

# **Credit Linked Capital Subsidy Component**



**under  
Credit Linked Capital Subsidy  
and  
Technology Up-gradation Scheme  
(CLCS-TU Scheme)**

# The Agenda of this Webinar



- Eligible Micro & Small Enterprises under CLCS.
- Amount of Subsidy under CLCS.
- Sectors for Subsidy under CLCS.
- Timelines under CLCS.
- Latest Guidelines under CLCS.
- Question & Answer Session

# Major challenges for Micro & Small Industries:



- Increasing competition faced from MNCs & large companies
  - **Access to Technology**
  - **Access to Capital**
- To facilitate technology adoption & up-gradation with financial support.
- Aims at enhancing production and efficiency through:
  - **Better machinery**
  - **Environment friendly technologies**
  - **Productivity enhancing machinery**

## Credit Linked Capital Subsidy Scheme (CLCSS)



- A major Scheme for **technology up-gradation** for MSEs (Micro & Small Enterprises)
- Launched in October 2000 and revised thereafter.
- **National Manufacturing Competitiveness Programme (NMCP)**
  - Launched in 2007-08
  - To Enhance Competitiveness .

# CLCS-TU Scheme is an umbrella Scheme .



*Comprises 07 components*

**AIM-** Technology Up-gradation & Competitiveness

**Credit Linked Capital Subsidy  
(CLCS)**

**Financial Support to MSMEs in ZED Certification**

**Lean Manufacturing Competitiveness**

# CLCS-TU – Contd..



**Design expertise to manufacturing MSME sector.**

**Building Awareness on Intellectual Property Rights (IPR)**

**Support for Entrepreneurial and Managerial Development of SMEs through Incubators**

**Digital MSME**

## CLCS- Salient Features

### ➤ **Subsidy-**

- 15% on institutional credit upto Rs 1.00 crore with a subsidy cap of Rs.15.00 lakh.

### ➤ **Eligibility-**

- MSEs availing institutional credit to buy new Plant & Machinery approved under the scheme {4.1(ii)}.
- The subsidy will be given to the existing & new enterprise having MSE status (3.1.2).
- The beneficiary MSEs need to have Udyog Aadhaar Memorandum (UAM) (3.1.2)
- Entry in MSME data bank is mandatory(3.2.4)
- Other conditions.

# Special Provisions



- Sectors / Sub-sectors/ Technology are not restricted for the enterprises which comes under the following :
  - SC/ST ,
  - Women,
  - NER , Hill States , Island territories, Aspirational Districts /LEW Districts (Annexure-A-1 & A-2 ).
- Provision of 25% subsidy under Special Credit Linked Capital Subsidy for the SC/ST MSEs under National SC/ST Hub (NSSH).
- In case of Special Credit Linked Capital Subsidy Scheme (SCLCSS), the effective date of implementation is 17.05.2017.



## **Nodal Banks/Agencies**

<b>NODAL</b>	<b>NODAL</b>
Andhra bank	National Bank for Agriculture & Rural Development (NABARD)
Bank of Baroda (BOB)	Punjab National Bank (PNB )
Bank of India (BOI)	State Bank of India (SBI)
Canara Bank	Small Industries Development Bank of India (SIDBI )
Corporation Bank	Tamil Nadu Industrial Investment Corporation Limited (TIICL).
Indian Bank	

# How to Apply



- **Term loan from Eligible Prime Lending Institution (PLI).**
- **Application form (Appendix-IV)**
- **Agreement Between PLI & Unit (Appendix-III-A)**
- **Reference date** - Date of disbursement of the last installment of T/L (5.4)
- **Time Lines –**
  - Before the end of the quarter immediately following the quarter in which the bank disburses the final installment (**Reference Date**) of the existing term loan to the unit.
  - **for remaining period of 2019-20 ( 01.10.2019 – 31.03.2020) please refer O.M. Dated 14<sup>th</sup> May 2020.**

# Important Points



- Fabricated & Second hand Machinery –Not Eligible (3.2.6)
- Availing other subsidy of Central Government for technology up-gradation- Not Permissible (3.2.8 & 6.2).
- **Reference Date** – In case if event of disbarment is in more than one installments, the date of disbursement of the last installment will be referred to as the **reference date**.(5.4)

# Important Points



- The unit shall remain in commercial production for a period of at least three years after installation of eligible plant and machinery.
- Subsidy limit - Rs. 15.00 lakh (5.3)
- Loan Transfer – Allowed (6.5)
- Mini. Term loan Period –  $\geq$  3 years (6.6)
- Multiple Claims against the single T/L – Not Allowed (6.8)
- PLIs / Nodal Banks / Agency – Exclusive Power to determine Eligibility.
- Change in Location – Allowed ( 6.10)

# Important Points



- TDR- 3 Year w.e.f. Reference date.(7.7)
- The P/M acquired/purchased only on or after the date of approval of the term loan – Eligible (7.9 & 8.15)
- False information- ineligible (8.2)
- Units defaults in repayment of loan/s & declared NPA/s, the benefit of the subsidy would be withdrawn and the related term deposit forfeited (8.8).

# Important Points



- Merger, acquisition, amalgamation or takeover of the beneficiary MSE, P/M purchased for availing the subsidy shall not be disposed off during the monitoring period or till the TDR is liquidated- Not permissible (8.16, 8.11 & 7.7)

Continuation of Scheme beyond 31.03.2020 is underway.



**Thank You**