

## **Seed Stage Funding as grant-in-aid to Startups**

This seed stage funding will be available to incubatees who are incubated at the R- ABI. Under this, financial assistance of a maximum of Rs. 25 lakhs will be granted to potential startups that have a minimum viable product (MVP) based on innovative solutions/ processes / products/ services/ business models in agriculture and allied sector. The amount of Rs. 25 lakh is the upper limit of the seed fund assistance. The applicant incubatees would be provided funds as per their genuine requirements and as per appraisal/evaluation of their business plans by the RC and the decision of the RC in this regard will be final. The RC will not be bound to give any reason in case an application for seed 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.

### **Eligibility Criteria**

- a. All incubatees of a R-ABI will be eligible for this funding on the basis of consistent performance evaluated by RIC
- b. The recipient should be a registered legal entity in India with a minimum of two months of residency at the R-ABI.
- c. The recipient has to be an Indian start-up as per DIPP notification. This support is not meant for Indian Subsidiaries of MNCs/foreign companies.
- d. A startup supported once will not be eligible for applying for the subsequent round of seed support to any R-ABIs.

### **Selection Process of Incubatee for Seed Stage Funding**

- a. Ideas will be selected by RKVY- RAFTAAR Incubation Committee (RIC)
- b. During the selection process, R-ABI 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.
- c. After two months of residency of incubatees, RIC will evaluate the progress of the incubatee and based on their performance recommend them for seed stage funding to RC.
- d. RC will further evaluate and recommend the incubatees to the Nodal Division, DAC&FW for seed stage funding.
- e. Nodal Division, DAC&FW will approve and sanction the project of the incubatees based on recommendation of RC and release the first instalment of the grant-in-aid to the respective R-ABI for further disbursement to the incubatee.
- f. The R-ABI will execute a legal agreement with the incubatee who is selected

for the seed support and this agreement will be signed before the release of the first instalment of seed fund to the incubatee. The terms of agreement with the incubatee start ups will be framed by the R-ABI linking with the progress milestones, monitoring norms etc. Subsequent disbursement schedules should be linked to the achievement of milestones by the incubatee.

### **Pattern of Funding Support and Release of Funds**

- a. A maximum of 20 startups per R-ABI will be supported under this scheme. Each selected startup will be provided a maximum limit of Rs. 25 Lakh as grant-in-aid under the scheme. (start-ups already receiving grants / financial support from any other source will not be eligible under RKVY- RAFTAAR)
- b. For ensuring incubatee/ private participation in the programme, 15 percent on proportionate basis of the project cost will be borne by the incubatee. The remaining 85 percent of the project cost on proportionate basis upto a maximum of INR 25 lakhs will be borne under RKVY-RAFTAAR scheme which will be released in three instalment as mentioned below:
  - i. The first instalment of 40% of the sanctioned project for seed support will be released after signing of the agreement between the incubator/ R- ABI and the incubatee.
  - ii. The second instalment of 40% will be released to the incubatee after recommendation of RIC based on their performance and achievement of milestone as well as after utilization of 80% of previously released amount and receipt of provisional UC of 80% of already released funds.
  - iii. The third instalment of 20% will be released to incubatee by the Nodal Division through R-ABIs after recommendation of RIC based on their performance and achievement of milestone as well as after utilization of 80% of previous released amount and receipt of provisional UC of 80% of already released funds.
  - iv. After two months, market access will be facilitated by the R-ABI.
  - v. The R-ABI will also organize a Demo Day for Investor pitch to showcase the matured product of the incubatee to investors for further facilitation of funding.

### **Broad Activities to be supported under Seed Stage Funding**

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

- a. Product Refinement/Testing and Trials/ Test Marketing/ Marketing launch
- b. Expenses on data generation/data acquisition for ideas working on IT side/AI side
- c. Fees for IP issues/one time technology licensing fees
- d. Manpower for day to day operations
- e. Day to day operational expenses like electricity bill, incubation charges etc.

- f. Any other area/activity as deemed necessary and recommended by the RIC of R-ABIs.