

**Ministry of Micro, Small and Medium
Enterprises, Govt. of India**

Scheme guidelines

**Reimbursement of Bank Charges for
Performance Bank Guarantee obtained
by SC/ST MSEs for Participation in
Government Tenders**

Under

National SC-ST Hub

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1. Introduction

The Public Procurement Policy for Micro & Small Enterprises order mandates 5% of annual procurement of goods and services by Central Ministries / Departments and Public Sector Enterprises from SC/ST MSEs. Therefore, MSEs are expected to play a significant role to achieve the targets under Public Procurement Policy through participation in tenders published by CPSEs, PSUs and Government organizations for procurement of the materials.

Upon winning the order, bidders have to submit a **Performance Bank Guarantee (PBG)** against the total tender value. This is a mandatory requirement of CPSEs or larger firms tender. Bank guarantee agreement in India acts as an undertaking. It assures the beneficiary that the bank would pay the specified amount, in the case of its applicant's default in delivering the "financial" or "performance" obligations it is liable for.

For the service of bank guarantee, banks charges fee per year depending upon the 'risk profile' of the borrower. The applicable fee depends on various factors. The PBG charges are paid one time on issuance of PBG and generally range from 0.5 – 3% per annum. These charges, although a relatively small amount, do add an additional layer of financial burden on entrepreneurs.

In this context, it has been decided to provide financial support to SC/ST MSEs under this reimbursement scheme to enhance the participation rate of SC/ST owned MSEs in public procurement. This scheme aims to offer financial support by providing **reimbursement of bank charges paid by the SC/ST MSEs for obtaining Performance Bank Guarantees (PBG) in favor of buyer departments to meet the requirement of their participation in Government tenders.** The National Small Industries Corporation (NSIC) is the nodal agency for implementation of this scheme.

2. National SC-ST Hub (NSSH)

The **National SC-ST Hub (NSSH)**, set up under the aegis of Ministry of Micro, Small and Medium Enterprises, seeks to offer financial assistance against the bank charges paid in obtaining Performance Bank Guarantees (PBG) exclusively for SC-ST micro and small enterprises (MSEs).

While, the overall objective for offering this assistance is to achieve the procurement target of 4% set aside for SC-ST MSEs under the public procurement policy, some of the basic objectives are to:

- i) Enhance marketing capabilities and competitiveness of SC-ST MSEs
- ii) Update these enterprises about the prevalent global market scenario
- iii) Showcase their competencies
- iv) Provide a platform for interaction with large institutional buyers

The National Small Industries Corporation Ltd. (NSIC) is the nodal agency for implementation of the scheme.

3. Reimbursement of Bank charges for Performance Bank Guarantee

The scheme will provide reimbursement to SC/ST MSEs on bank charges paid to the bank for issuance of Performance Bank Guarantee (PBG) in favor of the buyer department from where some work has been awarded to such MSE, as an outcome of tendering process followed by such buyer department i.e. Central Ministries, Central Public Sector Enterprises (CPSE), State departments and State Public Sector Enterprises. The assistance under this scheme will be released from NSSH funds and would be limited to **50% or Rs. 1,00,000/- (excluding GST and all other applicable taxes), whichever is less, on PBG charges paid.**

The scheme does not cover PBGs submitted, if any, as earnest money deposit (EMD).

The scheme can be availed multiple times in a financial year by SC/ST MSEs but the financial assistance shall be restricted to the ceiling mentioned.

Further, the reimbursement shall be allowed subject to production of valid payment receipt/ bank statement showing charging/ debiting of such BG charges, system generated GST Invoice, etc and a certified copy of PBG issued.

PBGs furnished against Work Orders/Supply Orders awarded to SC/ST MSEs on or after 14th November, 2018 only can be considered under this scheme.

4. Eligibility Criteria/ beneficiaries

Availing reimbursement of Bank charges for Performance Bank Guarantee—All SC/ST MSEs can avail the benefits under the scheme upon submission of relevant documents identified below.

The following definition is applicable for recognizing the SC or ST MSEs:

- In case of proprietorship firm, the proprietor should be from SC or ST category
- In case of partnership firm, the SC or ST partners should be holding at least 51% shares in the unit
- In case of private limited companies, at least 51% shares should be held by SC/ST promoters

Only **SC/ST MSEs** having **Udyog Aadhaar Memorandum (UAM)** number, **PAN** number and registration under **Goods and Services Tax (GST)** are eligible to avail the scheme. It is apt to mention that where unit has not provided GST number, self-declaration for the same with reasons thereof shall be provided by the unit.

Supply Order / Purchase Order/ Work Order from any CPSE / Central Govt. organization / Department / State PSE, State Govt organization / State Department with the clause asking for a Performance Bank Guarantee from any/specified Financial Institutions (FIs), must be furnished by the unit along with other documents.

5. Financial Institution Criteria

The charges paid for Performance Bank Guarantee (PBG) obtained from any Financial Institution that was stipulated by and/or acceptable to the buyer department are eligible for reimbursement under the Scheme.

6. Process Flow

The scheme is envisioned to be implemented through a workflow enabled online portal. Till the time the online portal is operational, the scheme will be implemented offline as per the following process.

- a) **Submission of claims:** After acceptance and receipt of PBG, in original, by the buyer department, the applicant can approach local/nearest NSSH office for claiming their reimbursement(s) by filling the prescribed application form along with all documents. Full set of application forms along with the list of supporting documents required can be collected from the nearest NSSH Office (NSSHO) or www.scsthub.in.
- b) **Due Diligence by NSSHO:** In-depth evaluation of the application in terms of documentation would be conducted by respective officer at NSSHO. In case of any discrepancy (fake or incomplete documents), clarification would be sought from applicant/bank appropriately. Applications with incomplete documents shall not be accepted at all.
- c) **Submission of documents to NSSH Cell at NSIC head office:** Post evaluation by NSSHO, proposals of all applicants in prescriber format (Annexure) will be submitted to NSSH Cell at NSIC Head Office for approval.
- d) **Final approval on reimbursement:** Based on the evaluation conducted by NSSHO, the consolidated proposal shall be put up by NSSH Cell at NSIC head office, to the **Screening Committee** headed by Director (P&M)-NSIC and having officials from Ministry of MSME, NSSH Cell and Finance Division of NSIC as members, for consideration. The screening committee will consider the proposals received in line with the eligibility and other criteria laid down in the guidelines. The Committee shall also review the overall progress of the scheme and its implementation on monthly basis and may suggest amendments in the guidelines and any other aspects of the Scheme for better implementation. The proposals duly recommended by the Screening Committee, shall be put up to the CMD-NSIC, for approval.
- e) **Mode of Payment:** The reimbursement amount would be transferred to the applicant's bank account, where the PBG charges have been debited, directly through **Public Financial Management System (PFMS)** by the respective NSSHO/ NSSH Cell.
- f) **Timeline for submission of claims:** Applicant can submit their claims within **45 days** from the issuance of the Performance Bank Guarantee. Once, the claim is submitted, the NSSH Office will conduct due diligence and accordingly,

reimbursements will be made to each applicant by NSSH Office **within 45 days from the receipt of application form subject to submission of all required documents.**

- g) Clubbing this scheme with any other scheme is not permitted. Any SC-ST MSE availing reimbursement under this scheme can not avail reimbursement of bank charges on PBG, from any other scheme of government or private agencies.
- h) Mere submission of the application form and documents does not guarantee the reimbursement under this scheme as the claim is subject to scrutiny, approval and availability of funds.
- i) In case, of any further queries or information regarding the procedural aspect, SC/ST MSEs may contact **NSSH cell** at NSIC Bhawan, Head Office, Okhla Industrial Estate, New Delhi, India at +91-011-26926275, 26926370 or may drop an email at nsshsupport@nsic.co.in

7. Duration of Scheme

The scheme is valid till the existence of National SC/ST Hub (NSSH) Scheme or until further orders/guidelines of Ministry of MSME, whichever is applicable. Further, these guidelines are subject to revisions and amendments issued from time to time.

8. Formats

Annexure 1: Application form

Annexure 2: Feedback Form

Annexure 3: For internal purpose only

- a. Guidelines for Evaluation to be used by NSSHO*
- b. NSSH Head Office Summary Form*
- c. Application Summary Form*
- d. Monitoring Mechanism and Reporting Matrix*

**APPLICATION FORM FOR CLAIMING REIMBURSEMENT OF BANK CHARGES FOR
PERFORMANCE BANK GUARANTEE OBTAINED BY SC-ST MICRO AND SMALL ENTERPRISES
FOR PARTICIPATION IN GOVERNMENT TENDERS**

For internal use by NSSHO

Application number.....

Date of application received by NSSHO.....

The following details are to be filled by the applicant

1. Enterprise Details

Enterprise Details			
Unit Name			
Date of Incorporation			
UAM Number			
GST Number			
Office Address			
District			
Pin Code			
Telephone Number			
Email ID			
Category (Micro/ Small)			
Name of Promoter (s)			
Social Category of Promoter (SC/ST)			
Gender (Male/ Female/ Other)			
PAN Card No.			
Investment in Plant & Machinery or equipment's (In Rs.)			
Annual turnover in previous three financial years (In Rs)			
Range of Products manufactured or serviced	<ul style="list-style-type: none"> • • • 		

2. **Bank Guarantee Information** (Please provide information in respect of all Bank Guarantees for which reimbursement has been sought, in case more than one, in the additional sheets in the same format)

Particulars	Details
CPSE Tender ID against which BG is taken	
Work Order/Supply Order/ Purchase Order Number and Date	
Details of product /service ordered	
Order Value (Rs.) related to BG Applied	
Order Duration (Months)	
Performance Bank Guarantee (PBG) issued in favour of (MSE/ Unit Name)	
MSE/ Unit Address	
Amount of Performance Bank Guarantee (In Rs.)	
Bank Guarantee Charges (In Rs)	
Bank Guarantee Charges (excluding taxes)	
Bank Guarantee Tenure (months)	
Bank Name	
Bank Address	
Bank Guarantee Issuance Date	
Bank charges Debit/Payment Date	
Bank Guarantee ID/ No.	

3. **In case, the applicant has availed reimbursement under this scheme before, please mention the following details:**

Details of reimbursements <u>availed previously</u> under this Scheme							
Application ID No.....							
Name of Bank issued the Performance Bank Guarantee	Contact details of the Bank			Bank Guarantee issuance date& BG ID/No.	Amount of Bank Guarantee (In Rs)	Total amount paid to the Bank (In Rs)	Amount reimbursed under the scheme (In Rs)
	Location	Address	Tel No.				
1.....							
2.....							
3.....							

****Please attach the proof of amount received as reimbursement by NSSHO/ NSIC through PFMS under the scheme***

4. List of documents to be enclosed with the application form

#	List of Documents	Page No.
1	Self-certified copy of UAM& GST	
2	Self-certified copy of PAN card- In case of proprietorship, PAN card of SC/ST proprietor ought to be submitted	
3	Copy of Caste Certificate of all promoters	
4	Details of shareholding in case of partnership / Pvt. Ltd / LLP firm. In case of partnership concerns, shareholding of the enterprise would be required to ascertain status of the MSE as SC/ST MSE (shareholding of SC/ST entrepreneur to be > 51%). Copy of Partnership Deed for Partnership Firm / Memorandum and Article of Association in case of LLP/Private Limited Company are required	
5	Bank attested (signature with stamp) debit statement with PBG charges mentioning Bank Guarantee number and applicant MSE's name	
6	Bank attested and stamped(signature with stamp) copy of PBG issued by the bank	
7	Cancelled Cheque of the current account of the enterprise from which Bank Charges have been debited	
8	Proof of transferred amount as reimbursement by NSSHO/ NSIC through PFMS under the scheme, where any such assistance is availed earlier with in the same financial year.	
9	Supply Order / Purchase Order/ Work Order from CPSE / Central Govt. organization / Department / State PSE, State Govt. organization / State Department against which PBG is taken and reimbursement is applied for, <u>stating the requirement of PBG submission</u>	

I/We, declare that all details given by me are true. I confirm that I have not availed any sponsorship/reimbursement/subsidy or financial assistance of any kind, in the current financial year, in regard to the Performance Bank Guarantee charges for the tender ID/ Work Order/ Supplier Order/ Purchase Order, I am seeking reimbursement for under this scheme. I further undertake that I am not listed as defaulter by any of the Government Dept./ Private agencies. I also agree that I will refund the claimed amount in total, in case any discrepancies/ any of the above information/data provided by me found to be incorrect/ mislead.

Date

Signature of Applicant
(Proprietor/ partners/ directors only)

Place

Name of Applicant

**FEEDBACK FORM
BANK GUARANTEE REIMBURSEMENT SCHEME
(TO BE FILLED BY APPLICANT)**

A. Did you find the reimbursement scheme useful?

Yes/ No

B. Please rate the scheme process mechanism

- Excellent
- Good
- Average
- Poor
- Very Poor

C. Would you recommend this reimbursement scheme to others?

Yes / No

D. Was the application process easy?

Yes/ No

E. Was your interaction with NSSHO satisfactory?

Yes/ No

F. Did you face any challenges in the application process?

Yes/ No

G. If yes, please mention the challenges.....

H. What further support do you need from National SC ST Hub?.....

1.....

2.....

3.....

4.....

I. Were you informed of other initiatives under the National SC ST Hub during your interaction with NSSH Officials? Yes/ No

Date

Signature of Applicant
(Proprietor/ partners/ directors only)

Place

Name of Applicant