

**RAJASTHAN STATE INDUSTRIAL DEVELOPMENT
& INVESTMENT CORPORATION LIMITED**

UDYOGBHAWAN, TILAKMARG, JAIPUR.

No.FDI/PID/CLCSS/2004-05

Dated :
March 10, 2005

OFFICE ORDER

**Sub: Credit Linked Capital Subsidy Scheme (CLCSS) for Technology
Upgradation of the Small Scale industries**

The Board of Directors in its meeting held on March 29, 2004 have noted the inclusion of the Corporation as an eligible Prime Lending Institution under the Credit Linked Capital Subsidy Scheme (CLCSS), introduced by the Ministry of Small Scale Industries, Govt. of India for technology upgradation of the Small Scale industries. The Board has also accorded its approval to enter into a general agreement with SIDBI for availing the subsidy under CLCSS in respect of the units which have availed financial assistance from the Corporation. Accordingly, the Corporation has entered into an agreement with SIDBI on May 18, 2004. The scheme would be operational w.e.f. 1.10.2000 to 30.9.2005 or till the time sanction of subsidy by Nodal Agencies under the scheme reaches to Rs.600 Crores whichever is earlier. The list of thirty(30) products/sub sectors in SSI covered under the scheme is enclosed as Annexure-I.

The CLCS scheme provides twelve percent (12%) capital subsidy support to the SSI units, however the support would be limited to the loan amount indicated below:-

(Amt.Rs. in Lacs)

S. No.	Investment limit	Maximum ceiling of loan eligible for support	Maximum subsidy available under CLCSS
1	Tiny units with investment in plant & machinery less than Rs.10 lacs	8.00	0.96
2	Tiny units with investment in plant & machinery between Rs. 10.00 lac to Rs.25 lac	20.00	2.40
3	Small units with investment in plant & machinery above Rs.25 lacs	40.00	4.80

- i. The eligible subsidy shall be calculated on gross value of the eligible plant & machinery acquired under the scheme restricted to term loan or maximum ceiling on loan eligible for subsidy, whichever is lower.
- ii. The value of plant & machinery being acquired under the scheme shall be determined by its purchase price.

The implementation of the Credit Linked Capital Subsidy Scheme (CLCSS) shall be as under:-

I. SANCTION OF SUBSIDY

(A) For the units where term loan have been sanctioned between October 1, 2000 to February 15, 2005

1. The SSI units who have availed term loan assistance during October 1, 2000 to February 15, 2005 shall submit its application for availing subsidy under the scheme in the prescribed format in triplicate to the PID Cell along with a certificate in support of the unit being in production.
2. PID Cell shall examine the eligibility of the unit as per the provisions of the scheme and put up a sanction note for the consideration of the CMD. The note for sanction shall indicate the details such as the sector and the technology under which the application is covered, machines required for technology upgradation, purchase price of machinery, maximum ceiling of loan eligible for support, maximum subsidy available under the scheme etc.
3. Subsequent to sanction, PID Cell shall issue letter of sanction to the concerned company/concern, with a copy to Documentation Cell for execution of necessary documents.

(B) For the units whose request for sanction of term loan is under consideration with the Corporation

1. The SSI unit shall submit its application for availing subsidy under the scheme in the prescribed format to the Appraisal Cell along with the application for term loan.
2. The Appraisal Cell shall examine the eligibility of the unit as per the provisions of the scheme. The details such as the sector and the technology under which the application is covered, machines required for technology upgradation, purchase price of machinery, maximum ceiling of loan eligible for support, maximum subsidy available under the scheme etc. shall be

- indicated in the Appraisal Note. The computation of the subsidy amount shall be indicated separately in the Appraisal Note/Memorandum.
3. The sanction of the subsidy shall be conveyed to the unit in the Letter of Intent for sanction of term loan itself.

II. DISBURSEMENT OF SUBSIDY

The following procedure shall be observed for the disbursement of the subsidy under the CLCS Scheme:

1. The Documentation Cell shall execute the necessary agreements/documents within a period of thirty (30) days from the date of sanction of subsidy. It shall forward the legal report to the PID Cell for processing the request of the company/concern for disbursement of the subsidy.
2. PID Cell shall approach SIDBI for obtaining advance funds for disbursement of subsidy to the eligible units.
3. PID Cell shall verify the expenditure incurred on the eligible plant & machinery under the scheme from the bills/vouchers submitted by the company/concern. PID Cell shall also advise the unit(s) to submit a certificate from the Chartered Accountant in support of the expenditure incurred on the eligible plant & machinery. In case, the unit is under production, the company shall also be advised to submit an undertaking in respect of its current operational status.
4. The request for disbursement of subsidy shall be entertained only after creation of the eligible plant & machinery at the site.
5. PID Cell shall put up a disbursement note for the approval of the CMD. The subsidy shall be disbursed to the units as and when received from SIDBI. In case entire term loan has already been disbursed then the subsidy amount would be released in one installment.

In case of part disbursement of term loan, the subsidy amount shall be released on proportionate basis to the amount of term loan disbursed subject to ceiling to the term loan/subsidy amount as per scheme.

III. GENERAL CONDITIONS

1. The Credit Linked Capital Subsidy Scheme (CLCSS) shall be available only for such eligible unit(s) where term loan has been sanctioned by the Corporation on or after October 1, 2000.

2. The existing SSI units registered with the State Directorate of Industries, which upgrade with the state of the art technology, with/without expansion shall be eligible. However, the industry graduating from small scale to medium scale on account of additional loan under CLCSS shall also be eligible for assistance.
3. The financial parameters such as promoter's contribution, security, debt equity ratio, up front fee shall be determined by the lending agency as per its existing norms.
4. The units availing subsidy under CLCSS shall not avail any other subsidy for technology upgradation from the Central/State/UT Govt.
5. In case, it is found that capital subsidy has been availed on the basis of any false information, the industrial unit shall be liable to refund the Govt. capital subsidy availed, along with interest to be charged from the date of disbursal to the date of refund. The rate of interest shall be prevailing rate of interest of PLIs concerned at the time of invoking this penal clause.

In case of units availing interest subsidy under the two (2) percent (%) interest subsidy scheme of the State Government, the company/concern shall submit a written option for availing the subsidy under CLCSS. The unit opting for Credit Linked Capital Subsidy Scheme (CLCSS) shall refund the amount obtained under two (2) percent (%) interest subsidy together with interest before sanction of subsidy under CLCSS. **In case of expansion scheme, the fresh investment by the company/concern at the same location or elsewhere shall however be eligible Credit Linked Capital Subsidy Scheme (CLCSS).**

6. The accounting treatment of amount of subsidy disbursed and recovered ,if any, under the scheme shall be as per the prevailing accounting policies of the Corporation.
7. The subsidy shall be disbursed only after receipt of advance funds from SIDBI

(Ajit Singh)
Financial Advisor

Annexure I

Credit Linked Capital Subsidy Scheme for Technology Upgradation shall cover the following products/sub-sectors in the SSI: -

1. Bio tech Industry
2. Common Effluent Treatment Plant
3. Corrugated Boxes
4. Drugs and Pharmaceuticals
5. Dyes and Intermediates
6. Industry based on Medicinal and Aromatic plants
7. Plastic Moulded/Extruded Products and Parts/Components
8. Rubber Processing including Cycle/Rickshaw Tyres
9. Food Processing (including Ice Cream manufacturing)
10. Poultry Hatchery & Cattle Feed Industry
11. Dimensional Stone Industry (excluding quarrying and mining)
12. Glass and Ceramic Items including Tiles
13. Leather and Leather Products including footwear and garments
14. Electric equipment
15. Fans & Motors Industry
16. General Light Service (GLS)
17. Information Technology (Hardware)
18. Mineral Filled Sheathed Heating Element
19. Transformer/Electrical Stampings/Limitations/Coils/Chokes including solenoid coils
20. Wires & Cable Industry

21. Auto Parts and Components
22. Bicycle Parts
23. Combustion Devices/appliances
24. Forging & Hand Tools
25. Foundries-Steel and Cast Iron
26. General Engineering Works
27. Gold Plating and Jewellery
28. Locks
29. Steel Furniture
30. Toys

No. FDI/PID/CLCSS/2004-05

Dated : June 24, 2006

OFFICE ORDER

Sub: Amendment to the Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of the Small Scale Industries

Subsequent upon the approval of the Government of India, the Office of the Development Commissioner (Small Scale Industries), Ministry of Small Scale Industries, Government of India, New Delhi has vide its letter no. 22/CLTUC/Scheme/2005 dated September 29, 2006 has informed about the extension of the Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of the Small Scale Industries up to 31st March, 2007 or till the time sanction of subsidy by the Nodal Agencies under the scheme reaches to Rs.600 Crores whichever is earlier, with the following amendments to the existing Scheme. With immediate effect :

Ceiling on loan under the scheme is raised from Rs.40 lakh to Rs.1 Crore.

The rate of subsidy is raised from existing 12% to 15% for SSI units.

Calculation of admissible subsidy will be done with reference to the purchase price of plant & machinery instead of the term loan disbursed to the beneficiary unit.

Categorization of SSI units into different slabs on the basis of their present investment for determining the eligible subsidy has been done away with.

The other terms and conditions of the Scheme as modified from time to time, will remain unchanged.

(Ajit Singh)
Financial Advisor