

F.No.:16-07/2023-IP
Ministry of Communications
Department of Telecommunications

New Delhi 23rd August, 2023

GUIDELINES FOR FUNDING UNDER SUB SCHEME "SETTING UP OF DIGITAL COMMUNICATION SQUARE (DCIS) " UNDER CHAMPION SERVICES SECTOR SCHEME

1. **Name of the Scheme:** Digital Communication Innovation Square (DCIS) under Champion Services Sector Scheme (CSSS)

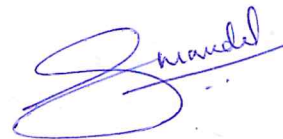
2. **Objectives:** The objectives of the Scheme are as under: -

- a) To promote the ecosystem for research, design, development, proof of concept testing, IPR creation, pilot project and manufacturing i.e., complete value chain to make India a global hub for production of telecommunication equipment and a centre for digital communication services.
- b) To develop and establish standards to meet national requirements and participate in international standardization bodies to contribute in formulation of global standards, thereby making India a leading nation in the area of international telecom standardization.
- c) To promote India specific application development that matches with the behavioral pattern of the masses and adds value to their day-to-day activities both economic and social.
- d) To create synergies among the Academia, Research Institutes, Start-ups and Industry for capacity building and development of a balanced telecom ecosystem by organizing workshops/seminar/webinar etc. for sharing their views, plans, expectations and concerns in a free and constructive manner.
- e) Bridge the gap between R&D and commercialization

3. **Focus Areas of the sub-scheme:**

Communication services in India are mainly provided by imported equipment and technologies. The scheme will promote indigenous innovation and incubation of future technologies and their deployment/manufacturing thereof, resulting value addition for the Indian Telecom Sector. The scheme will be focused mainly in the following areas:

- (i) LTE Advanced, 5G/6G and future generation access technologies, Software Defined Networks (SDNs) and Network Function Virtualization (NFV), IOT/M2M, the cloud and data analytics.



- (ii) Backhaul radio and communication technologies
- (iii) Core and edge routers, Soft switches, Ethernet Switches, xDSL, modems, routers, dongles, data cards, mobile handsets, wireless access points, mobile handsets etc.,
- (iv) Security and surveillance equipment, sensors,
- (v) Convergence of telecom, satellite, IT and broadcasting technologies
- (vi) Interoperability of Applications/products, Open RAN
- (vii) Over-the-top (OTT) services as drivers for penetration of broadband services
- (viii) Green and energy efficient technologies/ solutions for the telecom sector and
- (ix) Any other telecom enabled technology area considered commercially relevant in future.

The main idea of the scheme is translation of research into technology (product/process/services) but not to carry out open-ended fundamental research. Investigations must lead to innovation or new product/process ready for demonstration or pilot scale deployment (not only publication/ patent). More funds to be allocated to core Telecom technology

4. Name of the Implementing Agency: Telecom Centres of Excellence (TCOE) India.

5. Deliverables: -

Impact of this Scheme will be measured in terms of -

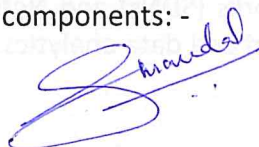
- (i) Pilots of innovative ideas converted into full scale operation.
- (ii) Number of Start-ups, MSMEs being provided educational order, culminating in getting full-fledged orders.

6. Project Duration: The duration of the scheme shall be for 4 years i.e., 2022-23 to 2025-26.

7. Budgetary Outlay

Rs. 124 crores from the budgetary support under the Champion Service Sector fund will be earmarked for the scheme.

7.1 The scheme has following two components: -



- (a) Project Funding - Rs. 112 crores will be given for project funding over a period of 4 years. For this the applicant showing capability, intent, and promise to be able to produce functional prototypes or to productize existing technologies will be awarded grants of up to Rs 10 crore strictly based on a milestone basis.
- (b) Setting up one Incubation Centre each in C-DOT Delhi and Bengaluru and strengthening them with a total budget of Rs.10 crores.

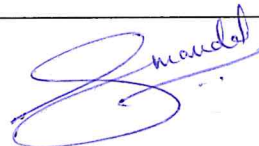
7.2 The year wise / component wise budget estimate are as under: -

Year	Component			Total (In Rs.)
	Project Funding (Rs. cr.)	Setting up one Incubation Centre each in C-DOT Delhi and Bengaluru and strengthening them .Rs. Cr	Administrative expenses of Implementing Agency (Rs. Cr.	
2022-23	28	(Entire amount may be granted to C-DOT during the period 202223 to 2025-26 based on the progress)	0.5	31
2023-24	28		0.5	31
2024-25	28		0.5	31
2025-26	28		0.5	31
Total	112	10	2	124

8. Administrative set-up for implementation of the sub-scheme:

8.1 The sub-scheme will be implemented under the aegis of an Inter-Ministerial Apex Committee. The Composition of the Inter-Ministerial Apex Committee will be as follows:-

i.	Additional Secretary, Telecom, DOT	Chairperson
ii.	Joint Secretary, Telecom, DOT	Member
	One Member each from Industry, Academia, and VC to be opted by the Chair	Members
iv.	Advisor (Technology), DOT	Member
	Advisor (Finance), DOT	Member
vi.	Representative from NITI Aayog	Member
vii.	Representative from Ministry of Electronics & IT	Member
viii.	Representative from Startup India, Department for Promotion of Industry and Internal Trade	Member
viii.	Executive Director, C-DOT	Member



ix.	Director IP	Member Convener
x.	Any other representative(s) from Central Government Ministry/ Department/ Organization may be co-opted with the approval of Chairperson	Members

9. **Changes in the guidelines:** Notwithstanding anything contained in the guidelines, any changes/deviation may be made in the guidelines with the approval of Secretary (Telecom), DoT.

Enclosures:

1. Annexure-I Standard Operating Procedure for Grant under Digital Communication Innovation Square (DCIS) scheme.
2. Annexure-II Terms & Conditions for Grant-in-Aid.



STANDARD OPERATING PROCEDURE FOR GRANT UNDER DIGITAL COMMUNICATION INNOVATION SQUARE (DCIS) SCHEME

1. Implementation Mechanism & Scope of Implementing Agency

TCOE India will implement the Scheme on behalf of the Department of Telecom. The Implementing Agency will work under the overall supervision of the Apex Committee and guidelines issued by the DOT.

2. Role and responsibility of the Implementing Agency

The role and responsibility of the Implementing Agency are as under:

2.1 Due Diligence

2.1.1 A Technical Expert Committee (TEC) will be constituted by the Implementing Agency in consultation with the Department of Telecom to select beneficiaries, recommend release of grants/continuity/extension/short- close, periodically steer and review the technical and financial progress of the scheme, etc.

2.1.2 Due diligence of beneficiaries will be carried out by TEC.

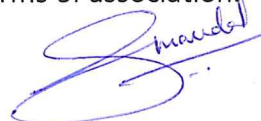
2.1.3 The due diligence process involves: -

- Reconfirming eligibility
- Legal, technical & financial due diligence
- Confirming how the application has tied up all resources: space, equipment, manpower, advisors, incubation services, equipment etc.
- Preference to Startup/MSMEs of at least 5% each from North East Region and women led enterprises
- Budget utilization plan (usually by providing quotations); other requirements if any
- Finalization of milestones, budget and payment schedule; defining clear milestone targets that are easy to track.

2.2 Signing Agreement

2.2.1 Final grant approval to be provided by Apex Committee

2.2.2 After the approval of the Apex Committee, an agreement will be signed between the implementing agency and the beneficiary, defining terms of association.



2.3 Fund disbursement

2.3.1 Fund will be released into the dedicated no lien account created by the beneficiary for the purpose of this scheme. .

2.3.2 Fund disbursement will commence as per the milestones stipulated at para 6.3

2.4 Monitoring

Once the project begins, TEC will periodically monitor, at least once a quarter, progress of the project. Beneficiaries will submit periodic reports and utilization certificates in the prescribed format to the implementing agency.

3. Financial Support to Start-up and MSME

Under the scheme, financial support will be provided to those projects/ideas who have reached at least "Proof of Concept (POC)" level.

Financial support will be provided to the beneficiary in the form of grants. However, the implementing agency will work with other venture funds to get them more funding on mutually agreed entry-exit terms.

3.1 Eligible expenditures for funding:

Since the focus of the scheme is to facilitate creating of prototypes and bringing of products /technologies to market, applicants will be encouraged to spend on: -

- a) Research & Development (It includes the expenditure on manpower capitalized in the books of account for the development of product)
- b) Prototyping
- c) Testing, Trials and Piloting

While, expenses on following are not permissible under the funding

- a) HR manpower expenses (Administrative expenses of Startups/MSMEs not included)
- c) Tools & Machineries
- d) Office expenses

3.2 Funding of Projects to be supported

DCIS would aim for supporting Startups/MSMEs/Innovators to create prototypes and/or commercialize products/solutions in the area of Telecom Sector.



4. Eligibility Criteria

4.1 Eligible Beneficiaries:

4.1.1 Startups, as defined and recognized by Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, 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.

4.1.2 Any Indian company incorporated under the Companies Act 1956/2013, primarily a Micro, Small and Medium Enterprises (MSME) as defined in the MSME Act, 2006 having over 51% stakes by the Indian Citizen / NRI / OCI and Head Quarter in India.

4.1.3 Individual Innovators will also be encouraged to apply (research & academic institutions can use this category to apply). However, release of the fund shall be subjected to compliance of eligibility conditions for either Startup or MSME before agreement signing.

4.2 More than one organization can jointly submit the application in partnership with consortium, registered societies & Academia

4.3 Collaboration with Academia / R&D Organization will be encouraged

4.4 Every proposal must clearly identify a Project Lead (PL) who will take responsibility for the technical and managerial aspects of the project execution. If an application is selected for funding support, then its Project Leader will be required to sign the project Agreement on behalf of the applicant(s).

5. Application Procedure

5.1 Online Application Submission, Project Status Tracking, Fund Releases, Monitoring/Mentoring, Database of Digital Communication Technology companies, Event Promotion, Partnership facilitation, Regulatory Information etc., will be done through dedicated website www.dcis.dot.gov.in.

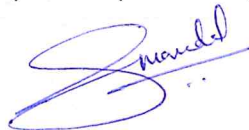
5.2 Ownership of any intellectual property generated by the participant will accrue solely to those participants. DOT has the first right of refusal for preferential access to these technologies for product, go-to-market, and investment.

6. Scheme Implementation Methodology

6.1 Selection & Funding Process

6.1.1 All applications will be Initially scrutinized for the Eligibility Check and completeness by the Implementing Agency.

6.1.2 Eligible applicants will be shortlisted by the Implementing Agency.

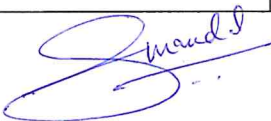


- 6.1.3 Shortlisted applicants will be called to give a detailed presentation to showcase their idea/product/solution to the TEC. TEC will recommend applications to the Implementing Agency for the approval of the Apex Committee.
- 6.1.4 Recommended applicants by the TEC will undergo the due- diligence process as stipulated at para 2.1.
- 6.1.5 After due diligence, the final grant proposal will be presented by the implementing agency to the Apex Committee for approval.
- 6.1.6 A funding agreement will be signed between the implementing agency and successful applicants.
- 6.1.7 Fund will be released into the dedicated no lien account created by the successful applicants for the purpose of this scheme.
- 6.1.8 Fund disbursement will commence against the milestones of the project as stipulated at para 6.3.
- 6.1.9 Beneficiaries will submit periodic reports and utilization certificates in the prescribed format to the implementing agency.
- 6.1.10 Implementing agency will Coach / Mentor the project during Project Completion and two years post completion through its Expert panel.
- 6.1.11 Implementing Agency will help beneficiaries in Piloting, Testing and Public Procurement. Further, Implementing agency will connect beneficiaries with BSNL/CDOT/Academia or any other institute/organization where DoT has funded for testing/pilots of technology/solutions developed.

6.2 Indicative Evaluation Criteria

The indicative evaluation criteria for applicants under the scheme are as follows:

S. No	Criteria	Details	Indicative Weightage (%)
1	Technical Feasibility	Feasibility & reasonability of the technical claims, methodology used/to be used for validation, roadmap for technology development	20



2	Potential Impact	Market size, customer demographic & the technology's effect on these	20
3	Novelty	USP(s) of the technology, associated with the technology, national importance if any	15
4	Commercialization Strategy	Utilization of technology to create a product/service, its positioning & value addition for the intended customers, plan for go-to-market, challenges executed	25
5	Team	Technical & business expertise, mentors	20
Total			100%

Selected beneficiaries will be offered funding over a period of maximum 24 months in installments against agreed milestones.

6.3 Milestone based Fund releases

6.3.1 Successful applicants will be offered funding support in the form of a grant of up to Rs. 50 lakhs for Startup and Rs. 2 Cr. for MSME. However, the grant up to Rs. 10 Cr. may be considered for technology products requiring higher funding on the recommendation by TEC and approval by Apex Committee. The fund disbursement will be milestone-based and will be released in 4 installments:

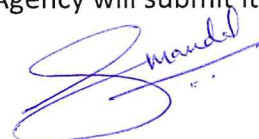
Installment	Milestone	Release
1st Installment	Signing of Contract	40% of Total Grant
2nd Installment	Completion of 1st Milestone	20% of Total Grant
3rd Installment	Completion of 2nd Milestone	20% of Total Grant
4th Installment	Completion of project & submission of final report with prototype/product (focusing on Technology Completion of the project and outcome could be Technical Success or Failure	20% of Total Grant

6.3.2 Timelines for milestones of the project shall be decided between the beneficiary and Implementing Agency after due-diligence approval.

6.4 Monitoring

6.4.1 The TEC will ensure timely and proper implementation of the project without time and cost overruns.

6.4.2 The Implementing Agency shall ensure that the TEC shall meet as frequently as required but at least once in every quarter. Implementing Agency will submit its report duly signed



by the Head of the implementing agency to DOT. This report will be used to review the progress of utilization of the funds released and will also be taken into account while considering further release of funds by the department.

7. Fund Disbursement from DOT to Implementing agency

7.1 Project Funding

7.1.1 The funds shall be released to the Implementing Agency for further release to beneficiaries based on the recommendation of TEC

7.1.2 The 1st installment will be released after approval is accorded to the projects by the Apex Committee. Further installments may be released based on the achievements of the set milestones and recommendation / ratification of TEC.

7.1.3 Release of further installments shall be subject to furnishing of complete Utilization Certificate, report of the TEC recommending the release and the proof of matching contribution of the funds having been invested by the Implementing Agency from its own or other sources as per the approved cost sharing.

7.1.4 Upon approval of projects by the Apex Committee, Implementing agency would communicate to the successful applicant and initiate the funding process.

7.1.5 First installment of payment to be made available to successful applicants within three weeks

7.1.6 Technical Expert Committee of Implementing Agency would recommend each milestone payment to be made available to startup & MSME; Implementing agency to disburse the fund to beneficiaries.

7.1.7 Final Milestone Payment will be made after a 3rd party audit by an Expert assigned by DoT.

7.1.8 Implementing agency will maintain a separate bank account for all activities related to the scheme

7.1.9 Implementing agency will submit a Statement of Expenditure (SE) on annual basis during the beginning of the Financial Year for the preceding year.

7.1.10 Implementing agency will submit a half-yearly progress report of fund disbursements in the month of April and October for preceding 6 months.

7.1.11 DOT and Implementing agency will conduct an annual review of fund disbursement, other activities and deliverables to gauge output, and to approve activities for the forthcoming year.

7.2 Administrative Expenses of Implementing Agency: The administrative expenses for the program are up to Rs. 50 Lakh. per year, broadly under the sub category as below:



Break of item of Expenditure (in Rs. Lakh	1st year	2nd year	3rd year	4th year
Program Manpower	30	30	30	30
Online Module Development, Maintenance etc	5	5	5	5
Event, Promotion, Outreach, Marketing etc	3	3	3	3
Project Evaluation, Due-diligence, Honorarium, Mentors, Pre-Post Funding management, Project Tracking etc	5	5	5	5
Travel, Accommodation, Per-diem etc	3	3	3	3
Office Establishment (Capex + Opex)	3	3	3	3
Program Overhead (10%)	1	1	1	1
Program Administrative Expenses	50	50	50	50

Appropriation between the heads may be done by Director, TCOE India based on the requirements under intimation to DOT.

8 Assistance and Support

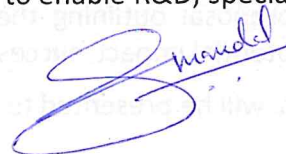
8.1 Incubation I Mentoring Support

Selected Startup and MSMEs will be provided mentorship or incubation support and technical advisory support during entire project development period and additionally for two years from the date of Technical Completion, by a Facilitation & Mentorship Team under the Implementing Agency Team along with panel of Experts consisting of Technical, Financial, Market Development, Legal & Compliance etc. and with the use of various dedicated government portal such as MAARG Portal of Startup India, DPIIT . The objective of this coaching/mentorship is to create success stories in the digital communication space by offering focused and detailed support individually to each selected projects. This incubation support shall be provided by the scheme by Incubator Partners, Industry Partners, telecom innovation hubs etc.

8.2 Scope of Services of Incubators I Mentoring

Each incubator will handhold startups with offerings including,

- Advisory:** Strategic support for scaling up of operations & expansion in new geographies, and product building & enhancement.
- Network:** Reach out to relevant individuals/entities to enable R&D, specialized mentorship, partnerships, marketing, etc.



- c) **Tapping Resources:** Enable startup's participation in grand challenges, Government Schemes, incubation/acceleration programs, relevant events, etc.
- d) **Pilots:** Enabling pilots with corporate, Government, universities, etc.
- e) **Business Plan:** Guidance on raising capital
- f) **Funding Raising:** Startup can raise the fund from various sources depending on the nature of business, viz Grant from other Ministry/Dept, Conditional Grant, Award, Soft Loan, Loan etc.

Besides the above, to further strengthen innovation and entrepreneurial development, startup beneficiaries may also leverage the MAARG portal, the Startup India international bridges, Startup India's corporate programs and the Startup India Investor Connect Portal.

9. Success Metrics for the Program

Performance of the mentor will be judged on quarterly basis on clear tangible outcomes, such as:

- a) Jobs created
- b) Royalty Collection and Corpus Rebuilding
- c) Expansion of startup and MSME into new geographies
- d) Growth in user base/clientele of startups and MSME
- e) Growth in startup and MSME revenue
- f) Capital raised (equity/debt/grant), as required
- g) Government incentives availed
- h) Mentorship hours for startup (external specialized mentor)
- i) Feedback of startup and MSME
- j) Pilots conducted
- k) Volume and value of sales

10. Pilot Opportunity

10.1 Piloting opportunity for supported Startup and MSME, shall be provided in the Digital Communications space. For this, DOT along with ITI, BSNL, BBNL, CDOT etc. shall take a proactive approach in allocating experimental licenses, establishing regulatory sandboxes, facilitating allocation of spectrum for R&D and experimentation at affordable prices, simplifying and fast-tracking approvals for experimental purposes through de-licensing and other mechanisms for the shortlisted teams.

10.2 The pilot opportunities will be provided to startups and MSMEs in the below manner,

- a) Any Startup/ MSME desirous of availing the opportunity for pilot, shall be required to submit a detailed proposal outlining their requirements, scope of work, location for the pilot, timelines, potential impact, success metrics, etc.
- b) This proposal will be presented to Apex Committee for review & inputs.



- c) Apex Committee shall hold a one-on-one meeting with each interested team to discuss the proposal and finalize requirements.
- d) ITI, BSNL, BBNL, CDOT and Startup India can provide strategic inputs in the Apex Committee evaluations and provide pilot opportunities to the shortlisted startups and MSME. R&D support from these organizations may be provided to shortlisted startups and MSME for at least 3 months to help these startups fine-tune their products and services,
- e) All finalized B2B proposals will be presented to a panel of corporates from Digital Communications space on a 'Demo Day'. Apex Committee will facilitate all experimental licenses and other resources within 30 days of proposal review.

11. Procurement Opportunity

Implementing Agency shall make appropriate mechanisms to ensure that products/services developed by startups/MSMEs funded under the scheme, find market and become financially viable over a period of time. DOT shall try to work with PSUs for getting them educational orders and also make available and work with them for technology trials. As per the Public Procurement Policy for Micro and Small Enterprises (MSMEs) every Central Ministry/Department/PSU shall set an annual goal of minimum 25 percent of the total annual purchases from the products or services produced or rendered by MSMEs. DOT will sensitize the concerned agencies about the products/services developed by startups/MSMEs and request for consideration of their proposals, submitted i.r.o. their tenders, as per due rules and procedures.

12. For Incubator Support

A total grant up to Rs.10 crores may be allocated to C-DOT for setting up one Incubation Centre each in C-DOT Delhi and Bengaluru and strengthening them during the period 2022-23 to 2025-26 based on the progress.

13. Review & Evaluation

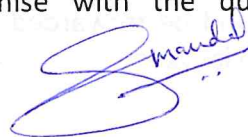
13.1 The Scheme would also be subject to midterm review for its efficacy by an independent third party engaged by DOT for this purpose.

13.2 For the above purpose, expenditure upto a maximum of 0.2 % of the Scheme funds may be utilized.

14. Recall of the Central Grant

14.1 The Implementing Agency has to abide by Terms & Conditions for Grant-in-Aid as per **Annexure II**.

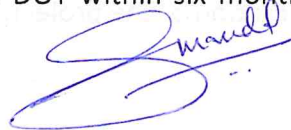
14.2 Apex committee retains the right to curtail/ recall the central grant along with applicable interest calculated at 3 years SBI MCLR prevailing on the date of disbursement in case of unsatisfactory use of the grant including compromise with the quality envisaged, or partial/incomplete implementation of the project.



Terms & Conditions for Grant-in-Aid

The grant is for the specific project as approved by the Department of Telecom (DOT). It shall be subjected to the conditions listed below. The proposal originating industry and implementing agency shall give an undertaking that they agree to be governed by these conditions.

1. The grant amount shall be i) spent for the project within the specified time; and ii) Any portion of the grant, which is not ultimately required for expenditure for the approved purposes, shall be duly surrendered to DOT;
2. The implementing agency should adhere to GFR guidelines while incurring expenditures out of DoT's grant under the project. The Implementing Agency shall be responsible for ensuring that all procurement of goods, equipment and services, including works, are through a transparent and competitive bidding process as per the applicable government rules / guidelines;
3. The implementing agency shall maintain an audited record in the form of a register in the prescribed proforma for permanent, semi-permanent assets acquired as solely or mainly out of DOT grant;
4. The assets referred to in (3) above will be property of DOT and should not, without prior sanction of DOT, be disposed off or encumbered or utilized for the purposes other than those for which the grant has been sanctioned;
5. In addition to the ownership of the facility created, preparation and approval of the DPR, the Implementing Agency shall also be responsible for obtaining all necessary statutory approvals/clearances including those for environmental compliance and quality standards as applicable;
6. The implementing agency shall furnish Utilization Certificate (UC) along with its request for next release of Grant in Aid certifying that the fund released to them for which UC has been furnished is as per the objective of the Scheme;
7. The implementing agency shall render progress-cum-achievement reports at interval of not exceeding six months on the progress made on all aspects of the project including expenditure incurred on various approved items during the period;
8. The implementing agency shall render an audited statement of accounts to DOT.
9. The audited statement of accounts relating to grants given during financial year together with the comments of the auditor regarding the observance of the conditions governing the grant should be forwarded to the DOT within six months following the end of the relevant financial year;



10. The utilization of grant for the intended purposes will be looked into by the Auditor of implementing agency according to the directives issued by the Government of India from time to time and the specific mention about it will be made in the audit report;
11. DOT or its nominee(s) will have the right of access to the books and accounts of the implementing agency for which a reasonable prior notice would be given;
12. The implementing agency should maintain separate audited account for the project. If it is found expedient to keep a part or whole of the grant in a bank account earning interest, the interest, thus earned should be reported to this department. All Interest against Grant-in-aid should be mandatorily remitted to the Consolidated Fund of India immediately after finalization of the accounts. Such advances should not be allowed to be adjusted against future releases;
13. Institutes may retain the sale proceeds of prototypes, etc. fabricated as a result of the development of the project arising directly from funds granted by the department. The Institute may use funds thus generated for furtherance of project objectives;
14. The Intellectual property and the rights associated with it shall be agreed between the participating organizations before the start of the project. The Industry/ Industry Consortium/ Institution(s) will make all efforts to protect intellectual property generated out of the project. The institution(s)/ industry would submit the periodic report to DOT for a period of minimum 1 year on the status of IPRs created/ commercialization under the project. Furthermore, IPR must also reside in India so that India has access and complete control to these rights in times of emergency to protect our national interest. DOT shall have first right of refusal to such IPR.
15. Application by implementing agency for any other financial assistance or receipt of grant/ loan from any other Agency/ Ministry/ Department for this project should have the prior approval of DOT.
16. The Implementing agency(s) is not allowed to entrust the implementation of this project for which grant-in-aid is received to another institution and to divert the grant-in-aid received from DOT as assistance to the later institution;
17. In case of any dispute on any matter, related to the project during the course of its implementation, the decision of the Secretary, DOT, shall be final and binding on the proposal originating industry/ industry consortium and grantee institute;
18. The financial assistance given under the Scheme shall be subject to audit by the CAG of India;
19. Implementing Agency will submit a pre—receipt bill for the funds to be disbursed to it along with certificate that it has not indulged in corrupt practices.

