

No. K-02/4/2021-SME
Government of India
Ministry of Micro, Small and Medium Enterprises
(SME Section)

Udyog Bhawan, New Delhi.
Dated the 15 November 2021

OFFICE MEMORANDUM

Sub: Continuation of National Scheduled Caste and Scheduled Tribe Hub during 15th Financial Cycle i.e. from 2021-22 to 2025-26 – Regarding

The undersigned is directed to state that the Standing Finance Committee (SFC) in its meeting held on 11.10.2021 has approved the proposal for continuation of National Scheduled Caste and Scheduled Tribe Hub (NSSH) during 15th Financial Cycle i.e. from 2021-22 to 2025-26 with an outlay of Rs. 438 crore. A copy of the revised guidelines of the scheme is enclosed.

2. This issues with the approval of Hon'ble Minister(MSME)



(Bhaskar Kalra)
Under Secretary to the Govt. of India
Tel. 23063293

Encl: As above.

- 1) CEO, NITI Aayog, Sansad Marg, New Delhi.
- 2) Secretary, D/o Expenditure, North Block, New Delhi.
- 3) Secretary, D/o Financial Services, Jeevan Deep Building, New Delhi.
- 4) Secretary, D/o Economic Affairs, North Block, New Delhi
- 5) Secretary, DPIIT, Udyog Bhawan, New Delhi.
- 6) Secretary, D/o Commerce, Udyog Bhawan, New Delhi.
- 7) Secretary, D/o Social Justice and Empowerment, Shastri Bhawan, New Delhi.
- 8) Secretary, M/o Tribal Affairs, Shastri Bhawan, New Delhi
- 9) Secretary, M/o Skill Development & Entrepreneurship, Sharam Shakti Bhawan, New Delhi.
- 10) Secretary, Department of Public Enterprises, CGO Complex, New Delhi.
- 11) AS&FA, M/o MSME, Udyog Bhawan, New Delhi
- 12) AS&DC(MSME), Nirman Bhawan, New Delhi.
- 13) CMD, NSIC, New Delhi.
- 14) GM(NSSH), NSIC, New Delhi.

Copy to: O/o Secretary(MSME)/PPS to AS&FA(MSME)/EA(IFW)/PS to JS(SME)

GUIDELINES OF NATIONAL SCHEDULED CASTE AND SCHEDULED TRIBE HUB SCHEME

PART – A

1. Introduction

In accordance with the Budget Speech 2016-17, National Scheduled Caste and Scheduled Tribe Hub (NSSH) scheme was formally launched by the Hon'ble Prime Minister in October 2016. NSSH is aimed at capacity enhancement of SC/ST entrepreneurs and promoting "entrepreneurship culture" amongst the SC / ST population. The Scheme is empowering the SC/ST population to participate in public procurement process and fulfill the mandated target of 4% procurement from SC/ST enterprises under Public Procurement Policy by the Ministries, Departments and CPSEs.

The scheme is applicable from the date of sanction till 31.03.2026. The total plan outlay of NSSH for the period from FY 2021-22 to FY 2025-26 would be Rs. 438 crore.

2. Definition of SC-ST MSEs

Office of the DC (MSME), Ministry of MSME vide its memorandum no. **F. No. 22(1)/2012-MA** dated 20th February 2014 clarifies the definition of SC/ST Enterprises as under:

- a) In case of proprietary MSE, the proprietor shall be SC/ST
- b) In case of partnership MSE, the SC/ST partners shall be holding at least 51% shares in the unit
- c) In case of private limited companies, at least 51% shares shall be held by SC/ST promoters

3. Functions of NSSH

- a) To encourage SC/ST owned units to achieve their share of at least 4% of total procurement being made by Central/State Governments, CPSEs, and other government agencies
- b) To prepare a strategy for intervention through industry associations to sensitize, encourage and enable the SC/ST owned units for participation in Public Procurement Process
- c) Collection, collation, and dissemination of information regarding SC/ST enterprises and entrepreneurs
- d) Facilitating SC/ST Entrepreneurs to be part of vendor development programs and mentoring support by specific CPSE matching the products/services of such entrepreneurs
- e) Capacity building of existing and prospective SC/ST entrepreneurs through skill development programs
- f) Providing handholding and mentoring support
- g) Facilitating credit linkages for SC/ST entrepreneurs
- h) Sharing of SC/ST MSEs data with CPSEs to enhance the procurement from SC/ST entrepreneurs
- i) Undertaking outreach activities for the promotion of the scheme among SC/ST population

4. Components/Interventions under NSSH

Under NSSH, various components/interventions have been introduced to cater the needs of SC-ST MSEs in the areas of finance, technology, market linkages, capacity building etc. with a view to provide a conducive ecosystem. These components are

- a) Special Credit Linked Capital Subsidy for technology enablement
- b) Capacity building of existing & aspiring SC/ST entrepreneurs
- c) Support for enhancing competitiveness through various reimbursement sub-schemes/interventions
- d) Special Marketing Assistance Scheme (SMAS) for SC/ST entrepreneurs

The detailed guidelines of above-mentioned components have been specified in the subsequent chapters.

5. Governance Structure- NSSH

Three committees have been formulated that help in the functioning of the Hub:

- a) **High Powered Monitoring Committee (HPMC)**- HPMC to be chaired by Minister of MSME with Minister/s of State (MSME) as co-chair. The committee will monitor the overall activities of the Hub and will have the power to decide about any addition of new activities/ functions for the Hub, which will be notified separately. The Committee would have the following members:

- Minister of MSME- Chair
- Minister(s) of State – Co-chair
- Secretary, MSME
- Secretary, Department of Social Justice & Empowerment
- Secretary, Ministry of Tribal Affairs
- CEO, NITI Aayog or his representative
- Secretary, Department of Public Enterprises or his representative
- Secretary, Department of Financial Services or representative
- AS&FA (MSME)
- AS&DC (MSME),
- JS (SME)
- A representative of FICCI
- A representative of CII
- A representative of ASSOCHAM
- A representative of Dalit Indian Chamber of Commerce and Industry (DICCI)
- Three representatives (one each from MSME associations)
- CMD, NSIC
- CMD, SIDBI or his representative
- Two representatives of State Governments.
- Four prominent SC/ST Entrepreneurs nominated by M/o MSME
- CEO, National Skill Development Corporation (NSDC)

- CMD, National Schedule Castes Finance and Development Corporation (NSFDC)
 - CMD, National Schedule Tribe Finance and Development Corporation (NSTFDC)
 - ED, RBI dealing with MSME credit,
- i. The term of Non-official members of HPMC will be three years from the first meeting of the committee after constitution. The chair will reconstitute the committee after completion of three years tenure.
 - ii. The expenditure involved in the meetings of HPMC including participation of non-official members of HPMC will be met from the budgetary allocation of hub.
- b) Advisory Committee:** Advisory Committee to be chaired by representative of Industry Associations. The Committee will advise the hub about new interventions which can be included for providing entrepreneurial support to SC/ST entrepreneurs. This will bring industry perspective to the hub for better implementation of the scheme. The Committee would have the following composition:
- The President, DICCI – to be chaired initially for 2 years
 - Joint Secretary (NSSH), Ministry of MSME
 - Chairman-cum-Managing Director, National Small Industries Corporation Limited (NSIC)
 - AS&DC or his/her representative
 - AS&FA or his/her representative
 - Representative from Industry bodies/Associations representing SC entrepreneurs
 - Representative from Industry bodies/Associations representing ST entrepreneurs
 - Representative from National Scheduled Caste Finance and Development Corporation (NSFDC)
 - Representative from National Scheduled Tribe Finance and Development Corporation (NSTFDC)
 - Any other member suggested by stakeholders.
- i. The term of the Advisory Committee would be two years and the chairperson of the Committee will be nominated afresh on rotation basis in every two years. The nomination of chairman of the Committee and Industry Associations will be made by Hon'ble Minister(MSME).
 - ii. The expenditure involved in the meetings of Advisory Committee including participation of non-official members of Advisory Committee will be met from the budgetary allocation of hub.
- c) Project Screening Committee (PSC):** Joint Secretary (SME/NSSH) to be the chairperson of the committee. The committee will have representatives from IFW, O/o DC(MSME), KVIC, Coir Board, NSIC, and NSSH Cell. The Committee will be responsible for the following:

- i. Formulation of the annual action plan of the scheme and its finalization with the approval of Secretary (MSME)
- ii. Consideration/Approval of proposals received for financial assistance under all sub-components of the scheme
- iii. Any other activity with the approval of Secretary (MSME)

d) NSSH Cell

National SC-ST Hub (NSSH) scheme of Ministry of MSME is implemented by National Small Industries Corporation (NSIC). An NSSH Cell created by NSIC to perform day to day operations related to execution of the scheme and is headed by a Senior GM level officer. The NSSH cell is reporting to Functional Director-NSIC, who is in turn reporting to CMD-NSIC.

6. Duration of components

The components under National SC/ST Hub (NSSH) scheme shall remain co-terminus with the NSSH scheme.

-0-

CHAPTER- I

SPECIAL CREDIT LINKED CAPITAL SUBSIDY FOR TECHNOLOGY ENABLEMENT OF SC/ST MSES

1. Objective

Ministry of Micro, Small and Medium Enterprises (MSME), Govt. of India has been operating a scheme for technology upgradation of Micro & Small Enterprises called the Credit Linked Capital Subsidy Scheme (CLCSS) with effect from 01.04.2017 till 31.03.2021 to facilitate purchasing of plant & machinery by providing upfront capital subsidy to the existing as well as new MSEs.

A special provision of 25% subsidy to SC/ST MSEs under National SC/ST Hub (NSSH) on institutional finance up to Rs.1 Cr. for procurement of Plant & Machinery (i.e. a subsidy cap of Rs.25 Lakhs) without any sector specific restrictions on technology upgradation has been incorporated in the revised guideline of CLCSS and which stands effective from 17.05.2017 to ease the access to latest technology. The objective of this scheme is to promote new enterprises and support the existing enterprises in their expansion for enhanced participation in public procurement. The scheme is being implemented by O/o DC - MSME.

2. Scope of the scheme

- a) The scheme would cover SC/ST MSEs of manufacturing and service sectors.
- b) The scheme would cover the purchase of new plant & machinery and equipment through term loan from Prime Lending Institutions (PLIs) for all manufacturing sectors and service sectors as brought out in the National Industrial Classification (NIC) code respectively on which banks/financial institutions are offering business loans, subject to consent/NOC from Pollution Control Board (wherever applicable)
- c) Industries covered under the RED category as per the Classification of industries for consent management (Schedule- VIII, rules 3(2) and 12 of Ministry of Environment & Forests, Govt. of India) shall not be eligible for subsidy under the above scheme.
- d) Subsidy for the SC-ST MSEs of service sector shall be applicable from the date of issuance of the guidelines.

3. Eligibility Conditions

- (i) Sole Proprietorships, Partnerships, Co-operative societies, Private and Public limited companies owned by SC/ST Entrepreneurs of MSE sector engaged in the manufacturing and service activities are eligible for seeking assistance.
- (ii) It is mandatory to have a valid Udyam Registration for availing the subsidy under SCLCSS.
- (iii) Eligibility for capital subsidy under the Scheme is not linked to any re-finance Scheme of the Nodal Agency (ies). Hence, it is not necessary that the PLI will have to seek refinance in respect of the term loans sanctioned by them from any of the refinancing Nodal

Agencies.

- (iv) SC/ST Units graduated from small scale to medium scale are eligible for subsidy under SCLCSS for three years from the date of graduation.
- (v) Industry graduating from small scale to medium scale on account of sanction of additional loan under this scheme shall be eligible for assistance.
- (vi) Fabricated and second-hand plant and machinery shall not be eligible for consideration for subsidy under this component.
- (vii) SC/ST owned MSEs who have already availed subsidy under the existing CLCSS/**SCLCSS**, before the date of notification of this scheme, may claim additional subsidy on account of difference in the rate of subsidy for procurement of plant and machinery after issuance of notification in this regard, which is now permissible under this scheme. The overall limit on the subsidy shall be Rs. 25 lakh. Further, an Undertaking shall be obtained from the applicant SC-ST MSEs, duly signed by its Proprietor / Partner / Director regarding availment of subsidy under CLCSS/SCLCSS earlier.
- (viii) MSEs availing subsidy under this scheme shall be eligible for all other types of subsidy except any other Central Government subsidy for technology up-gradation.
- (ix) In calculating the value of plant & machinery (manufacturing sector) and equipment (service sector), the following shall be excluded, namely:
 - a) The cost of equipment such as tools, jigs, dies, moulds, and spare parts for maintenance and the cost of consumable stores
 - b) The cost of installation of plant & machinery and equipment
 - c) The cost of purchase/ subscription/ installation of licensed software and other related digital services
 - d) The cost of research & development equipment and pollution control equipment (except, where they are approved for specific products /subsector by the Committee of Experts, and firefighting equipment).
 - e) The cost of generator sets, and extra transformer installed as per the regulations of the State Electricity Board (except where gas-based generator sets have been approved for specific products /sub-sector by the Committee of Experts.
 - f) The bank charges /service charges paid to the State Small Industries Corporation, Gap Funding
 - g) The cost involved in procurement or installation of cables, wiring, bus bars, electrical control panels (not those mounted on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant & machinery or for safety measures.
 - h) Transportation charges (excluding of sales-tax and excise) for indigenous machinery from the place of manufacturing to the site of the factory.
 - i) Charges paid for technical know-how for the assembly of plant & machinery and equipment
 - j) Cost of such storage tanks which store raw materials, finished products only and are not linked with the manufacturing process
- (x) In the case of imported machinery, the following shall be included while calculating the value of plant & Machinery and equipment:

- Import duty (excluding miscellaneous expenses as transportation from the port to the site of the factory, demurrage paid at the port).
- The shipping charges
 - Custom clearance charges; and
 - GST

4. Application Procedure

The Nodal banks/ agencies notified from time to time by Ministry of MSME will submit the application of SC-ST MSEs on the dedicated online software. The nodal banks/ agencies would consider proposals only in respect of credit approved by their respective branches, whereas, for other Primary Lending Institutions (PLI), SIDBI and NABARD would be the nodal agencies for release of subsidy under this scheme.

5. Time Limit for applying for Subsidy

Eligible claim with reference date (date of release of last instalment of term loan) of each quarter should reach up to the end of next quarter. For example, if the reference dates falling between 1st January 2022 to 31st March 2022 the claim should be forwarded latest by 30th June 2022.

6. Disbursement of Subsidy

Banks will follow the principle of First -In -First -Out (FIFO) while submitting the claims online under SCLCSS Scheme. The principle of First -In -First -Out (FIFO) will also be followed by the NSSH Cell for disbursement of subsidy to the eligible beneficiary unit.

The beneficiary unit will have to remain in commercial production/service for three years after installation & commissioning of the plant & machinery and equipment, on which subsidy under the SCLCSS has been availed. To ensure this, the subsidy released by the Government under SCLCSS will be kept in the form of a Term Deposit of equivalent amount for three years with effect from the "reference date". The Term Deposit Receipt (TDR) as indicated before will not be eligible for earning any interest, neither it can be hypothecated/ pledged by the beneficiary unit/ Banks as security against any other liabilities/ loans. On the expiry of the prescribed retention period of three years, Banks will liquidate the TDR and credit the proceeds into the loan account of the beneficiary after being satisfied that the requisite terms and conditions of SCLCSS including continuity of commercial production/service of the beneficiary unit are duly adhered to.

In the event of foreign currency Term Loans sanctioned by Banks/ PLIs, the relevant subsidies are to be retained by Banks in the shape of TDR in domestic currency.