

Technology Incubation and Development of Entrepreneurs

Department of Information Technology, Government of India

About the Scheme:

Department of Information Technology's (DIT), Technological Incubation and Development of Entrepreneurs (TIDE) scheme was launched in the year 2008. The Scheme has multipronged approach in the area of Electronics, ICT and Management. Some of the broad objectives of the scheme include the following. Setting up and strengthening Technology Incubation Centres in institutions of higher learning, nurture Technology Entrepreneurship Development for commercial exploitation of technologies developed by them, promoting product oriented research and development, encourage development of indigenous products and packages and bridging the gap between R&D and commercialization.

Recognizing the importance of Technology Incubation, many institutions of higher learning have already taken initiatives to nurture this activity. Steps include policy measures, creating appropriate frameworks, infrastructure support, entrepreneurial- training and IPR facilitation. The incubation centers provide a host of services to new enterprises and facilitate networking. The centre networks with Angel Investors and Venture Capitalists (VCs) who provide mentoring and financial support to the startups. The centre also enables the tenant companies to gradually mature over a period of 2-3 years and then shift to a commercial place for transacting actual business. The faculty is keenly involved in startup activity thus ensuring interaction between education and industry and alignment of education with the market requirements. DIT provides financial and policy support for strengthening technology incubation activity with the promise that this would in the long run result in indigenous development of products and packages in Electronics as well as IT sectors.

TIDE Center:

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 startup companies. This entity can receive funds from the Government and non-Government bodies and financial institutions including VCs and Angel Investor Groups. It can disburse loans to startup 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 managed by the CEO /MD or any other designated person.

Functioning of TIDE:

Selection Procedure

The TIDE centers should have a clear policy and a transparent process for selection of companies for incubation. The selection process 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). Support can be provided on approval of the same by

the Management Board of TIDE and on formation of the Company and signing of an agreement with TIDE. The TIDE centre would regularly monitor the progress of the Company.

Support for the Incubated Companies

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. The operating space is to be provided on rent for a period of up to 2 years (extendable by one year). The companies selected for incubation would get financial support, in the form of soft loans of up-to Rs. 25 lakhs over two- three years period (subject to satisfactory performance). The sanctioned loan amount would be up to a maximum of 80% of the project cost of the incubating company. The loan can be used for procuring equipment and consumables essential for the implementation of the project, subsistence allowance of the promoters, staff salaries and other contingencies. 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 paid as equity to the TIDE centre, which can be encashed at the time of valuation.

For further information, contact:

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