoMSME for consideration and final approval by the SSC. The committee should constitute of designated head of the MI, experts on livelihood initiatives, incubation programs, representatives of financial institutions, etc.

8. Quantum of Assistance:

8.1 Expenditure for procurement of Plant & Machineries.

- a. In respect of LBIs to be set up by any Institution/agency of GOI/State Govt. on its own or by any of the agency/organization of the M/o MSME, one-time grant of 100% of cost of Plant & Machinery other than the land and infrastructure or an amount up to INR 100 Lakh, whichever is less to be provided.
- b. In case of LBIs to be set up by Private applicants, a one-time grant of 75% of cost of Plant & Machinery other than the land and infrastructure or INR 75.00 lakhs, whichever is less to be provided.
- c. A total number of 125 such centres are being targeted to be set up under this component between 2021-22 to 2025-26.

8.2 Operational Expenditure:

- a. A one-time grant of maximum upto 100 lakhs for the purpose of extending support for running day to day operations and not limited to the following:
 - i. Hiring a dedicated & specialized team of resources.
 - ii. Conducting awareness & outreach programs, on-boarding of incubatees.
 - iii. Designing & executing the incubation programs in the form of workshops for creation of formal micro-enterprise creation.
 - iv. To offer support services like regulatory services (FSSAI), GST, Design Support, etc. & engage with various service providers.
 - v. Advisory services to the existing & informal enterprises for formalization.
 - vi. Procurement of raw materials for hands-on training.
 - vii. Maintenance of the plants and machinery.

9. Release of Funds

The project cost of an LBI will comprise (I) expenditure for procurement of plant and machineries and (II) Operational Expenditure (Opex). The request from LBI with pre-requisites documents such as i) Advance Receipt Form, ii) Mandate Form, iii) Undertaking/ Bond iv) any other supporting documents as required by Ministry of MSME (MoMSME) will be submitted to the MI. MI will submit the proposal for release of funds from the respective LBIs to MoMSME. The release of funds to the MI will be based on requisite approval from ministry along with EAT transaction on PFMS. The funds will be released to MI on receipt of documents on MI's letterhead i.e. i) Advance Receipt Form, ii) Mandate Form, iii) Undertaking/ Bond iv) any other supporting documents as required by Ministry of MSME (MoMSME). The MI shall, in turn, release the fund to the LBI as per the LBI's approved Annual Action Plan (AAP).

Mentor Institutes will also be incentivized with Administrative Fee of 5% of the project cost for new LBIs including (I) expenditure for procurement of plant and machineries and (II) Operational Expenditure.

MI should execute an agreement/ bond with the LBI before releasing funds. MI should open a dedicated bank account for receiving ASPIRE grants which will be subject to audit. MI may release the fund based on the set parameters and terms of engagement with the LBI. In case of private applicant institutions, MI should ensure the applicant organization has deposited 25% contribution against the respective installment of grant in aid for procurement of plant & machineries in the dedicated ASPIRE bank account prior to MI releasing the fund.

Funds to the MI will be disbursed under three proposed heads-

- Funds for procurement of plant & machinery
- Operational Expenditure Fund
- Mentor Institute fees

MI will open two (2) separate bank account for receiving (i) funds for procurement of plant and machinery and operational expenditure and (ii) Administrative Fees from MoMSME.

9.1 Release of funds for Procurement for plant & machinery to MI

- I. 1st instalment of 50% of the approved amount may be released after approval of the incubation centre by SSC;
- II. 2nd instalment of 50% of the approved amount may be released after 2/3rd utilization of the 1st instalment and submission of the Utilisation Certificate (UC).

9.2 Release of Operational Expenditure (Opex) to MI

- i. **1st Instalment:** 40% of the approved operational expenditure may be released to the MI after the Host Institute has placed the order for plant and machineries so that the Host Institute can commence with promotional activities for reaching out to potential beneficiaries and undertaking the process of hiring of resources.
- ii. **2nd Instalment:** On production of the progress report and Utilization Certificate (UC), on 2/3rd of the 1st installment, 30% of the approved Opex may be released to the MI.
- iii. **3rd Instalment:** On production of the progress report and Utilization Certificate (UC), on 100% of the 1st installment and 2/3rd of the 2nd installment of the Opex, the remaining 30% of the approved Opex may be released to the MI.
- iv. The release of the operational expenditure to the MI for further release to the applicant organization is contingent upon fulfilling the prescribed output-outcome deliverables by the HI.

9.3 Release of Mentor Institute Fees

5% of the approved project cost for each of the LBI will be earmarked to incentivize Mentor Institutes to meet the expenditure of human resources deployed, travel, stationeries, etc.

- i. 50% of the approved Mentor Institute Fees will be released after the approval of the LBI by SSC.
- ii. 50% of the remaining Mentor Institute Fees will be released post-initiation of incubation/training by the LBIs.
- iii. In case of existing LBIs, the fee to the MI will be released as per the operational expenditure released to the existing LBIs on a pro-rata basis.

9.4 Release of Funds to the Livelihood Business Incubator (LBI)

The documents such as i) Advance Receipt Form, ii) Mandate Form, iii) Undertaking/Bond iv) any other supporting documents as required by the Ministry of MSME (MoMSME) will be submitted to the MI. On obtaining funds from MoMSME by the MI, a sanction order will be issued by MI for the release of funds. LBIs should open a dedicated bank account for receiving ASPIRE grants which will be subject to audit. MI may release the fund based on the set parameters and terms of engagement with the LBI. The funds will be released by MI to the respective LBIs based on the achievement of milestones as under: -

9.5 Release of fund for Procurement of Plant & Machineries to LBI/HI

- i. **1st Instalment:** 50% of the approved funds for procurement of plant & machinery on approval of the LBI by the SSC may be released from the MI to the Host Institution;

- ii. **2nd Instalment:** The remaining 50% of the approved amount may be released after 2/3rd utilisation of the 1st instalment & submission of the Utilisation Certificate (UC).

9.6 Release of Operational Expenditure (Opex) to LBI

- i. 1st Instalment: 40% of the approved operational expenditure may be released to the Host Institute after it has placed the order for plant and machineries so that the Host Institute can commence with promotional activities for reaching out to potential beneficiaries and undertaking the process of hiring of resources.
- ii. 2nd Instalment: On production of the Utilization Certificate (UC), Progress Report, and utilization of 70% of the 1st installment, 30% of the approved Opex may be released to the LBI.
- iii. 3rd Instalment: On production of the Utilization Certificate (UC), Progress Report and utilization of 100% of the 1st installment and 2/3rd of the 2nd installment of the Opex, remaining 30% of the approved Opex may be released to the LBI.

9.7 Release of Operational Expenditure (Opex) to Existing LBIs

Eligible existing LBIs will also be supported with Operational Expenditure subject to meeting prescribed output-outcome deliverables. The detailed criteria for selection & assistance to the LBI will be formulated with the approval of SSC.

10. Monitoring and Evaluation:

- I. A working committee led by the Head of the Host Institution will be constituted by the Host institution once the LBI is operational to monitor and evaluate the performance of the LBI and create a cohesive operational strategy based on the findings to meet the outcome envisaged under the scheme. The said committee will meet on a quarterly basis and create an assessment report along with suggested recommendations. The said report shall be sent to the MI which will consolidate the findings and report to the Ministry quarterly as per prescribed format. The working committee will constitute of -
 - a. Head of the Host Institute
 - b. LBI Coordinator
 - c. LBI Manager
 - d. Representative of Mentor Institute
 - e. Representative(s) of Local Industry
 - f. Representative of Financial Institution
 - g. Representative of local MSME-DI.
- II. Periodic Review by the Mentor Institutes: The Mentor Institutes will devise a suitable framework duly approved by the MoMSME. In addition to uploading the Monthly Progress Report of the LBIs under its umbrella to the dedicated section of the ASPIRE portal on a monthly basis, the Mentor Institutes will also track the progress through field visits, video conferencing, and other ICT tools.
- III. Officers of the Ministry of MSME will undertake regular visits to the LBIs to assess their progress and performance.

- IV. Evaluation of the Scheme: It is also proposed to engage third party Agencies for mid-term evaluation of the LBIs to assess/determine shortcomings and suggest course corrections by conducting field visits.

11. Administrative & Scheme Management Expenses

4% of the total budget allocated is earmarked for the purposes of scheme management which includes, service fees for hiring of an agency for 3rd Party Monitoring & Evaluation, publicity, hiring of resources for ASPIRE Cell & other administrative expenses including capacity building workshops, hiring of data management services, management of portal, purchase of office automation equipments like photocopiers, etc.

12. General guidelines:

- Each incubator would have a team with a dedicated Manager with desired domain and management expertise, working full time for the incubator. The Manager would lead a core team to manage day to day affairs of the incubator. Apart from the Manager, the incubator should have sufficient qualified manpower for its successful operations.
- The incubator would evolve a transparent system for selection of incubatees. Minimum of 300 to 500 incubatees is required to be trained/incubated every year.
- Each LBI is required to have a website of its own and should update it on a quarterly basis including details of incubatees along with the achieved outcome.
- The complete utilisation certificate for plant & machinery procurement and commissioning must be submitted within 18 months from the date of approval of the project, failing which the HI will be penalised as decided by SSC.
- Non-compliance of guidelines and terms & conditions of the grants-in-aid for LBI can result in discontinuation of further support.
- Notwithstanding anything contained above, MoMSME may issue such instructions as may be necessary to implement the above guidelines. If any difficulty or ambiguity arises in giving effect to these provisions, MoMSME may issue appropriate directions which shall be binding on Mentor Institute, Host Institute/LBI.
- In so far as interpretation of any of the provisions of these guidelines, the decision of the Scheme Steering Committee (SSC) shall be final.
- The provisions mentioned in this guideline are also valid for the LBIs approved as per the previous guidelines.

13. TERMS AND CONDITIONS FOR GRANTS-IN-AID FOR MI

- i. A formal agreement/MOU needs to be executed between the MoMSME and the Mentor Institutes.
- ii. The MI will open and maintain two separate & dedicated accounts for the release of grants to the LBIs and the Mentoring Fees. The MI shall provide two copies of audited statement of accounts relating to the amount sanctioned at the end of each financial year to MoMSME.
- iii. MI will open a joint account with the Host Institution for disbursement of funds.
- iv. The grant being released should be exclusively spent on the specific purpose for which it has been sanctioned within the stipulated time.

- v. The grantee/MI 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 Government of India, the entire amount of grant in aid received by it.
- vi. As per the latest instruction by Controller General of Accounts (CGA), Government of India, the agency is required to register at PFMS website (<https://pfms.nic.in/>) to facilitate release of funds.
- vii. The MI is required to send two copies each of i) progress report; ii) utilization certificate as per GFR Format (12A) to MoMSME, iii) advance receipt and iv) undertaking or bond as prescribed at the end of each financial year as well as at the time of seeking instalments of the grant, as applicable, as per the prevalent financial rules of Government of India.
- viii. Monthly Progress Report (MPR) to be submitted by the MI to MoMSME every quarter.
- ix. The private MI should be registered in NGO Darpan portal (<https://ngodarpan.gov.in.>) and should have obtained a unique ID at the time of application for grant.
- x. The head of MI or representative needs to be mandatorily present for Quarterly/six monthly/ yearly reviews or as and when called for a meeting by the MoMSME
- xi. All the data/information related to the project to be shared with officers of Ministry of MSME or its authorized representative as and when required
- xii. Concerned officers of MoMSME or its authorized representatives may visit the MI periodically for ascertaining the progress of work and resolving any difficulties that might be encountered in the course of implementation.
- xiii. The Comptroller 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.
- xiv. MI should map the LBIs under it on PFMS as Child Agency prior to any release of grant.
- xv. The funds released for procurement of plants and machineries and operational expenditure should be kept in a separate bank account. Interest earned on the same should be updated on the PFMS portal.
- xvi. The interest earned by the agency, on the same, must be deposited in the Bharat Kosh account at the end of each financial year as well as at the time of seeking further installment of the grant.
- xvii. The Government of India will be free to sell or otherwise dispose off assets that are the property of the Government of India. The institution shall tender to GoI necessary facilities for arranging the sale of these assets. MI will be maintaining the record of the plant and machinery for a period of 10 years.
- xviii. Where support has been provided by MoMSME 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 MoMSME grant will be allowed to such an institution.
- xix. The MoMSME 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.
- xx. MoMSME will not have any liability towards the manpower appointed by the MI for implementation of the project.

- xxi. The MoMSME will have no liability on account of any omission or commission of any regulatory/statutory requirement by the MI
- xxii. For any arbitration or dispute, the court of jurisdiction will be New Delhi, India.

14. TERMS AND CONDITIONS FOR GRANTS-IN-AID FOR new LBI and existing LBI

- i. An agreement between the Mentor institute and HI/LBI needs to be executed prior to the release of Grant-in-aid.
- ii. The agency will open and maintain a separate joint & dedicated account with MI for the release of grant in aid and shall provide two copies of audited statement of accounts relating to the amount sanctioned at the end of each financial year to MoMSME.
- iii. As per the latest instruction by Controller General of Accounts (CGA), Government of India, the agency is required to register at PFMS website (<https://pfms.nic.in/>) to facilitate release of funds.
- iv. The Agency is required to send two copies each of i) progress report; ii) utilization certificate as per GFR Format (12A) to the Mentor Institute or MoMSME (as required); iii) advance receipt; and iv) undertaking or bond as prescribed at the end of each financial year as well as at the time of seeking further installments of the grant, as applicable, as per the prevalent financial rules of Government of India.
- v. Monthly Progress Report (MPR) to be submitted by the LBI to the MI every month.
- vi. Contribution, as required in the case of LBIs to be set up by private Host Institutes, shall be credited in the joint & dedicated bank account of the HI and the MI, before releasing of the fund by the MI where applicable
- vii. The agency should be registered in the NGO Darpan portal (if applicable) and should have obtained a unique ID at the time of application for grant.
- viii. The heads of the Host Institution/LBI or representative need to be mandatorily present for Quarterly/six monthly/ yearly review
- ix. Any change in the management team of the LBI needs to be communicated with the MoMSME.
- x. All the data/information related to the project to be shared with MI, officers of ministry, or its authorized representative as and when required
- xi. All the assets acquired or created from the grant will be the property of the Govt. of India and should not be disposed-off or encumbered or utilized for a purpose other than those for which the grant has been sanctioned without the prior permission of the MoMSME.
- xii. The Government of India will be free to sell or otherwise dispose off assets that are the property of the Government of India. The institution shall tender to GoI necessary facilities for arranging the sale of these assets. Operation & Maintenance (O&M) of assets created under the project will be maintained by the Host Institutes for a period of 10 years.
- xiii. Concerned officers of MoMSME or its authorized representatives may visit the organization/incubator periodically for ascertaining the progress of work and resolving any difficulties that might be encountered in the course of implementation.
- xiv. The Comptroller 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.

- xv. The interest earned by the agency (if applicable) must be deposited in the Bharat Kosh account at the end of each financial year as well as at the time of seeking further installment of the grant.
- xvi. The agency 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.
- xvii. In case the agency itself is not in a position to execute or complete the project within the period approved in the sanction letter, or unless any extension is being duly approved by the SSC, it may be required to refund forthwith the Govt. of India, the entire amount of grants-in-aid received by it, along with interest earned, as applicable.
- xviii. MoMSME 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.
- xix. Where support has been provided by MoMSME 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 MoMSME grant will be allowed to such an institution.
- xx. The Institution will not utilize the grant assistance to create any facility for its own or to meet its own administrative or other expenditure, not specified in the DPR for the project. It will not divert the grant for any other purposes.
- xxi. MoMSME will not have any liability towards the manpower appointed by the agency/institution for implementation of the project.
- xxii. MoMSME will have no responsibility in case of any loss is caused to any life or property due to accident, fire, or any other reason. The Grantee Institute is required to take appropriate safety and insurance measures to safeguard against any loss to human life and property related to incubator.
- xxiii. The Institution shall not entrust the implementation of the Scheme to another institution or person. In case the Institution itself is not in a position to execute or complete the Scheme, it shall be required to return forthwith to MoMSME the unutilized amount of the grant assistance received by it.
- xxiv. The MoMSME reserves the right to terminate the grant assistance at any stage if it is convinced that the grant assistance has not been properly utilized or appropriate progress has not been made.
- xxv. The grant assistance shall also be subject to such additional conditions and direction as may be stipulated/issued by the Ministry of MSME from time to time.
- xxvi. The MoMSME will have no liability on account of any omission or commission of regulatory/statutory requirements by the incubator or its incubatees and their enterprises.
- xxvii. For any dispute, the court of jurisdiction will be New Delhi, India

OPERATIONAL GUIDELINES FOR TECHNOLOGY BUSINESS INCUBATOR (TBI)

The Technology Business Incubator (TBI) component under the ASPIRE scheme has been discontinued due to convergence with the Incubation scheme. However, the TBIs approved till 31.03.2021 will be supported with financial assistance for procurement of plant and machineries as per the previous guidelines applicable for TBI. The performance of the existing TBIs will continue to be assessed and monitored based on the output-outcome framework as per the objectives for TBIs defined in the previous guidelines.

C. OPERATIONAL GUIDELINES FOR FUND OF FUNDS TO BE MANAGED BY SIDBI.

1. Introduction:

1. Small Industries Development Bank of India (SIDBI) has been using innovative instruments like Equity, Quasi-Equity, mezzanine debt, etc. both directly and indirectly through its fund of fund operations supporting Angel funds, Impact Funds, Challenge Funds, and other Venture capital funds. The benchmarks for the funds set up by SIDBI focus on value addition in the rural economy and job creation through social impact funding. Support from SIDBI thus enables ideas/innovation with creativity and scalability to come to the fore and help them convert these ideas into commercial enterprises with specific outcomes and within a specific time period.
2. ASPIRE Fund of Funds under SIDBI with a corpus fund of **INR 60 Cr** was augmented with an amount of **INR 250 Crore**, making the **total corpus INR 310 Crore**. This start-up promotion targets those knowledge initiatives which need support and nurturing to succeed in developing and scaling up technology and business enterprise in the agro-rural sector.
 - a. Opportunities **exist for scaling up manufacturing, productivity enhanced margins**, etc. in agro and rural-based industries. Agribusiness companies have the opportunity not only to serve domestic markets but also regional or overseas markets with same or similar product mix.
 - b. The improvement in infrastructure for storage and transportation is also facilitating companies to address overseas markets. In turn, companies are increasingly able to build, scale and develop supply chains and standards acceptable to world markets in agribusiness.
 - c. Typical capital requirements of businesses in this sector would be for capacity addition, regional expansion, strengthening of sourcing and distribution network, and meeting incremental working capital requirement - and there is little availability of affordable capital left to invest in long-term risk mitigation strategies.
 - d. One of the biggest challenges for India's entrepreneurs is the short supply of "early stage" capital - funding available to young companies developing, testing, and proving their business models.

2. Purpose:

The 'Fund of Funds' would be utilized by SIDBI to contribute to various Impact/ Venture Capital Funds [currently known as Alternative Investment Fund (AIF)] for investing in early stage MSME enterprises and Startups in the agro-rural sector, for promoting innovation, entrepreneurship, forward-backward linkage with multiple chains of manufacturing and service delivery. The funds may be used to help scale up MSMEs/tech & non-tech Startups in the agro-rural sector, i.e., the investments may be made to help the companies/micro and small enterprises to improve the manufacturing of products, supply chain, technology adoption, and diversification, market penetration, etc. in the agro-rural sector.

The AIFs supported by ASPIRE FoF will be mandated to hold regular interactions with incubates in the Livelihood Business Incubators set up under the scheme to apprise them of the requirements for being eligible for funding from AIFs.

3. Tenure of the Fund:

The tenure of the Fund of Funds will be upto 6 years from the year of release of final installment to SIDBI i.e till 31st March'2025. VCIC having a Joint Secretary level officer from the Ministry will review the tenure after completion and may take decision to extend it for further 6 years.

4. Eligibility Criteria of Venture Capital Funds:

- a. The fund received from ASPIRE scheme is to be invested in suitable funds falling under the Category I & II Alternative Investment Funds (AIF) registered with SEBI.
- b. The AIFs should invest at least twice the amount of contribution received under ASPIRE Fund in Start-ups / early-stage enterprises under Micro, Small, and Medium Enterprises (MSME) category, of which 1X shall be invested in the agro and rural-focused Start-ups/ early-stage enterprises under MSME category.
- c. The AIFs shall endeavour to invest the contribution received under ASPIRE fund in as many enterprises as possible; in any case, not less than 5 enterprises.
- d. Fund Manager/ team should have prior track record in Fund management or prior investment experience.

5. Management Fee:

A one-time management fee of 0.5% of the size of the fund shall be payable to SIDBI. The annual fee for administering the fund shall be 0.2% of the fund, on an actual basis, payable for 6 years or the extended period as approved by VCIC having a Joint Secretary level officer representing the Ministry.

6. Process:

The selection of the Alternative Investment Fund would be undertaken in a two-stage process as under:

Stage I:

Preliminary Screening by Venture Capital Investment Committee (VCIC): Based on the initial discussions with regard to prima-facie eligibility of the Fund for coverage under the ASPIRE Fund, the proposal would be taken to the Venture Capital Investment Committee (VCIC).

- i. The VCIC based on the presentation made and discussions held during the meeting would recommend undertaking detailed due diligence on the proposal.
- ii. A Nominee from the Ministry of MSME, not below the rank of Joint Secretary, to take part in the VCIC proceedings, wherever proposals involving contribution out of the MSME Fund (ASPIRE Fund), to different Venture Funds are taken up for consideration.

Stage II:

- i. **Detailed due diligence and sanction by Executive Committee of the Board:** Based on the recommendation of the VCIC, detailed application would be issued to the Venture Capital Fund (VCF). Upon receipt of application, detailed due diligence on the proposal would be undertaken by SIDBI and the proposal would be put up to the Executive Committee of the Board for sanction.
- ii. Upon sanction, a Letter of Intent will be issued, and Contribution Agreement would be signed. Based on the commitments made by the Fund, the Fund would send a draw-down request to SIDBI against each investment to be made by the Fund. It may be noted that generally commitment period of a VCF would be for a period of 4 to 5 years i.e. disbursement of the committed amount out of ASPIRE Fund would be done over a period of 4 to 5 years.

7. Size of Investment:

Investment to a VCF out of ASPIRE Fund shall be upto a maximum of Rs.30 crore. This investment must not be more than 25% of the total size of VCF.

8. Monitoring:

The VCFs assisted under the ASPIRE are monitored by SIDBI on an annual basis. A quarterly report of utilization of ASPIRE Fund would be submitted to the Ministry and uploaded on the ASPIRE portal at the end of June, September, December, and March every year, within 15 working days of the following month.

A detailed annual report on the utilization of the fund including details on the VCFs invested details of the companies invested by the VCFs, NAV of the investments, etc. would be sent in December of that year.

SIDBI will ensure that the AIFs supported by ASPIRE FoF hold regular interactions with incubates in the Livelihood Business Incubators set up under the scheme to apprise them of the requirements for being eligible for funding from AIFs and report the same to the Ministry on a bi-annual basis.

9. Others:

All VCFs sanctioned by SIDBI till the date of issue of operational guidelines shall be eligible to be covered under ASPIRE Fund, subject to meeting the criterion, as mentioned in para IV of these guidelines. Such proposals would be sanctioned by the officer designated by SIDBI who will sanction based on the existing SIDBI's guidelines to such VCFs upto an extent of upto 50% of SIDBI's commitment subject to a maximum of Rs. 30 crores from ASPIRE Fund. However, such investment will not exceed 25% of the total size of VCF.

COMPOSITION OF SCHEME STEERING COMMITTEE (SSC)

1.	Secretary, Ministry of MSME	Chairman
2.	Secretaries of Agriculture, Food Processing Industries, Rural Development, Information Technology, Bio-Technology, DIPP, Skill Development, Labour & Employment or their representatives	Member
3.	Director General (DG), CSIR	Member
4.	Additional Secretary and Development Commissioner (AS & DC), MSME	Member
5.	Additional Secretary and Financial Adviser (AS & FA), Ministry of MSME (or a representative)	Member
6.	Representative from Niti Aayog	Member
7.	Joint Secretary (ARI), Ministry of MSME	Member Convener
8.	Economic Adviser, MSME	Member
9.	Chairman and Managing Director (CMD), NSIC	Member
10.	Chairman and Managing Director (CMD), SIDBI	Member
11.	Secretary, Department of Science & Technology (DST)	Member
12.	Joint Secretary (SME), Ministry of MSME	Member
13.	Joint Secretary (AFI), Ministry of MSME	Member
14.	Any invitee with approval from Chairperson	Member

PROFORMA FOR SELECTION OF MENTOR INSTITUTE FOR LBI

S. No.	Criteria	Documentary proof required	Complied (Yes / No) & Page Number
I. Statutory requirement:			
1.	The participation is restricted to agencies registered in India and should be a non-profit entity registered as a trust, society, or Section 8 company or any other Central/State government organization	Copy of Certificate of Incorporation/ Registration AND Copy of PAN card AND Copy of GST registration AND NGO DARPAN ID (in case of Private Institution)	
II. Financial strength:			
1.	The applicant agency should have an average annual turnover of at least INR 15 Crores from the last 3 Financial years 2018-19, 2019-20, and 2020-21	Statutory Auditor's Certificate (i.e. 2018-19, 2019-20, 2020-21) that provides the information explicitly as per the specific requirement of the criterion OR Financial Statement duly certified by the Chartered Accountant	
2.	The applicant agency should have a positive net worth for any of the last 3 Financial years 2018-19, 2019-20, and 2020-21 or should not have incurred losses for more than one year in the last 3 years.	Statutory Auditor's Certificate (i.e. 2018-19, 2019-20, 2020-21) that provides the information explicitly as per the specific requirement of the criterion OR Financial Statement duly certified by the Chartered Accountant	

S. No.	Criteria	Documentary proof required	Complied (Yes / No) & Page Number
III. Domain experience:			
1.	The agency should have 5 years' experience in the field of incubating rural enterprises including start-ups and skill development in livelihood development initiatives	Completion Certificates OR Work Order / LoA / LoI / Contract Agreement + Phase Completion OR Work Order / LoA / LoI / Contract Agreement + Self Certificate of Completion (Certified by the Statutory Auditor) These projects should cite experience of the applicant MI for 5 years or more in the field of incubating rural enterprises/startups and skill development in livelihood development initiatives	
IV. Manpower Strength:			
1.	Total employee strength on the payroll of the company on the date of application should not be less than 30	HR Certificate duly certified by the Authorized Signatory	
V. Geographical Reach:			
1.	Experience of working in at least 5 states/UTs in India	Attach project snapshots	
IV. Blacklisting			
1.	The Bidder should not be blacklisted by any Central or State Govt./RBI/ PSU/ Board/ Central or State Govt. Corporation.	A self-certified letter signed by the Authorized Signatory of the Bidder.	

APPLICATION FOR SETTING UP OF LBI

Annexure 3

1. Executive Summary

- Need statement highlighting the requirement for LBI
- Proposed Interventions to address the need
- Plan of action
- Proposed Output-Outcome
- Impact envisaged (Qualitative and Quantitative)

2. Mentor Institute Details

- Name of MI:
- Address:
- Phone and email id:
- Name and contact details (phone, email id) of the designated head of MI:

3. Host Institute Details

- Address:
- Phone:
- Mobile:
- E-mail:

4. Name of the Proposed LBI:

- Address:
- Phone:
- Mobile:
- E-mail:

5. Name, Designation & contact details of the Head of HI:

- Address:
- Mobile:
- E-mail:

6. Name, Designation & contact details of LBI Coordinator

- Address:
- Mobile:
- E-mail:

7. Endorsement from Head of Host Institute/ Applicant hosting the LBI (see Annex.3A)

8. Host/Applicant Institute- General Information:

- i. Legal Status of Host Institute (enclose certificate of registration)
- ii. Establishment date & Memorandum of Association (summary of registered Objectives)
- iii. List of Governing Body / Board of Directors
- iv. Name of the Government Dept. / Ministry which is sponsoring the existing LBI (If applicable)
- v. Website link of HI
- vi. Date of last Annual General Meeting (attach the minutes of the meeting)
- vii. Enclose Annual Audited statement & IT returns for last 3 years

9. Host Institute's preparedness to host LBI:

- i. Experience and Expertise of the LBI Coordinator selected from the Host Institute for the setting up of LBI. (Attach a brief CV, a person with domain expertise and having conceptual understanding and deep interest for innovation, livelihood initiatives and entrepreneurship would be preferred to steer the LBI till it gets operationalized)
- ii. Awards & Recognition (Last 2 years): Details of Recognitions & Awards (having significant importance) won. Indicate separately for Faculty and Student community
- iii. Any other notable activities in innovation and entrepreneurship:
 - o Details of Entrepreneur Cell
 - o Indicate details of product development /commercialization by faculty/students
 - o Details of the current activities with entrepreneurship orientation:
 - o Details of having organized relevant entrepreneurship development programmes (courses, workshops, seminars, competitions, lectures, etc.) in the institute
- iv. Availability of adequate infrastructure support such as high-speed internet, audio-video facility, online training facility, library, hostel facility, own transportation facility, etc.
- v. Dedicated Incubation space for LBI-Built-up area (in sq. ft.) allocated for setting up the LBI

[Enclose layout plan-An architectural Blueprint of the proposed LBI made and ratified by an Architect indicating the location]

S.No.	Description(Covered)	Space Proposed (sq ft.)
1	Dedicated Incubation Space	
2	Conference Room	
3	Meeting Room(s)	
4	Office Space	
Total		

- v. Details of the various incubation programs & support services (such as varied support services like financial, legal, product designing, accreditation, compliances, Trademarks, etc.) to the potential incubatees for facilitating micro-enterprise creation
- vi. Key activities/programs required to operate the LBI

[From on boarding of beneficiaries to employment/enterprise development]

- vii. Sources of tapping the new incubatees

SL. No.	Thrust Area	Target number to be incubated/ skilled	Target Segment	Catchment Area/ Sources	Channel/ Medium of Communication/ Promotion/ Marketing (Reaching out to the potential incubates)

- viii. Key partners in business eco-system (market linkages for both upstream and downstream activities)
- ix. Proposed Team Composition of LBI

S. No.	Designation	Specialization	Responsibilities

12. Year-wise work plan for two years (a separate time-linked activity chart to be provided along with the detailed work plan).

13. Target milestones based on output-outcome framework (should be projected based on most likely attainable targets)

SL. No.	Indicators	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Outcome	No. of beneficiaries trained						
	No. of incubatees incubated in the LBIs						
	No. of workshops/ seminars conducted to provide incubation support services						
Output	No. of incubatees self-employed						
	No. of incubatees placed in nearby industries						
	No. of micro-enterprises established						

14. Budget

1. Non-recurring
2. Recurring Expenditure

SL No.	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1	Manpower						
2	Travel						
3	Utility & Maintenance (Raw materials)						
4	Marketing, promotion & publicity						
5	Miscellaneous & contingencies						
6	Total						

7. Budget break-up of manpower and skill development/incubation programmes to be given on a separate sheet

15. Revenue Generation Projections for Sustainability of LBI

SL No.	Means of Revenue Generation	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1							
2							
3							
4							

Name & Signature of the Head of the HI	Name & Signature of the LBI Co-ordinator	Name & Signature of designated head of the Mentor Institute
Date:		
Place:		

Annexure-3A

ENDORSEMENT FROM THE HEAD OF INSTITUTION/AGENCY HOSTING THE LBI (on letterhead)

1. We have gone through and agreed to abide by the terms and conditions of the grant scheme for LBI.
2. We have not submitted, nor do we intend to submit this, or a similar project proposal, to any other agency for financial or other support. In case we get the support, we will keep MoMSME informed.
3. We undertake that a full-time dedicated Incubation Manager will be appointed to head the LBI and further appoint necessary full-time support staff for the LBI. We also undertake that the LBI will be given functional autonomy and financial powers.
4. We undertake to provide sq. ft. of dedicated space to the LBI, in the campus, and that such space would be provided for a minimum period of 5 years and extendable if so desired by MoMSME.
5. We undertake and to procure complete plant and machinery listed in the proposal on the release of 1st installment of grant in aid from the MoMSME and acknowledge that **the remaining 50% of the approved amount will be released as a reimbursement after installation of Plant & Machinery at the Incubation Centre.**
6. Certified that the hardware, other basic facilities, and such other administrative support required for the successful running of LBI will be extended to the LBI by Host Institute, as per terms and conditions of the grant.
7. We undertake to submit progress reports, statement(s) of accounts, utilization certificates, etc. as required.
8. We undertake to create a dedicated website for an LBI and ensure that monthly, quarterly report (including details of incubatees along with the achieved outcome) will be uploaded to the websites.
9. Certified that/Shri/Smt..... will be the LBI Co-ordinator of the proposed LBI.
10. The LBI Coordinator will assume the responsibility for the implementation of the project.
11. Our institution/agency assures to undertake the complete financial and other management responsibilities of the LBI, and the successful running of LBI beyond 3 years of MoMSME's financial support.
12. If any of the above statements are found to be incorrect by MoMSME at any point in time, the organization takes the responsibility to refund the entire amount released by MoMSME.
13. We have read the guidelines and we agree to abide by the Terms and Conditions therein.

Date:	Name, Signature & Seal of the Head of the Host Institute
Place:	
