



ABSTRACT

Industries – Permission to enter into MoU by Guidance with American Tamil Entrepreneurs Association (AETA) for Digital Accelerator Programme and Sanction of a sum of Rs.5 crore for this programme for the financial year 2020-2021 – Orders – Issued.

Industries (MIB.2) Department

G.O.(Ms) No.7

Dated 08.01.2021

மார்கழி 24, சார்வரி வருடம்,
திருவள்ளூர் ஆண்டு-2051

Read:

1. From the Managing Director and Chief Executive Officer, Guidance Tamil Nadu Letter No.IF/Org MoU /AETA/1003/2020-1, Dated 17.2.2020
2. Email received from the Managing Director and Chief Executive Officer, Guidance Tamil Nadu, dated 23.09.2020

ORDER:

The Managing Director and Chief Executive Officer, Guidance Tamil Nadu has stated that the American Tamil Entrepreneurs Association (ATEA) is a business focused organization of professionals across the globe. It is a non-profit 501 (c) (3), non-political, non-partisan membership-based organization that fosters entrepreneurship among youth, women and emerging business professionals.

2. In the past American Tamil Entrepreneurs Association (ATEA) has conducted several conferences focusing on entrepreneurship and innovations across various locations in USA such as San Jose, New Jersey, Minneapolis, Dallas and Chicago. Further, several entrepreneurship – focused regional meet – ups have been conducted till date attracting a foot fall of 5000 people. During the Hon'ble Chief Minister's visit to the United States in September 2019, an MoU was signed between the Guidance and American Tamil Entrepreneurs Association (ATEA) for fostering multifold co-operation. Further, the Hon'ble Chief Minister has announced that Government of Tamil Nadu will sanction a grant of 10% of capital raised (up to a cap of Rs.1 crore) under the American Tamil Entrepreneurs Association (ATEA) digital accelerators for start ups and also announced Rs.50 crores for this purpose.

(p.t.o)

3. Accordingly, in his email dated 23.9.2020, the Managing Director and Chief Executive Officer, Guidance has sent the draft MoU and requested the concurrence of Government before entering into MoU with American Tamil Entrepreneurs Association (ATEA) and requested the Government to sanction a sum of Rs.50 crores as a corpus fund for the Digital Accelerator Programme to attract potential US companies especially owned by Tamil entrepreneurs to Start business in Tamil Nadu.

4. The Salient features of the MoU are as follows:

- 1) ATEA Digital Accelerator shall invite applications from entrepreneurs and founders of Startups of Tamil origin from the US and entrepreneurs who are natives of Tamil Nadu, to apply for Reimbursement-Based Grants. ATEA shall also provide mentoring assistance to such Start-ups through the online portal.
- 2) The ATEA Digital Accelerator will facilitate funding through accomplished entrepreneurs, seed investors and venture capital funds in the US and India (particularly from Tamil Nadu), for Startups founded or co-founded by Tamil entrepreneurs.
- 3) Upon receiving applications from Startups, the ATEA Digital Accelerator shall examine, curate and evaluate the ideas submitted via the online portal or through Guidance's accepted channels, and present them for funding and for Reimbursement-Based Grants from the Government of Tamil Nadu.
- 4) Startups selected by ATEA would qualify for Reimbursement - Based Grants only if such Startup meets the eligibility requirements
- 5) Eligible Startups shall have:
 - a) been qualified, curated and evaluated by ATEA;
 - b) passed the due diligence process of ATEA Digital Accelerator or its approved partners;
 - c) received prior funding from accredited early stage investors in the US or India;
 - d) at least partly applied for protection of intellectual property rights in Tamil Nadu;
 - e) launched the early version of the product or service;
 - f) early stage traction from early customers including proof of concepts/pilots;
 - g) some part of existing business operations or activities in Tamil Nadu such as sales, research and development, or back office.

- 6) Eligible Startup will qualify for an equity-free grant ("**Reimbursement-Based Grant**") of 10% of the capital raised (equity or debt) subject to a cap INR 1,00,00,000 (Indian Rupees One Crore only) per Startup, as Government of Tamil Nadu's Reimbursement-Based Grant towards their operational/capital expenditure incurred in Tamil Nadu. Once provided, the Reimbursement-Based Grant shall be fully earned and no part of such Reimbursement-Based Grant shall be payable back to the Government of Tamil Nadu or any other agency thereof.
- 7) The Reimbursement-Based Grant shall be computed based on operating expenditure and capital expenditure. Capital expenditure shall refer to expenditure in Tamil Nadu coming under the definition of Eligible Fixed Assets (EFA) as defined in the Tamil Nadu Industrial Policy, as revised from time to time. Further, the following operational expenditure incurred in the state of Tamil Nadu shall be eligible for reimbursement:
 - a) salary of employees working in Tamil Nadu;
 - b) expenses like rent, electricity, power, water charges, internet access and other tariffs payable to the service provider;
 - c) statutory charges payable to Government of Tamil Nadu such as stamp duty or electricity duty;
 - d) company registration expenses, including professional charges for the same;
 - e) expenses related to software and hardware;
 - f) research and development expenses;
 - g) expenses related to professional services like legal and accounting services;
 - h) expenses related to sales and marketing;
 - i) expenses related to recruitment and training;
 - j) expenses related to tax and legal advisory services; and
 - k) expenses on furniture, office supplies, maintenance, repair, webhosting, domain etc.
- 8) In order to qualify for a Reimbursement - Based Grant, the operational/ capital expenditure of the Eligible Startup shall be incurred within 1 (one) year from the date of sanction of the Reimbursement - Based Grant. If not, any expenditure after the one-year period shall not be eligible for the Reimbursement - Based Grant.
- 9) A seven-member committee shall be constituted to review, evaluate, and sanction Reimbursement-Based Grants ("**Evaluation and Sanction Committee**"). Evaluation

and Sanction Committee shall be established with the following members:

- a) Managing Director and Chief Executive Officer, Guidance as the Chairperson;
 - b) Up to two representatives nominated by ATEA;
 - c) Up to two officials nominated by the Government of Tamil Nadu; and
 - d) Up to two industrialists/venture capitalists nominated by the Managing Director and Chief Executive Officer, Guidance.
- 10) Guidance shall submit the approvals received from the Evaluation and Sanction Committee to SIPCOT for funding the Reimbursement-Based Grants within two (2) weeks on best effort basis.
 - 11) Once SIPCOT receives the proposal for Reimbursement-Based Grant from Guidance (after such proposal is sanctioned by the Evaluation and Sanction Committee), SIPCOT shall strive within 1 week of approval on best effort basis:
 - a) disburse 98% of the Reimbursement-Based Grant to the Eligible Startup; and
 - b) disburse 2% of the Reimbursement-Based Grant as administrative cost to ATEA.
 - 12) SIPCOT will also be responsible for assessing the correctness of the operating and capital expenditure claimed and for disbursing the incentives, based on the recommendation of ATEA and the Eligible Startup's own assessment.
 - 13) American Tamil Entrepreneurs Association (ATEA) will monitor expenditure of funds released to the Eligible Startups and submit a report on a semi-annual basis on the status of the Eligible Startups that are supported by Reimbursement-Based Grants to Guidance and SIPCOT.
 - 14) The recipients of the Reimbursement-Based Grants will be encouraged to contribute to SIPCOT towards this Reimbursement-Based Grants initiative from investments raised by them at subsequent rounds of funding, to be used by SIPCOT solely for the benefit of future entrepreneurs under this program. Such contributions to SIPCOT are purely optional and at the discretion of the grant recipients. SIPCOT shall further maintain a separate bank account for these funds, and provide statements to Guidance semi-annually.
5. After careful examination, the Government accord permission to Guidance to enter into MoU with American Tamil Entrepreneurs Association (ATEA) for the Digital Accelerator Program and also sanction

a sum of Rs.5.00 crores (Rupees Five crores only) to Guidance for this purpose for the financial year 2020-2021.

6. The expenditure sanctioned in paragraph 5 above, shall be debited to the following head of account:-

2852 - Industries - 80 - General - 800 - Other Expenditure - State's Expenditure - JY To permit Guidance to enter into Memorandum of Understanding with American Tamil Entrepreneurs Association (ATEA) For the Digital Accelerator Programme - 309 grand in Aid - 03 Grands for Specific Scheme.
(IFHRMS DPC : 2852-80-800 JY -30903)

7. The expenditure sanctioned in para 5 above shall constitute an item of "**New Service**" and the approval of the Legislature shall be obtained in due course of time by an inclusion in the Supplementary Estimates for the year 2020-2021. Pending approval of the Legislature, the expenditure may be initially met by drawl of an advance from the Contingency Fund. The Industries Commissioner and Director of Industries Commerce is directed to calculate the actual amount required for the period upto next Supplementary Estimates and apply for sanction of the same as advance from the Contingency Fund to Finance (BG.I) Department directly in Form "A" appended to the Contingency Fund Rules, 1963 along with a copy of this order. Orders for sanction of an advance from the Contingency Fund will be issued from Finance (BG.I) Department. The Industries Commissioner and Director of Industries and Commerce shall also send necessary draft explanatory notes for inclusion of this expenditure in the Supplementary Estimates for the year 2020-2021 at appropriate time without fail.

8. The Industries Commissioner and Director of Industries and Commerce is the Estimating, Reconciling and Controlling Authority for the above New Head of Account.

9. The Pay and Accounts Officer / Treasury Officer concerned are directed to open the above New Head of Account in their books.

10. This order issues with the concurrence of Finance Department vide its U.O.No.51625/Fin (Ind)/ 2020, dated 07.01.2021 and ASL No.1385 (One thousand three hundred and eighty five)

(BY ORDER OF THE GOVERNOR)

V. ARUN ROY
SPECIAL SECRETARY TO GOVERNMENT

To
The Managing Director and Chief Executive Officer,
Guidance Tamil Nadu
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11th Floor No.471, Anna Salai,
Rathna Nagar, Teynampet,
Chennai - 600 035.

The Founder and Board of Trustee,
ATEA, USA
(American Tamil Entrepreneurs Association)
691, S. Milpitas Blvd,
Milpitas, CA - 95035.

The Industries Commissioner and
Director of Industries and Commerce,
5/6, Guindy Industrial Estate,
SIDCO Industrial Estate,
Guindy, Chennai - 600 032.

The Managing Director,
SIPCOT,
19-A, Rukmani Lakshmi pathy Road,
Egmore, Chennai - 600 008.

The Pay and Accounts Office (East),
Egmore, Chennai - 600 008.

The Accountant General, Chennai - 600 018

Copy to
The Chief Minister's Office, Chennai - 600 009.
The Finance (Inds/BG1/BG2/W&M-I) Department,
Chennai - 600 009.
Industries (OP II / Budget) Department,
Chennai - 600 009.
SF/SCs

// Forwarded / By Order //

Shunil Chandra 8.1.2021
SECTION OFFICER

6-2u
8/1/2021