

AGRIINVO – 2019

Guidelines for Agribusiness Incubation Programme for Startups

Financial assistance of a maximum of Rs 25 lakhs will be granted to potential start-ups that have a Minimum Viable Product (MVP) based on innovative solutions/ processes/ products/ services/ business models in agriculture and allied sector. The applicant incubatees would be provided with funds as per their genuine requirements and evaluation by RAFTAAR Selection and Monitoring Committee (RC). Decision of RC in this regard is final and not bound to give any reason if any application for seed stage funding loan is rejected.

This support will assist the incubatees to launch their products/ services/ business platforms etc. into the market and help them to scale up their operations as well as to attain business viability at a faster pace. This support will also facilitate them to attract investments from angel/venture capitalists or taking loans from commercial banks /financial institutions for further scaling-up of their business operations.

I. OBJECTIVES

- a. To ensure timely seed support to the deserving incubatees within ANGRAU Poshan Incubator, Tirupati.
- b. To enable translation of Minimum Viable Product (MVP) to marketable stage and scale up the product and business.
- c. To provide a platform for faster experimentation and modification in their approaches or Minimum Viable Product (MVP) based on innovative solutions/ processes / products/ services/ business models etc. for scaling up.

II. ELIGIBILITY CRITERIA:

1. The recipient should be a registered legal entity in India with a minimum of two months residency at the ANGRAU Poshan Incubator, Tirupati.
2. The Recipient has to be an Indian start-up as per the latest DIPP notification, this support is not meant for Indian subsidiaries of MNCs/Foreign companies.
3. A Start-up supported once will not be eligible for applying for the subsequent round of seed support to AgriInvo 2019.

III. SEED STAGE FUNDING FOR STARTUPS

i. Selection Process of Incubatee For Seed Stage Funding

- During the selection process, ANGRAU Poshan Incubator, Tirupati will take into consideration any other grant-in-aid funding received by the incubatee for the same activity/product from other GOI ministries. A self-declaration from the incubatee about such funding will be mandatory.
- After two months of Residency of incubates, R-ABI Incubation Committee (RIC) will evaluate the progress of the incubate and based on their performance, recommend them to RC for funding, RC will further evaluate and recommend incubates to Nodal Division DAC&FW for Seed stage funding.
- Nodal Division, DAC & FW will approve and sanction the project and release the first instalment of the grant-in-aid to ANGRAU Poshan Incubator for further disbursement to the incubatee.
- ANGRAU Poshan Incubator would execute a legal agreement with the incubatees who are selected for the seed funding support, before the release of the first instalment.

ii. Pattern of Funding Support and Release of Funds

- A maximum of 20 start-ups will be supported by ANGRAU Poshan Incubator under this scheme.
- For ensuring incubate participation in the programme, 15% on proportionate basis of project cost will be borne by incubatee. The remaining 85% on proportionate basis of project cost up to a maximum of INR 25lakhs will be borne under RKVY-RAFTAAR scheme, which will be released in three instalments
 - i. The first instalment of 40% of the sanctioned amount will be released after signing the legal agreement between ANGRAU Poshan Incubator and the incubatee.
 - ii. The second instalment of 40% will be released to the incubate after recommendation of RIC based on their performance and achievement of milestone as well as after utilization of 80% of previous released amount and provisional UC of 80% of already released funds.
 - iii. The third instalment of 20% will be released to incubate by Nodal division through ANGRAU Poshan Incubator after recommendation of RIC based on their performance and achievement of milestone as well

as after utilization of 80% of previous released amount and provisional UC of 80% of already released funds.

- After two months, market access will be facilitated by ANGRAU Poshan Incubator
- ANGRAU Poshan Incubator will also organize a Demo Day for investor pitch to showcase the matured product of the incubatee to investors for further facilitation of funding.

iii. Broad activities to be supported under this funding would be:

Expenses for the following broad activities would be supported under this programme:

- a. Product Refinement/Testing and Trails/Test Marketing/Marketing Launch,
- b. Expenses on data generation/data acquisition for ideas working on IT/AI side,
- c. Fees for IP issues/one time technology licensing fees
- d. Manpower for day to day operations, Electricity bill, Incubation charges,
- e. Any other necessary expenses recommended by RIC of ANGRAU Poshan Incubator.

IV. TERMS & CONDITIONS

1. A self-declaration from the incubatee on any other grant-in-aid received, for the same activity/product will be mandatory.
2. The start-up must be registered as a Private Company, LLP or Partnership Firm.
3. The start-up must not be a product of restructuring.
4. Not more than ten years must have elapsed since incorporation
5. The decision of the RIC is final in selection and short listing of individuals for the programme
6. Selected startups under this programme have to pay fees and incubation service in common, as applicable, fixed by the ANGRAU Poshan Incubator, Tirupati during the incubation programme.
7. All terms and conditions apply.
8. A firm to be treated as a Start-up entity is according to the Gazette notification of DPIIT. Please read Annexure I.

ANNEXURE I**MINISTRY OF COMMERCE AND INDUSTRY**

(Department for Promotion of Industry and Internal Trade)

NOTIFICATION

New Delhi, the 19th February, 2019

G.S.R. 127(E).— This notification is being issued in supersession of the Gazette Notification

No. G.S.R. 364(E) dated April 11, 2018 as modified vide Gazette Notification No. G.S.R. 34 (E) dated January 16, 2019.

Definitions

1. In this notification,—

(a) An entity shall be considered as a Startup:

i. Upto a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India.

ii. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.

iii. Entity is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a ‘Startup’.

Explanation

An entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds one hundred crore rupees.

(b) “Act” means the Income-tax Act, 1961;

(c) “Board” means the Inter-Ministerial Board of Certification comprising of the following members:

(i) Joint Secretary, Department of Promotion of Industry and Internal Trade, Convener

- (ii) Representative of Department of Biotechnology, Member
- (iii) Representative of Department of Science & Technology, Member
- (d) "CBDT" means Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963 (54 of 1963);
- (e) "limited liability partnership" shall have the meaning as assigned to it in clause (n) of subsection(1) of Section 2 of the Limited Liability Partnership Act, 2008;
- (f) "partnership firm" means a firm registered under section 59 of the Partnership Act, 1932;
- (g) "private limited company" shall have the meaning as assigned to it in clause (68) Section 2 of the Companies Act, 2013;
- (i) "turnover" shall have the meaning as assigned to it in clause (91) Section 2 of the Companies Act, 2013;
- (j) All references to "Forms" in this notification shall be construed as references to the forms set out in Appendix-I hereto;
- (k) "DPIIT" means Department for Promotion of Industry and Internal Trade

Recognition

2. The process of recognition of an eligible entity as startup shall be as under: —
- (i) A Startup shall make an online application over the mobile app or portal set up by the DPIIT.
 - (ii) The application shall be accompanied by—
 - (a) a copy of Certificate of Incorporation or Registration, as the case may be, and
 - (b) a write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.
 - (iii) The DPIIT may, after calling for such documents or information and making such enquires, as it may deem fit, —
 - (a) recognise the eligible entity as Startup; or
 - (b) reject the application by providing reasons.

Certification for the purposes of section 80-IAC of the Act

3. A Startup being a private limited company or limited liability partnership, which fulfils the

conditions specified in sub-clause (i) and sub-clause (ii) of the Explanation to section 80-IAC of the Act, may, for obtaining a certificate for the purposes of section 80-IAC of the Act, make an application in Form-1 along with documents specified therein to the Board and the Board may, after calling for such documents or information and making such enquires, as it may deem fit, —

(i) grant the certificate referred to in sub-clause (c) of clause (ii) of the Explanation to section 80- IAC of the Act; or

(ii) reject the application by providing reasons.

Exemption for the purpose of clause (viib) of sub-section (2) of section 56 of the Act

4. A Startup shall be eligible for notification under clause (ii) of the proviso to clause (viib) of sub-section (2) of section 56 of the Act and consequent exemption from the provisions of that clause, if it fulfils the following conditions:

(i) it has been recognised by DPIIT under para 2(iii)(a) or as per any earlier notification on the subject

(ii) aggregate amount of paid up share capital and share premium of the startup after issue or proposed issue of share, if any, does not exceed, twenty five crore rupees:

Provided that in computing the aggregate amount of paid up share capital, the amount of paid up share capital and share premium of twenty five crore rupees in respect of shares issued to any of the following persons shall not be included—

(a) a non-resident; or

(b) a venture capital company or a venture capital fund;

Provided further that considerations received by such startup for shares issued or proposed to be issued to a specified company shall also be exempt and shall not be included in computing the aggregate amount of paid up share capital and share premium of twenty five crore rupees.

iii) It has not invested in any of the following assets,—

(a) building or land appurtenant thereto, being a residential house, other than that used by the Startup for the purposes of renting or held by it as stock-in-trade, in the ordinary course of business;

(b) land or building, or both, not being a residential house, other than that occupied by the Startup for its business or used by it for purposes of renting or held by it as stock-in trade, in the ordinary course of business;

- (c) loans and advances, other than loans or advances extended in the ordinary course of business by the Startup where the lending of money is substantial part of its business;
- (d) capital contribution made to any other entity;
- (e) shares and securities;
- (f) a motor vehicle, aircraft, yacht or any other mode of transport, the actual cost of which exceeds ten lakh rupees, other than that held by the Startup for the purpose of plying, hiring, leasing or as stock-in-trade, in the ordinary course of business;
- (g) jewellery other than that held by the Startup as stock-in-trade in the ordinary course of business;
- (h) any other asset, whether in the nature of capital asset or otherwise, of the nature specified in sub-clauses (iv) to (ix) of clause (d) of Explanation to clause (vii) of sub-section (2) of section 56 of the Act.

Provided the Startup shall not invest in any of the assets specified in sub-clauses (a) to (h) for the period of seven years from the end of the latest financial year in which shares are issued at premium;

Explanation.— For the purposes of this paragraph,-

- (i) “Specified company” means a company whose shares are frequently traded within the meaning of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and whose net worth on the last date of financial year preceding the year in which shares are issued exceeds one hundred crore rupees or turnover for the financial year preceding the year in which shares are issued exceeds two hundred fifty crore rupees.
- (ii) the expressions “venture capital company” and “venture capital fund” shall have the same meanings as respectively assigned to them in the explanation to clause (viib) of sub Section(2) of Section 56 of the Act.
