

**File No. W-18/30/2019-IPHW-MeitY**  
**Government of India**  
**Ministry of Electronics and Information Technology (MeitY)**  
**(IPHW Division)**

Dated: 31<sup>st</sup> May, 2020

**Appraisal and Disbursement Guidelines for effective functioning of the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)**

**1. Background**

**1.1.** The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) hereinafter called ‘**Scheme**’ to help offset the disabilities in the domestic manufacturing of components and semiconductors in order to strengthen the electronics manufacturing ecosystem in the country has been notified vide **Gazette Notification CG-DL-E-01042020-218992** dated 01.04.2020 in Part-I, Section 1 of the Gazette of India (Extraordinary) [F.No.W-18/30/2019-IPHW-MeitY]. As per paragraph 6.1 of the Scheme, SPECS shall be open for receiving applications initially for 3 (three) years from date of notification. Since, the notification has been published on 01.04.2020, applications under the scheme, complete in all respects, shall be received upto 31.03.2023.

**1.2.** In pursuance of paragraph 9.9 of the Scheme, the following appraisal and disbursement guidelines are being laid down for its effective functioning. These guidelines have been prepared on the basis of suggestions received from Industry / associations and other stakeholders, including applicants of the existing M-SIPS Scheme.

**1.3.** The Scheme guidelines *inter-alia* cover the following:

- a) Definitions
- b) Eligibility under the Scheme
- c) Eligible Capital Expenditure
- d) Application
- e) Project / Unit
- f) Online Portal

- g) Project Management Agency (PMA)
- h) Executive Committee (EC)
- i) Governing Council (GC)
- j) Process of Approval of Applications
- k) Claim for Incentive
- l) Disbursal of Incentive
- m) Related Party Transaction (RPT)
- n) Residual
- o) Timelines

## **2. Definitions**

**2.1. Applicant:** Applicant for the purpose of the Scheme is a legal entity i.e., Private Limited Company, Public Limited Company, Sole Proprietorship, Partnership, or Limited Liability Partnership registered in India, proposing to and making an application for seeking incentive under the Scheme, against investment in a project / unit for manufacturing of eligible goods as per the list included in **Annexure-1** of these Guidelines (as amended from time to time), seeking approval of the project.

**2.2. Application:** Application means an application submitted by an applicant in the Application Form prescribed under the Scheme containing requisite information, along with the supporting documents and application fee.

**2.3. Project / Unit:** A Project / Unit under the Scheme would be a new business unit or expansion of capacity / modernization and / or diversification of an existing unit which an applicant intends to implement as per an application submitted under the Scheme.

**2.4. Expansion of capacity / modernization and/ or diversification of an existing unit:** Expansion of capacity / modernization and/or diversification of an existing unit for the purpose of the Scheme means an increase in the value of fixed capital investment in plant, machinery, equipment, associated utilities and technology, including for Research & Development (R&D) of an existing unit, for the purposes of either expansion of capacity or modernization and / or diversification.

- **Expansion of capacity project:** A project/ unit has existing capacity of the goods proposed to be manufactured and there is increase in fixed capital investment in additional manufacturing lines to enhance capacity of the proposed goods.
- **Modernization project:** A project/unit has existing capacity of the goods proposed to be manufactured and there involves fixed capital investment to enhance / optimise / revamp the existing capacity of the proposed goods.
- **Diversification project:** A project/unit has existing capacity of goods other than the goods proposed to be manufactured and involves increase in fixed capital investment to manufacture the proposed goods.

**2.5. Approved Project / Unit:** Approved Project/ Unit means a project for which approval letter is issued by the Project Management Agency (PMA) appointed for this purpose by the Ministry of Electronics and Information Technology (MeitY), based on the recommendations of Executive Committee (EC) under MeitY.

**2.6. Acknowledgement Date:** Acknowledgment date is the date on which, based on the initial scrutiny of the application, acknowledgment is issued by the Project Management Agency (PMA) appointed for this purpose by MeitY. Acknowledgement of an application shall not be construed as approval under SPECS.

**2.7. Approval Date:** Approval date is the date on which approval letter for the Project / Unit under the Scheme is issued by the Project Management Agency (PMA) appointed for this purpose by MeitY, to the Applicant.

**2.8. Commercial Production:** The term “commercial production” means the production is undertaken for the sale of manufactured goods by the approved Project/ Unit as defined in relevant accounting standards issued by ICAI. In case of expansion / modernization / diversification projects, the date of commencement of commercial production shall be the later of (i) the date of actual commencement of commercial production for the project and (ii) the date by which the entire investment to be claimed under SPECS has been made and capitalised in the books of account of the Applicant.

**2.9. Capital Expenditure:** “Capital expenditure” in paragraph 7.2 of the Scheme includes:

**2.9.1. Expenditure incurred on plant, machinery, equipment and associated utilities:** This shall include expenditure on plant, machinery, equipment and associated utilities, as well as tools, dies, moulds, jigs, fixtures (including parts, accessories, components, and spares thereof) of the same, used in the design, manufacturing, assembly, testing, packaging or processing of any of the goods eligible under the Scheme. It shall also include expenditure on packaging, freight/ transport, insurance, and erection and commissioning of the plant, machinery, equipment and associated utilities. The Associated utilities shall *inter-alia* include captive power and effluent treatment plants, essential equipment required in operations areas such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water & power supply and control systems, etc. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software and ERP solutions. All non-creditable taxes and duties are included in such expenditure. However, the same shall not be considered towards eligible capital expenditure computation.

**2.9.2. Expenditure incurred for Research and Development (R&D):** This shall include expenditure on in-house and captive R&D, directly attributable to goods for which SPECS application is made, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to functioning of the same. Such expenditure shall include test and measuring instruments, purchase of design tools, software cost (directly used for R&D) and license fee, expenditure on technology, IPR, Patents and Copyrights for R&D. All non-creditable taxes and duties are included in such expenditure. However, the same shall not be considered towards eligible capital expenditure computation.

**2.9.3. Expenditure incurred on Transfer of Technology (ToT), including cost of technology:** This shall include cost of technology and initial technology purchase related to goods for which SPECS application is made. All non-creditable taxes and duties are included in such expenditure. However, the same shall not be considered towards eligible capital expenditure computation.

**2.9.4. Expenditure incurred on refurbished plant, machinery and equipment (including for associated utilities and R&D):** This shall include expenditure on used / second hand / refurbished plant, machinery and equipment (including for associated utilities and R&D), whether imported or procured domestically, not exceeding 20% of the total eligible plant, machinery and equipment (including for associated utilities and R&D).

**2.9.5. Expenditure incurred on Land and Building:** The expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered under the Scheme and, therefore, shall not be considered towards eligible capital expenditure computation.

**2.10. Eligible capital expenditure:** The capital expenditure which is considered eligible for incentive under the Scheme as per the approved list of capital items annexed to the approval letter given to the applicant.

**2.11. Total Incentive:** Total Incentive under the Scheme is 25% of eligible capital expenditure for an approved application under the Scheme.

**2.12. Related Party(ies):** The term related party(ies) would be as defined as per provisions of relevant statutes and Accounting Standard, as may be applicable to the applicant, as notified by Ministry of Corporate Affairs (MCA) or any other appropriate authority from time to time.

**2.13. Financial Closure:** Financial Closure for the purposes of the Scheme means:

- i. Firm commitment from applicant to invest in the project under SPECS in the form of a board resolution.
- ii. Sanction letter / Letter of Intent (LoI) from Bank / Financial Institution (FI) / loan agreement with Bank / FI for debt portion of the investment proposed.
- iii. Legally binding commitment from equity / unsecured loan providers to provide or mobilize funds towards equity / unsecured loans in the form of an agreement backed by a Board Resolution (BR). (BR is not applicable in case of Banks and Financial Institutions (FIs) in which

case a sanction letter and/ or LoI from the Bank/ Financial Institution may be provided) or

- iv. Legally binding commitment of funding from internal accruals, in case Applicant is having any existing unit (shall be assessed from the past performance of the Applicant which *inter-alia* includes, Profit and Loss Account, Cash Flow Statements, etc.)
- v. Documents showing capability of fund providers in the form of unencumbered liquid funds (even in the case of internal accruals). This is, however, not applicable in case of Banks and FIs.

**2.14. Financial Year:** Financial year begins on the 1st April of a year and ends on 31st March of the following year as notified by Ministry of Corporate Affairs (MCA).

**2.15. Project Management Agency (PMA):** Refers to the Financial Institution(s) or any other agency(ies) appointed by MeitY to act on its behalf for receipt of application, issuance of acknowledgement of application, appraisal / evaluation of the project (including eligible capital expenditure under SPECS), recommending project to the Executive Committee (EC) of MeitY, issuance of approval letter on the recommendation of Executive Committee of MeitY, verification of claim for incentive by the applicants for reimbursement under SPECS based on the expenditure incurred through bills, vouchers, site visits and / or any other method / document deemed appropriate, disbursement of claim including managing the process of disbursements in accordance with the criteria stipulated in the disbursement guidelines.

**2.16. Executive Committee (EC):** Refers to a Committee constituted by MeitY and chaired by an officer not below the rank of Joint Secretary in MeitY. The detailed constitution of EC is included in these Guidelines.

**2.17. Governing Council (GC):** Governing Council (GC) constituted by MeitY under the chairmanship of Secretary, MeitY. The constitution of GC is included in these Guidelines.

**2.18. Investment:** Investment for the purpose of this Scheme means Capital expenditure, as defined in paragraph 2.9 of these Guidelines.

**2.19. Chartered Engineer:** Engineers having corporate membership of the Institution of Engineers (India) and having Chartered Engineer (India) certificate issued by Institution of Engineers (India).

**2.20. New project/unit:** A project/unit other than an expansion of capacity, modernization or diversification project.

**2.21. Approved list of capital items:** The detailed list of capital items as annexed to the approval letter issued by the PMA to the Applicant on the recommendation of the EC of MeitY. The level of detail would be as decided by the PMA and the detailed list would normally include the list of key capital items representing not less than 70% of the eligible capital expenditure under each sub-head viz. (i) plant, machinery & equipment, (ii) associated utilities, (iii) research & development and (iv) transfer of technology. Balance capital items may be categorised as other / miscellaneous items under each sub-head. Used / second hand / refurbished capital items, if any, against all of the aforesaid four sub-heads shall be separately indicated. All eligible costs as provided in the approval letter shall be inclusive of packaging, freight/transport, insurance, and erection and commissioning, unless specific bifurcation is provided in this regard.

**2.22. Registered Valuer:** A person registered with the Insolvency and Bankruptcy Board of India (IBBI) in accordance with the Companies (Registered Valuers and Valuation) Rules, 2017 for asset class 'Plant and Machinery'.

**2.23. Domestic Value Addition:** Domestic Value addition shall be computed as below (A divided by B):

A. Net Sales Turnover of eligible goods minus value of non-originating Material and Services used in manufacturing.

B. Net Sales Turnover of eligible goods

**2.24. Non-Originating Material and Services:** Material and Services whose country of origin is other than the country in which that material / service is used in manufacturing and any material / service whose origin cannot be determined.

### **3. Eligibility under the Scheme**

**3.1.** The scheme shall be applicable for investments in new units as well as expansion of capacity / modernization and / or diversification of existing units.

**3.2.** The minimum threshold investment (capital expenditure) to be eligible under the Scheme for each of the product categories is annexed in the Scheme and included in **Annexure-1** of these Guidelines (as amended from time to time).

**3.3.** If an application covers more than one product categories, then the minimum threshold of investment (capital expenditure) applicable for such application shall be the highest of the individual threshold investment for each of the product category(ies) covered under the application.

**3.4.** The minimum investment thresholds are same for new units or expansion of capacity / modernization and / or diversification by existing units.

**3.5.** Eligibility under SPECS Scheme shall not affect eligibility under any other scheme and vice-versa.

### **4. Eligible Capital Expenditure**

#### **4.1. General Terms and Conditions**

**4.1.1.** Capital expenditure as defined in paragraph 2.9 of these Guidelines shall be considered for determining eligible capital expenditure under the Scheme provided such expenditure is made on or after the date of acknowledgement of an application and within 5 years of date of acknowledgement of such application.

**4.1.2.** Capital expenditure made before the date of acknowledgement of application under the Scheme shall not be considered for calculation of eligible capital expenditure under the Scheme. However, Capital expenditure made before the date of acknowledgement of application, but on or after the date of application, on the approved list of capital items, shall be considered for calculation of threshold.



**4.1.3.** The date of invoice would be considered as the date of booking capital expenditure under the Scheme.

**4.1.4.** Any payment towards 'Capital Expenditure' as defined in these Guidelines, including payment under a Letter of Credit with a bank or any other mode of settlement with vendors, prior to date of acknowledgment of application, shall not be considered for determining eligible capital expenditure under the Scheme.

**4.1.5.** Expenditure on consumables and raw material used for manufacturing shall not be considered as capital expenditure.

**4.1.6.** The capital expenditure, based on which eligible capital expenditure is being determined, shall be capitalized in the books of accounts of the applicants. The applicant shall provide a statutory auditor certificate in respect of expenditure related to the entire claimed capital expenditure.

**4.1.7.** If MeitY is satisfied that eligibility under the Scheme or determination of eligible capital expenditure has been done under the Scheme and / or disbursement of incentive have been obtained by misrepresentation of an essential fact pertaining to the Scheme or furnishing of false information, MeitY may ask the applicant to refund the incentive along with accrued interest, calculated at 3 years SBI MCLR (as applicable at the date of disbursement) compounded annually, after giving an opportunity to the applicant of being heard.

## **4.2. Plant, Machinery and Equipment**

**4.2.1.** Expenditure incurred on plant, machinery and equipment, as defined in paragraph 2.9 of these Guidelines shall be considered for determining eligible capital expenditure under the Scheme.

**4.2.2.** Plant, machinery and equipment (including for associated utilities and R&D) shall be purchased / leased in the name of the applicant. In cases where these are being leased, the lease shall be in the nature of a financial lease within the meaning of Accounting Standard 19 – Leases or Indian Accounting Standard (Ind-AS) – 116 Leases, as may be applicable to the

applicant, as notified by Ministry of Corporate Affairs or any other appropriate authority from time to time.

**4.2.3.** The value of used / second hand / refurbished plant, machinery and equipment (including for associated utilities and R&D), whether imported or domestically procured, not exceeding 20% of the total eligible capital expenditure for plant, machinery and equipment (including for associated utilities and R&D) shall be considered for determining eligible capital expenditure under the Scheme.

**4.2.4.** The used / second hand / refurbished plant, machinery and equipment (including for associated utilities and R&D) allowed under the Scheme shall have a minimum residual life of at least 5 (five) years, at the time of transfer of assets, as per Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, amended vide Ministry of Environment, Forest and Climate Change Notification dated 11.06.2018. Further, the valuation certificate by a Chartered Engineer assessing the value and residual life shall also be required. In case of import, such valuation should be in accordance with Customs Valuation Rules and Circulars. The value of these plant, machinery and equipment shall be considered as lower of depreciated value (as per scale of depreciation fixed by Customs, whether these plant, machinery and equipment are imported or not) and the value assessed by Chartered Engineer (of India) or equivalent overseas chartered engineer.

**4.2.5.** In such case that tools, dies, moulds, jigs, fixtures (including parts, accessories, components and spares thereof) are located outside the premises of an applicant, appropriate undertaking(s) from the person having their custody along with valid legal agreement(s) for the said transaction(s) shall be obtained. The tools, dies, moulds, jigs, fixtures (including parts, accessories, components and spares thereof) not in possession of applicant but in possession of vendors, within India only, shall be considered for determining eligible capital expenditure under the Scheme.

**4.2.6.** Plant, machinery and equipment (including for associated utilities and R&D) shall be procured / leased through legally valid documents after payment of applicable taxes and duties.

**4.2.7.** In case the plant, machinery and equipment (including for associated utilities and R&D) are planned to be self-fabricated, then the material cost of the same, including freight, transportation and insurance, shall only be considered for eligibility at the time of appraisal and approval (these shall be mentioned in the approved list of items as self-fabricated). Self-fabricated plant, machinery, equipment and associated utilities, if they are used/ second hand/ refurbished shall not be considered for determining eligible capital expenditure under the Scheme.

**4.2.8.** The plant, machinery, equipment and associated utilities approved under the Scheme shall be used in regular course for manufacturing of the products that are approved in the approval letter issued by PMA. This does not preclude the usage of such machinery for manufacturing of other electronic goods. The applicant has to submit a declaration about usage of machinery for each year during the period that such applicant is claiming incentive under the scheme.

However, in exceptional cases where an Applicant needs to change the product and manufacture alternate electronic product(s) listed in SPECS, due to genuine technological developments in the electronics sector, then the same can be referred to PMA for consideration on a case-to-case basis. Such change in usage shall be subject to recommendation by EC of MeitY.

**4.2.9.** The value of plant, machinery, equipment and associated utilities shall be verified by PMA from independent sources. For this purpose, PMA may rely on 'Reasonableness of cost' mentioned in the following point in these guidelines.

**4.2.10.** Assessment of Reasonableness of cost:

- i. PMA shall have a right to verify (through relevant documents and / or site visits) the expenditure incurred on plant, machinery and equipment (including for associated utilities, R&D and ToT) approved under the Scheme, as deemed necessary, which forms the basis of the disbursement claim.

- ii. The Chartered Engineer / Registered Valuer shall validate the reasonableness of cost of plant, machinery and equipment (including for associated utilities, R&D and ToT) for which incentive is being claimed and provide a Certificate to that effect.

### **4.3. Research and Development (R&D)**

**4.3.1.** Expenditure incurred for Research and Development as defined in paragraph 2.9.2. of these Guidelines shall be considered for determining eligible capital expenditure under the Scheme.

**4.3.2.** The applicant shall provide legally valid documents in respect of the cost of technology, IPRs, patents and copyrights, software and overall capital expenditure incurred for R&D.

**4.3.3.** The capital expenditure on R&D not exceeding 20% of the total eligible capital expenditure for plant, machinery, equipment and associated utilities shall be considered for determining eligible capital expenditure under the Scheme.

### **4.4. Transfer of Technology Agreements**

**4.4.1.** Expenditure incurred on Transfer of Technology (ToT), including cost of technology as defined in paragraph 2.9.3. of these Guidelines shall be considered for determining eligible capital expenditure under the Scheme and the same shall be procured through legally valid documents after payment of applicable taxes and duties.

**4.4.2.** The total expenditure incurred on Transfer of Technology Agreements not exceeding 10% of the total eligible capital expenditure for plant, machinery and equipment and associated utilities shall be considered for determining eligible capital expenditure under the Scheme.

### **4.5. Associated Utilities**

**4.5.1.** Expenditure incurred on associated utilities as defined in Para 2.9.1. of these Guidelines shall be considered for determining eligible capital expenditure under the Scheme.

**4.5.2.** The associated utilities which shall inter-alia include captive power and effluent treatment plants, essential equipment required in operations areas such as clean rooms, air curtains, temperature and air quality control systems, compressed air, water, power supply and control systems, etc., shall be capped at rates specified in the CPWD plinth area rates. Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software and ERP solutions.

**4.5.3.** The total expenditure incurred on associated utilities not exceeding 20% of the total eligible capital expenditure for plant, machinery and equipment only shall be considered for determining eligible capital expenditure under the Scheme.

## **5. Application**

**5.1.** An application under the Scheme can be made to the Project Management Agency (PMA) by any legal entity, i.e., Private Limited Company, Public Limited Company, Sole Proprietorship, Partnership, or Limited Liability Partnership registered in India.

**5.2.** An application shall be made in the format provided in **Annexure-2** of these Guidelines.

**5.3.** The application shall contain the requisite land documents such as registered sale deed and / or registered rent / lease agreement on the land for a period of not less than 10 years from the date of application in usual circumstances. In case of land having been taken on rent / lease for a period less than 10 years, such application shall be processed if there is a renewal clause for extension of such rent / lease agreement in the registered document. If the renewal clause is not present in the registered rent / lease agreement, the same may be referred by Project Management Agency to Governing Council for taking an appropriate decision on whether to allow such an application with an exemption provision.

**5.4.** In case land has not been purchased or taken on rent / lease at the time of application, applicant shall provide definite location / plot details and a suitable

document which confirms availability of the land at the time of application. However, the applicant shall provide the final registered document such as sale deed and / or registered rent / lease agreement on the land before the submission of Appraisal report by PMA for consideration of Executive Committee (EC).

**5.5.** The application shall contain Financial Closure for the investment required for the complete project as defined under paragraph 2.13.

**5.6.** There is no restriction on any applicant from making multiple applications and / or for multiple locations.

**5.7.** Investment by entities other than applicants shall not be considered for the purpose of determining the eligible capital expenditure under the Scheme.

**5.8.** On receipt of an application in the prescribed format, the PMA shall conduct an examination as to whether the application prima facie meets the criteria as prescribed in **Annexure-3** of these Guidelines. The aforesaid prima facie examination shall be completed within **15 working days** from the date of receipt of the application or **15 working days** of any subsequent submission of the revised application, if the original filling was returned as incomplete earlier. No original application shall be accepted after the end of the application period.

**5.9.** In cases, where on the above-mentioned examination, an application is found to be incomplete, the PMA shall inform the applicant accordingly within **15 working days** of receipt of the application. An applicant must complete an incomplete application within **15 working days** of such communication from the PMA, failing which, the application shall be closed under intimation to the applicant.

**5.10.** For an application which prima facie meets the criteria as prescribed in **Annexure-3** of these Guidelines, the PMA shall issue an acknowledgement of receipt of the application within **15 working days** of receipt of application. This acknowledgement shall not be construed as approval under the Scheme. In cases, where on examination it is found that an original or a revised application does not prima facie meet the criteria as prescribed, the PMA shall inform the applicant accordingly within **15 working days** post completion of examination and the application shall be closed.

**5.11.** A non-refundable application fee would be payable for each application as per **Annexure-4**. The application fee would be accepted electronically.

**5.12.** Applications received during the Application period shall be appraised on an ongoing basis and considered for approval.

**5.13.** Each application shall be appraised for the eligibility of the applicants for support under the Scheme. The completeness of the documents shall be checked on the basis of the indicative list of required information/ documents at **Annexure-5**.

**5.14.** No application received after three years from the date of notification of the Scheme shall be considered for approval.

## **6. Project / Unit**

**6.1.** A Project / Unit proposed under the Scheme may include multiple manufacturing facilities at one or more proposed locations. There is no limit on the number of applications for an Applicant.

**6.2.** The applicable investment threshold value for the project would be as per the limits prescribed as annexed in the Scheme and at **Annexure-1** of these Guidelines. The list of goods eligible for the incentive under the Scheme, along with the applicable thresholds, shall be reviewed and amended from time to time by the Governing Council (GC) as per paragraph 9.8 of the Scheme.

**6.3.** A project / unit proposed under the Scheme may include one or more goods eligible for incentive in a single application. If the Applicant proposes to manufacture more than one product categories falling under verticals with different investment thresholds, the applicable investment threshold (capital expenditure) would be of the highest of the individual threshold investment for each of the product categories covered under the application

## **7. Online Portal**

**7.1.** All applications shall be submitted through an online portal to the Project Management Agency (PMA) notified under the Scheme. In case, the aforementioned portal is not available, applications may be submitted in physical form to the Industrial promotion - Electronics Hardware Manufacturing (IPHW) Division, Ministry of Electronics and Information Technology, Electronics Niketan, 6 CGO Complex, Lodhi Road, New Delhi - 110003.

**7.2.** Upon successful submission of an application, PMA shall issue a unique application ID to the Applicant. All applicants may refer to their application ID for any future correspondence on the subject.

**7.3.** Ministry of Electronics and Information Technology (MeitY) may separately issue detailed instructions for the use of online portal for SPECS.

## **8. Project Management Agency (PMA)**

**8.1.** The Scheme shall be implemented through a Nodal Agency as mentioned in paragraph 9.2 of the Scheme. Such nodal agency shall act as a Project Management Agency (PMA) and be responsible for providing secretarial, managerial and implementation support for the scheme.

**8.2.** The PMA would *inter-alia* be responsible for:

**8.2.1.** Receipt of applications, examination and appraisal of applications and issuing acknowledgements.

**8.2.2.** Determination of eligibility of the applications on the basis of product categories and investment threshold applicable for such product categories.

**8.2.3.** Detailed examination and appraisal of applications.

**8.2.4.** Determination of total capital expenditure and eligible capital expenditure for applications under the Scheme.

**8.2.5.** Making appropriate submissions to the Executive Committee (EC) for consideration of applications under the Scheme.



**8.2.6.** Issuing approval letters to the applicant, with copy to MeitY, on the basis of recommendations of EC.

**8.2.7.** Examination of claims for disbursement of incentive as per disbursal procedures laid in these Guidelines.

**8.2.8.** Disbursal of incentive to the applicants whose claims are found eligible under the Scheme as per disbursal procedures laid in these Guidelines.

**8.2.9.** Compilation of data regarding progress and performance of the Scheme through Quarterly Review Reports and other information / documents.

**8.2.10.** The PMA may request for additional information, details and documents from the applicant as deemed necessary.

**8.2.11.** The PMA shall have the right to carry out physical inspection of an applicant's manufacturing units and offices through site visits.

## **9. Executive Committee (EC)**

**9.1.** An Executive Committee (EC) shall be constituted in accordance with paragraph 9.4 of the Scheme. The EC shall be chaired by an officer not below the rank of Joint Secretary in MeitY.

**9.2.** EC shall comprise of representatives from Internal Finance Division (IFD) of MeitY, Department for Promotion of Industry and Internal Trade (DPIIT), Department of Commerce (DoC), Department of Economic Affairs (DEA), Department of Revenue (DoR), Department of Telecommunications (DoT), representative from Project Management Agency (PMA) and two representatives from the Electronics Industry.

**9.3.** EC may invite technical experts to assist in its functioning or to seek any technical advice / clarifications on the matters pertaining to the Scheme.

**9.4.** The EC shall meet as often as necessary to ensure timely consideration of applications and conduct periodic reviews of the Scheme.

**9.5.** The EC shall consider applications, as submitted by the PMA for consideration under the Scheme and make appropriate recommendations to the PMA for issuing approval letters. The EC may seek such additional information, as necessary for making its recommendation(s).

## **10. Governing Council (GC)**

**10.1.** The Ministry of Electronics and Information Technology (MeitY) shall constitute a Governing Council (GC) under the chairmanship of Secretary, MeitY to review the progress of the Scheme and units / projects thereof.

**10.2.** GC shall comprise of experts from the Government and Industry.

**10.3.** GC shall review, and amend, if deemed necessary, the list of goods eligible for the incentive under the Scheme, along with the applicable investment thresholds.

**10.4.** GC shall review the applications referred to it by the Project Management Agency which do not satisfy the requirement of having a registered rent / lease agreement on the land for a period of not less than 10 years from the date of application and also not have a renewal clause in the registered rent / lease agreement as per Para 5.3 of these guidelines and provide exemption from such land requirement, as deemed appropriate.

**10.5.** GC shall also be authorized to carry out any amendments in Scheme Guidelines for effective functioning of the Scheme.

**10.6.** Governing Council shall also deal with the exceptional cases to provide flexibility in the scheme, especially in case of land, when different states and agencies have their own rules and regulations for lease of land.

**10.7.** The GC shall generally meet once in every three months or as often as necessary.

## **11. Process of Approval of Applications**

**11.1.** The Project Management Agency (PMA) appointed by MeitY shall appraise the applications, as received, after issuing the acknowledgements. The PMA shall accordingly make appropriate submissions to the Executive Committee (EC). EC shall recommend to PMA for approval / rejection / modification of the applications.

**11.2.** After receiving recommendations of the EC in the form of approved minutes of meeting of EC, the PMA shall issue a letter to the applicant within 5 (Five) working days, communicating approval under the Scheme, with a copy to MeitY. The approval letter shall clearly state the following:

- 11.2.1.** Name of Applicant
- 11.2.2.** Project / Unit Location
- 11.2.3.** Date of Acknowledgement
- 11.2.4.** Eligible Product Category
- 11.2.5.** Minimum Threshold of Capital Expenditure
- 11.2.6.** Eligible Capital Expenditure and Proposed capacities
- 11.2.7.** Total Eligible Incentive
- 11.2.8.** Last Date for making Capital Expenditure

**11.3.** The aforesaid approval letter shall not be construed as a guarantee for disbursement of incentive as the same shall be dependent upon verification of eligibility after submission of disbursal claim and other criteria defined in these Guidelines.

## **12. Claim for Incentive**

**12.1.** An applicant shall be eligible for claiming incentive for the project / unit which is approved under the scheme.

**12.2.** Claim for incentive may be submitted by the applicant on a six-monthly basis.

**12.3.** For claiming incentive under the Scheme, applicants shall submit information to the PMA along with all the documents required as per **Annexure-8** along with the undertaking in Appendix for Claim of Incentive.

**12.4.** All capital expenditure relating to the project / unit that have been incurred and paid for directly by the applicant or on behalf of the applicant, are to be claimed only after actual payment has been made (on cash basis) and not on accrual basis.

**12.5.** Applicant would be required to maintain and produce all original documents including original invoices, bills of entry (for imported items),

original / bank-certified bank statements, etc. for the purpose of verification of claim for incentive.

**12.6.** PMA shall have the right to verify any documents in relation to the Claim for Incentive including but not limited to actual bills / invoices for the amounts claimed.

**12.7.** PMA may seek any documents, certificates, etc. during the process of verification from the applicant. This may also include certification by the auditors in the Panel of PMA with respect to the supporting financial documents for claim of incentive under SPECS. All costs for arranging the documents / certificates / information / data for this purpose shall be borne by the applicant.

**12.8.** The quantum of incentive payable for the project would be assessed on the basis of eligible capital expenditure as communicated in the approval given to the applicant.

**12.9.** At the time of filing claim for incentive, the applicant is required to provide details of expenditure incurred towards the approved project / unit for which the incentive is being claimed. The broad items of expenditure shall be in line with such items under eligible capital expenditure as mentioned in the approval given to the applicant by PMA.

**12.10.** Reimbursement of incentive shall be within the amounts for each item under eligible capital expenditure as per the approval given to the applicant by PMA. Any variation in expenditure pertaining to approved eligible capital expenditure item due to exchange rate variations, technology upgradation, and change in specifications of Plant, Machinery and Equipment shall be allowed even if it leads to variation of expenditure within individual eligible capital expenditure items, as long as the total actual expenditure is within the overall approved eligible capital expenditure.

**12.11.** In case the applicant's claim for incentive includes expenditure incurred under items not included in the approved eligible capital expenditure, prior approval from PMA would be required before applying for claim for incentive against the same.

**12.12.** If the new items under consideration, which were not included in the approved eligible capital expenditure, are within the same eligible capital expenditure limit for similar items and are intended for the same purpose as was proposed for the manufacturing of the approved product(s), the same may be approved by PMA after due-diligence. Any additional data / information / documents / certificates required by PMA for this purpose shall be arranged by the applicant.

**12.13.** The PMA shall have the right to carry physical inspection of an applicant's manufacturing units and offices through site visits for purpose of verification of claims and preparation of Verification Report.

The PMA shall physically verify Capital expenditure items representing not less than 30% of the eligible capital expenditure. PMA shall have the flexibility to choose assets for physical verification *inter-alia* based on criticality / value / location (proposed location / vendor location)/ suppliers / type of asset / randomness or any other criteria deemed appropriate.

**12.14.** The Verification Report, shall, *inter alia*, include the (i) approval details, (ii) disbursement request by the applicant for claim for incentive, (iii) Status of compliance of approval order conditions and other terms and conditions of Scheme Guidelines, (iv) Assessment of eligible incentive and (v) Recommendation for release of eligible incentive.

**12.15.** The Verification Report is required to be prepared by PMA within **25 working days** from the date of last data / information / certificate provided by the applicant as part of the verification process.

**12.16.** The PMA shall process the claim for incentive on the basis of such Verification Report. It shall issue a Sanction Letter to intimate the applicant about the approval of claim for incentive while marking a copy to MeitY in this regard.

**12.17.** The Applicant shall seek to complete all required pre-disbursal formalities, viz., Integrity Compliance Undertaking, Indemnity Bond, etc., within **10 working days** from the date of issuance of Sanction Letter for disbursement.

**12.18.** In case of doubt with respect to the eligibility of any capital expenditure that is mentioned in the claim for incentive, the PMA may refer the matter to EC for clarification. The decision of EC shall be final in this regard.

### **13.     Disbursement of Incentive**

**13.1.** The disbursement of incentive shall be done by the PMA on the basis of approval conditions and as per their financial rules.

**13.2.** The PMA shall submit budgetary requirement to MeitY as consolidated amount on regular basis and not on project-by-project basis. MeitY shall make budgetary provisions for disbursal of incentive to approved projects under the Scheme. Any excess / shortfall of funds for release of incentive would be intimated by PMA to MeitY well in advance for smooth implementation of the Scheme.

**13.3.** The PMA shall disburse the funds immediately upon completion of all pre- disbursal formalities by the Applicant.

**13.4.** The disbursement of incentive may be in the form of Direct Bank Transfer.

**13.5.** The incentive against the eligible capital expenditure shall be released after the approval of the claim for incentive by PMA, subject to capital expenditure meeting the minimum threshold value and commencement of commercial production, and compliance to other terms and conditions stipulated in the Scheme / Guidelines / Approval Letter.

**13.6.** The PMA shall furnish information to EC with details of Claims received for incentive, Claims approved, amount disbursed, and reasons for rejection / delay in disbursement of the incentive on a quarterly basis.

**13.7.** In the event of disbursement of excess claim, the applicant shall reimburse PMA for any incentive amount refundable along with interest calculated at 3 years SBI MCLR (as at the date of disbursement) compounded annually).

**13.9.** PMA shall submit quarterly reports to the Executive Committee (EC) about the progress and performance of the Scheme.

**14. Related Party Transaction (RPT)**

**14.1.** For any expenditure forming part of the claimed capital expenditure which involves purchase / lease from Group Companies / 'related' entities:

**14.1.1.** Any relevant certificate/ documents (for domestic and / or international procurement) must be provided by the Applicant. This shall be submitted in accordance with the provisions of relevant statutes and Accounting Standard as amended from time to time.

**14.1.2.** The decision on approval / rejection of the relevant certificate/ document shall be based on the final assessment as per provisions of relevant statutes and Accounting Standard as amended from time to time, and such decision / final assessment shall be final and binding on all.

**14.2.** The applicant shall submit all relevant documents w.r.t. Related Party Transactions.

**14.3.** In case, before the final assessment as per provisions of relevant statutes and Accounting Standard as amended from time to time, if the applicant seeks disbursement of the eligible RPT, post-verification of claim application, the same is subject to the following :

**14.3.1.** The applicant shall submit an unconditional, irrevocable Bank Guarantee (BG) from a Scheduled Commercial Bank for an amount equivalent to the incentive amount on the approved Related Party Transactions. The validity of the Bank Guarantee shall be for 5 (five) years initially from date of release of sanction letter for incentive. The format of the Bank Guarantee is as per **Annexure-6**.

**14.3.2.** The Applicant through its authorized representative shall submit an undertaking to PMA on the company's letterhead as per **Annexure-7**.

**14.4.** If the assessment as per existing laws is not completed within a period of 4 years and 6 months from the start of the validity of Bank Guarantee, the

applicant shall submit a fresh Bank Guarantee for an amount which shall be the sum of the amount of the earlier Bank Guarantee and accrued interest calculated at 3 years SBI MCLR (as applicable on the date of disbursement) compounded annually. The period of Bank Guarantee may be to the satisfaction of PMA. In the event of failure to do so, PMA shall have the option to invoke the earlier submitted Bank Guarantee by issuing a notice for taking requisite action within one month from the date of issue of letter.

**14.5.** PMA would ensure proper custody and regular monitoring of the validity of the Bank Guarantee and issue alerts to the applicant companies where BG validity is likely to expire in the following six months.

**14.6.** Even if the notice is not issued to the Applicant, the Applicant is legally bound to renew the BG, failing which PMA may invoke the BG.

**14.7.** While considering disbursement claims, the applicant company shall invariably provide the details / status of assessment as per existing tax laws, in respect of RPTs for which incentive has been disbursed by MeitY in the previous claims.

**14.8.** In case, any expenditure is disallowed as per provisions of relevant statutes and Accounting Standard as amended from time to time, then the Applicant shall inform PMA immediately and shall reimburse MeitY for any incentive amount claimed on the disallowed expenditure along with the interest calculated at 3 years SBI MCLR (as applicable on the date of disbursement) compounded annually.

## **15. Residual**

**15.1.** Any change / deviation in the location of a project / unit, after filing the application and before approval of the same, shall be allowed by PMA after due verification of application of capital expenditure at the changed location.

**15.2.** Any change / deviation in the location of a project / unit, after approval of the project, shall be intimated by PMA to the EC for consideration and recommendation. Based on EC's recommendation, PMA shall communicate approval for such change of location.



**15.3.** Any deviation with respect to approved product category, after approval of the project, shall be intimated by PMA to EC for its consideration and recommendation. Based on EC's recommendation, PMA shall communicate approval for such change of approved product category.

**15.4.** In case the proposed product category shall be used for purposes other than that approved for, the applicant shall submit an end user certificate for the same every year for the duration of the Scheme (5 years).

**15.5.** Any deviation with respect to approved eligible capital expenditure, after approval of the project, shall be intimated by PMA to EC for its consideration and recommendation. Based on EC's recommendation, PMA shall communicate approval for such change of approved eligible capital expenditure.

**15.6.** An applicant shall intimate the PMA of any change in the shareholding pattern of the Promoters' holding in the Applicant/ Project, including any change in encumbrance, post application and during the period of 5 years from the date of acknowledgement.

**15.7.** Any change in the share holding pattern of an applicant leading to a successor-in-interest shall be intimated by PMA for consideration and recommendation of EC. Based on EC's recommendation, PMA shall communicate approval to such successor-in-interest to submit claims for disbursal of incentive.

**15.8.** In case of a successor-in-interest, all incremental capital expenditure undertaken by the applicant to whom approval was accorded under the Scheme, would be considered for determining Eligible capital expenditure, subject to recommendation and compliance with any other condition stipulated by the EC, as may be deemed appropriate. The earlier capital expenditure and eligible capital expenditure for the successor-in-interest shall be the same as determined for the applicant to whom approval was accorded under the Scheme.

**15.9.** The Scheme proposes that the units receiving incentive under SPECS shall have to remain in commercial production for a period of at least 3 (three) years from the date of commencement of commercial production or 1 (one)

year from the date of receipt of last incentive, whichever is later. Applicant has to provide an undertaking for the same as per the format at **Annexure-9**.

**15.10.** However, in the event of default or closure of an applicant unit that has availed incentive under the Scheme before the period as mentioned in Para 15.9 above, the applicant unit shall be required to refund the incentive disbursed, failing which, recovery shall be done from the liquidated assets of such unit as per established procedures.

**15.11.** The applicants shall also be eligible to take benefit under any other scheme(s) of Government of India. However, investments committed by the applicants under M-SIPS scheme for which incentives have been claimed shall not qualify as eligible capital expenditure under SPECS.

**15.12.** Incentives, offered by the State Government or any of its agencies or local bodies shall be over and above the incentive of this Scheme.

**15.13.** To obviate any malpractices in the financial matters where disbursements are made to industry by the Government, it has been decided to provide a deterrent against corrupt practices for promotion of transparency and equity. Therefore, keeping in view the sensitivities involved in the process and taking cue from the instructions of the Central Vigilance Commission regarding adoption of an Integrity Pact in the matter of procurement, it has been decided to obtain undertaking(s) from applicants under the Scheme.

**15.14.** Two formats of undertakings are enclosed at Format-A (provided by all applicants whose applications or claims are under consideration for approval or disbursement of incentive) and Format-B (provided by applicants after the submission of claims for disbursement of incentive and in any case before release of funds) at **Annexure-10**. These undertakings are to be furnished by applicants, duly signed by CEO/ MD/ Director and depicting the designation along with authorization to do so.

**15.15.** MeitY may issue supplementary guidelines from time to time for the smooth implementation of the 'Scheme'.

**15.16.** Mid-term assessment of the Scheme shall be done to assess the benefits reaped by the industry and economy in terms of the stated objectives.

**15.17.** The stated outputs and deliverables of the Scheme shall be broken down into measurable indicators and quantifiable targets, which may be measured adopting suitable model viz., NITI Aayog’s Output-Outcome Monitoring Framework at **Annexure-11**.

**16.     Timelines**

**16.1.   Indicative timelines for applications:**

S.No	Event	Timeline (Working Days)
1.	Submission of application	A
2.	Brief assessment on completeness of application by PMA to applicant for required information (if any)	A + 15
3.	Receipt of completed application by PMA and issue of acknowledgment along-with Application ID	T
4.	Detailed appraisal by PMA and Preparation of Appraisal Report. Applicant to provide any supplementary information as may be sought by the PMA.	T + 45
5.	Placing appraisal report for consideration of Executive Committee (EC).	T1
6.	In case of modification of application, revised Appraisal report is placed for consideration of EC.	T1+15
7.	PMA shall issue approval letter to the applicant, with copy to MeitY (within 5 working days of receipt of approved minutes of meeting of EC)	T1+20
8.	Date of submission of Claim by Applicant, along with all associated documents / certificates	T2
9.	Verification of Claims (Verification Report) by PMA	T2+25
10.	PMA intimates applicant regarding sanction of claim requesting to submit all documents and complete disbursal formalities (within 15 working days)	T2+40
11.	Applicant to complete pre-disbursal formalities (within 10 working days)	T2+50
12.	PMA to disburse funds subject to availability of funds (within 5 working days)	T2+55

**Note:**

- a. 'A' is date of submission of application.
- b. 'T' is date of submission of complete application in case of any subsequent submission of the revised application, if the original application was returned as incomplete earlier subsequent documents for completion of initial application. For cases, where the complete application is submitted at the first instance and no further information or update is required from applicant, 'A' and 'T' shall be same.
- c. T1 is the date on which the Appraisal Report is placed before EC.
- d. T2 is the date on which applicant submits the claim for incentive.

**(Saurabh Gaur)**

**Joint Secretary to the Government of India**

**Tel No. 011-24363071**

**Email: saurabh.gaur@meity.gov.in**

**New Delhi, Dated June 01, 2020**

**Copy to:**

- 1. All Concerned Ministries / Departments of Government of India**
- 2. All States / Union Territories**
- 3. Cabinet Secretariat**
- 4. PMO**
- 5. NITI Aayog**
- 6. Comptroller and Auditor General of India**
- 7. SS&FA, Ministry of Electronics and Information Technology**
- 8. Industry Associations**
- 9. Internal circulation**

**List of Goods eligible for Incentive under SPECS – Product Categories with Thresholds****A. List of goods with Minimum Investment Threshold Limit of INR 5 crore**

<b>S.No</b>	<b>Description of Goods</b>
1.	SMT components including LED Chips
2.	Chip Modules for Smart Cards, RFID Antenna & Labels, CoB/ System in Package
3.	Passive components including resistors, capacitors, ferrites, etc. for electronic applications
4.	Electromechanical components including transformers, inductors, coils, relays, switches, micro motors, stepper motors, BLDC Motors, Connectors, Heat Sinks, Antenna, Speakers, Microphones, etc. for electronic applications
5.	Magnetrons, Wave guides, Circulators, Couplers, Isolators, Filters, Magnets, RF Components for electronic applications
6.	Printed Circuit Boards (PCBs), PCB Laminates, Prepegs, Photopolymer films, PCB Printing Inks; Printed Flexible electronics
7.	Sensors, Transducers, Actuators and Crystals for electronic applications
8.	Camera Modules, Vibrator motor/ ringer
9.	USB/Data Cables, HDMI Cables
10.	Capital goods for all the goods covered under SPECS

**B. List of goods with Minimum Investment Threshold limit of INR 15 crore**

<b>S. No.</b>	<b>Description of Goods</b>
1.	Active Components: a. Discrete semiconductor devices including transistors, diodes, etc. b. Power semiconductors including FETs, MOSFETs, Thyristors, etc.
2.	Preform of Silica and Optical Fiber
3.	Display Assembly and Touch Panel/ Cover Glass Assembly

**C. List of goods with Minimum Investment Threshold Limit of INR 25 crore**

S. No.	Description of Goods
1.	Micro/Nano-electronic components such as such as Micro Electro Mechanical Systems (MEMS) and Nano Electro Mechanical Systems (NEMS)
2.	Assembly, Testing, Marking and Packaging (ATMP) units

**D. List of goods with Minimum Investment Threshold Limit of INR 75 crore**

S. No.	Description of Goods
1.	Mechanics (plastic and metal parts) for electronic applications

**E. List of goods with Minimum Investment Threshold Limit of INR 250 crore**

S. No.	Description of Goods
1.	Compound Semiconductors such as GaN, SiC, GaAs, etc. and Silicon Photonics devices/ Integrated Circuits, Optoelectronic components

**F. List of goods with Minimum Investment Threshold Limit of INR 500 crore**

S. No.	Description of Goods
1.	Semiconductor Wafers

**G. List of goods with Minimum Investment Threshold Limit of INR 1,000 crore**

S. No.	Description of Goods
1.	Semiconductor Integrated Chips (ICs) including Logic [Microprocessor, Microcontrollers, Digital Signal Processors (DSP), Application Specific Integrated Circuits (ASICs), etc.]; Memory; Analog/ Mixed Signal ICs, etc.
2.	Display fabrication units including Liquid Crystal Displays (LCD), Light Emitting Diode (LED), Organic Light Emitting Diode (OLED), etc. for electronic applications.

**Application Form**

**Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)**

**1. Introduction**

- 1.1. The application shall be duly signed by authorized signatory of legal entity.
- 1.2. Applicants are advised to follow the format provided in this template for submitting their applications. Applicants are requested to provide information and enclose all supporting documents as detailed.
- 1.3. All applications shall be submitted through an Online Portal to the Project Management Agency (PMA) notified under the Scheme. In case the aforementioned portal is not available, applications may be submitted in physical form to the Industrial Promotion – Electronics Hardware Manufacturing (IPHW) Division, Ministry of Electronics and Information Technology, Electronics Niketan, 6, CGO Complex, Lodhi Road, New Delhi - 110003. A non-refundable application fee would be payable for each application. The application fee would be accepted electronically.
- 1.4. Applicants may go through the Guidelines carefully before filling up the details in the application.
- 1.5. Application has been divided into the following sections and sub-sections:
  - 1.5.1. Applicant Details
  - 1.5.2. Proposal
  - 1.5.3. Application Fee Details
- 1.6. If any document which is required to be submitted along with the application is available on a government website, the website link where this document can be viewed may be provided. The responsibility of the correctness/ veracity of contents rest with the applicant(s).

## 2. **Section I – Applicant Details**

### 2.1. **Name of Applicant**

### 2.2. **Company Structure** (entity) under which the project is to be undertaken (legal status, shareholding pattern)

*Documents to be furnished:* Certified copy of the memorandum and articles of association or equivalent registration document. In case of Sole Proprietorship, any document, deemed appropriate. Statutory Auditor / Company Secretary Certificate showing shareholding pattern (indicating number of shares and investment).

### 2.3. **Company Details:** Registered/ Corporate office address, website, phone, email, PAN, nature of current business, turnover, net worth, experience to be furnished.

*Documents to be furnished:*

- a) CA certified copies of PAN, GST Certificate for applicant
- b) Self-certified copies of brief profile of Chairman, CEO and CXOs, Directors and Key Managerial Persons (KMPs), Key promoters, and Authorised representatives along with their PAN / DIN.
- c) CA certified copies of Annual Reports including Annual Financial Reports along with schedules for 3 years. Most recent reports to be provided.

### 2.4. **Credit History:** Please provide details of presence of Applicant / Non-Independent Directors / Promoters in – RBI's Defaulter and Wilful Defaulter Lists, SEBI Debarred List, and CIBIL Score.

*Documents to be furnished:* Certificate from Company Secretary/ Board of Directors

### 2.5. **Financial Details (self-certified):**

- a) Revenue (INR crore) – Total and Eligible Goods – Manufacturing, split by Exports and Domestic Sale (last 3 years)
- b) Profit before Tax (PBT) and Profit after Tax (PAT) (INR crore) – (last 3 years)



- c) Details of Funds - Received from government / owners or other financing agencies, multi-lateral agencies / other institutions to fund expansion (last 3 years). Equity and debt to be shown separately.

### **3. Section II – Proposal**

#### **3.1. Goods eligible for Incentive under SPECS**

#### **3.2. Projections (self-certified):**

- a) Forecasted Revenue (Total and Eligible goods) – Manufacturing, split by Exports and Domestic Sale (next 5 years)
- b) Proposed Plan for Value Addition (next 5 years)<sup>1</sup>
- c) Proposed Plan for Employment Generation (next 5 years)
- d) Forecasted Returns (next 5 years) – ROI and breakeven estimates with and without government support

#### **3.3. Size of Investment (INR crore)**

Size of the investment must include the capital expenditure expected to be incurred in next 5 years. The following details should be furnished:

- a) Details of Investment – Existing and Proposed
- b) Sources of Funding (internal accruals, equity, government assistance, term debt and working capital loans etc.)

#### **3.4. Financial Closure Details**

- 3.4.1. Details of Financial Closure achieved: Debt, Equity, Unsecured Loans, Promoters contribution, Banks and Financial Institutions (FIs) providing debt and equity.

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<sup>1</sup> **Domestic Value Addition:** Domestic Value addition shall be computed as below (A divided by B):

A. Net Sales Turnover of eligible goods minus value of non-originating Material and Services used in manufacturing.

B. Net Sales Turnover of eligible goods

- 3.4.2. Contact details of all fund providers providing debt / equity / unsecured loans. Details should include name, official designation, address, email, telephone/ fax numbers.
- 3.4.3. Contact details of all fund providers providing debt / equity / unsecured loans. Details should include name, official designation, address, email, telephone/ fax numbers.

*Documents to be furnished:*

- a) Copy of the Bank / FI appraisal note / report, if available.
- b) Company Secretary certified copy of the Sanction letter and the Term Loan Agreement for Debt.
- c) Company Secretary certified copy of Board Resolution for equity / unsecured loans for companies or equivalent for other legal entities / Proof of equity / unsecured loans having been brought in.
- d) Proof of equity / unsecured loans brought in as per project schedule. In case of Term loans, as per the term loan agreement.

### **3.5. Operations and Facilities Analysis**

The following need to be described in detail: Location proposed (State, District) (in case the location has not been confirmed, mention the options being considered and the level of readiness of the sites under consideration).

- a) Location
- b) Planned building size and infrastructure requirements
- c) Project plan with implementation schedule and key milestones including proposed date of commencement of commercial operations
- d) Proposed production capacity

### **3.6. Market Research on Product Feasibility**

Summary of results of market research conducted for the project, if any (technology and market) and proposed product and market focus.

*Documents to be furnished:* Please attach copies of market research referred to in this section

### **3.7. Regulatory Treatment**

- a) Provide information on Licenses, permits and third-party approvals necessary to execute the project
- b) Proposed process and timelines for obtaining clearances

## **4. Section III – Application Fee Details**

### **4.1. Proof of the Application Fee Submission**

**Criteria: Documents/ information to be checked for preliminary assessment of application and issue of acknowledgement**

1. Submission of prescribed Application Fee.
2. Application Date
3. Legal entity registered in India
4. Products proposed are eligible for SPECS incentives.
5. Proposed investment in Capital Expenditure is greater than or equal to the threshold value of the eligible goods under SPECS (as per Annexure 1 of the Guidelines)
6. Identification of location for the project. In case of land leased, requisite lease agreement and in case of building being purchased, a legally binding agreement with the seller is to be submitted.
7. Prima facie completeness of Application.

**Note: It may be noted that acknowledgement based on above does not qualify an applicant for claiming incentive under the Scheme. The applicant would be eligible for incentive after the approval of the Claim for Incentive by PMA, subject to capital expenditure meeting the threshold value and commencement of commercial production, and compliance to other terms and conditions stipulated in the Scheme / Guidelines / Approval Letter.**

Application fees for application under SPECS

In accordance with the guidelines of SPECS, the following fees is hereby notified under Para 5.11 of the said guidelines as application fees:

Total project cost proposed and submitted along with the application (in INR)	Application Fee (in INR)
>=1000 crore	1,25,000
>= 500 crore to <1000 crore	1,00,000
>= 250 crore to <500 crore	75,000
>= 75 crore to <250 crore	50,000
>=25 crore to <75 crore	25,000
<25 crore	10,000

**Indicative list of information/ documents required for SPECS appraisal**

<b>S.No</b>	<b>Particulars</b>
<b>1</b>	<b>Financial Closures</b>
<b>1.1</b>	<p>True certified copy of the resolution, highlighting proposed products and investment schedule from different sources (term loan, unsecured loan and equity etc.).</p> <p>The resolution should mention the project location and the intent to invest under SPECS.</p>
<b>1.2</b>	<b>CA Certified Copies of Annual Reports for the past three years. MS Excel required</b>
	<p>Financial Closure</p> <p>Term Loan</p> <ul style="list-style-type: none"> <li>• Sanction Letter</li> <li>• Loan Agreement</li> <li>• Appraisal Note</li> <li>• Loan account statement (if disbursed)</li> </ul> <p>Internal Accruals</p> <ul style="list-style-type: none"> <li>• Documents supporting fund availability</li> </ul> <p>Equity</p> <ul style="list-style-type: none"> <li>• Documents supporting fund availability</li> <li>• Equity subscription agreement</li> <li>• Commitment letters from equity providers</li> </ul> <p>Unsecured Loan</p> <ul style="list-style-type: none"> <li>• Documents supporting fund availability</li> <li>• Unsecured Loan agreements</li> <li>• Commitment letters from unsecured loan providers</li> </ul>
<b>2</b>	<b>Capital Expenditure Detail</b>
<b>2.1</b>	<p>Proposed capital expenditure:</p> <p>Complete list of capital goods proposed to be purchased along with their quotations and purchase orders (where purchase order is issued).</p>
<b>2.2</b>	Details of used / second hand/ refurbished plant, machinery, equipment and associated utilities (if applicable)
<b>3</b>	<b>Financial Details</b>
<b>3.1</b>	Forecasted Revenue (Total and Eligible goods) – Split by Exports, Domestic Sale (next 5 years). <b>MS Excel required</b>

<b>3.2</b>	Forecasted Returns (next 5 years) – ROI and breakeven estimates with and without government support <b>MS Excel is required</b>
<b>3.3</b>	External credit rating
<b>4</b>	<b>Land Details</b>
<b>4.1</b>	Documentation showing ownership of land (leased/owned) for the project
<b>4.2</b>	Documentation showing possession of building (leased/owned) for the project
<b>4.3</b>	Documents showing the location is in an industrial area
<b>5</b>	<b>Other details</b>
<b>5.1</b>	CA certificate (with membership No.) showing shareholding pattern (indicating number of shares and investment)
<b>5.2</b>	Self-certificate that the applicant is not blacklisted by any Government department
<b>5.3</b>	Undertaking stating the details of assistance sought / received from Govt. of India apart from SPECS
<b>5.4</b>	Undertaking on number of proposed manufacturing set ups.
<b>5.5</b>	Employment generation detail
<b>5.6</b>	Year wise production capacity till the project completion
<b>5.7</b>	<p>Implementation Schedule with timelines for the following activities:</p> <ul style="list-style-type: none"> <li>• Construction of Building</li> <li>• Ordering of Machines</li> <li>• Receipt and Installation of Machines</li> <li>• Pilot Production</li> <li>• Commercial Production</li> </ul>
<b>6</b>	Technology - Copy of technology agreements with technology provider (if applicable)
<b>7</b>	Overview of Manufacturing Process along with key raw materials

**Bank Guarantee for availing incentive against Related Party  
Transaction  
(From any scheduled commercial bank)**

This Deed of Guarantee executed on this \_\_\_\_\_ day of \_\_\_\_\_, 20-  
at \_\_\_\_\_ by \_\_\_\_\_ (from any scheduled commercial bank), having its  
Head Office/Registered Office at \_\_\_\_\_ and inter-  
alia a Branch Office at \_\_\_\_\_ (hereinafter referred to as  
the Bank or 'the Guarantor', which expression shall unless it be repugnant to the  
subject or context hereof be deemed to include its successors and assigns).

In favour of

Ministry of Electronics and Information Technology, Government of India,  
Electronics Niketan, CGO Complex, Lodhi Road, New Delhi-  
110003 (hereinafter referred as "MeitY") represented by <PMA Name>,  
having its registered office at  
\_\_\_\_\_, acting as the Project  
Management Agency (PMA) for the Scheme for Promotion of Manufacturing of  
Electronics Components and Semiconductors (SPECS) notified vide Gazette  
Notification CG-DL-E-01042020-218992 dated 01/04/2020 in Part-I, Section 1  
of the Gazette of India (Extraordinary) [F.No.W-18/30/2019-IPHW-MeitY].

WHEREAS

A. [...], a company within the meaning of the Companies Act, 1956  
OR meaning under-----and having its Registered Office at [---  
-----] (herein after referred to us 'the Applicant" which expression  
unless repugnant to the subject or context includes its successors. Legal  
representatives and permitted assigns) and has been awarded approval  
under SPECS vide Letter Reference -----  
dated ----- and sanction letter for incentive dated ----- for a total  
incentive amount of INR----- out of which INR.----- is an incentive  
amount against related party transaction of INR -----.



B. In terms of the undertaking dated ----- and clause ----- of the Guidelines on RPTs, Reference No. ----- dated-----, the Applicant has to provide a Bank Guarantee for an amount equivalent to INR -----which is calculated in line with the undertaking.

C. At the request of the Applicant, the Guarantor has agreed to provide this guarantee, being these presents, guaranteeing the due and punctual performance/discharge by the Vendor of its obligations under the said contract during the implementation period.

#### NOW THEREFORE THIS DEED WITNESSETH AS FOLLOWS

A. The Guarantor hereby irrevocably guarantees the due and compliance of terms by the Applicant of all its obligation under the said undertaking till the time assessment as per provisions of relevant statutes and Accounting Standard as amended from time to time, is completed;

B. The Guarantor shall, without demur, pay to MeitY / <PMA Name> sums not exceeding in aggregate ----- (INR ----- ) within five (5) bank working days (as per the Reserve Bank of India) of receipt of a written demand thereof from MeitY / <PMA Name> stating that the Applicant has failed to meet its obligations under the said undertaking. The Guarantor shall have not to go into the veracity of any breach or failure on the part of the Applicant or validity of the demand so made by MeitY / <PMA Name> and shall pay the amount specified in the demand notwithstanding any direction to the contrary given or any dispute whatsoever raised by the Applicant or any other person. The Guarantor's obligations hereunder shall subsist until all such demands are duly met and discharged in accordance with the provisions hereof;

C. In the event of delay on the part of the Guarantor to pay on demand, the Guarantor shall be liable to pay interest calculated at 3 years SBI MCLR (as applicable at the date of demand) compounded annually, to MeitY / <PMA Name>. There shall not be any delay in payment of the guaranteed amount and payment of interest shall not be an excuse for delaying the payment of guarantee amount. Time is the essence of this Guarantee;

D. The Guarantor agrees that its liability under this guarantee shall in no manner be affected by any such variation, alteration, modification, waiver dispensation with or release of security and that no further consent of the Guarantor is required for giving effect to any such variation, alteration, modification, waiver dispensation with or release of security;

E. This Guarantee shall be enforceable against the Guarantor notwithstanding that any security or securities comprised in any instrument executed or to be executed by the Applicant in favor of MeitY / <PMA Name> may at the time when the proceedings are taken against the Guarantor of this guarantee be outstanding or unrealized or lost. In order to give effect to this Guarantee, MeitY / <PMA Name> shall be entitled to treat the Guarantor as the principal debtor;

F. This Guarantee shall be irrevocable and shall remain in full force and effect till-  
-----.

G. Until and unless discharged/released earlier by MeitY / <PMA Name> in accordance with the provisions of the said undertaking, the Guarantor's liability in aggregate shall be limited to a sum of INR -----  
(INR-----);

H. This Guarantee shall not be affected by any change in the constitution or winding up of the Applicant / Guarantor or and absorption, merger or amalgamation of the Applicant/ Guarantor with any other person;

I. The Guarantor has power to issue this Guarantee and discharge the obligations contemplated herein, and the undersigned is duly authorized to execute this Guarantee pursuant to the power granted under.

All future correspondence with reference to this Guarantee shall be made to.  
..... (Bank Name and Address).

The jurisdiction in relation to this Guarantee shall be the Courts at New Delhi and Indian Law shall be applicable.

**IN WITNESS WHEREOF THE GUARANTOR HAS SET ITS HANDS  
HEREUNTO ON THE: DAY, MONTH AND YEAR FIRST  
HEREINABOVE WRITTEN**

SIGNED AND DELIVERED by-----  
-----Bank by the hand of----- it's-----  
-----and authorized official.

**FORMAT OF UNDERTAKING FOR AVAILING INCENTIVE  
AGAINST BG FOR RPT**

*(Undertaking from the Applicant on the letterhead)*

1. We,....., hereby, acknowledge that the incentive that would / may be provided to us against Related Party Transactions under the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors, notified by Ministry of Electronics and Information Technology vide **Gazette** Notification No. **CG-DL-E-01042020-218992** dated 01.04.2020 in Part-I, Section 1 of the Gazette of India (Extraordinary) and other relevant guidelines, communications, will be provided to us based on, and after relying upon, the information provided by us to avail the said incentive.
2. We hereby confirm that the information provided by us for availing the said incentive is true, correct and complete in all respects and that no material fact / information that may have an adverse impact on the information provided by us for availing the said incentive has been concealed. We acknowledge and confirm that the foregoing averment is on an on-going basis and further undertake to immediately apprise MeitY / <PMA Name> about any change in the status of the information provided by us to avail the said incentive.
3. In case of all Related Party Transactions, we understand that the decision on approval/ rejection of the certificate and its amount shall be based on the final assessment as per provisions of relevant statutes and Accounting Standard as amended from time to time.
4. With regard to the aforesaid transactions, we hereby undertake the following:
  - A. In case any item/expenditure is disallowed as per provisions of relevant statutes and Accounting Standard as amended from time to time, then we will inform MeitY immediately and will reimburse MeitY for any incentive amount claimed on the disallowed expenditure along with the interest calculated at 3 years SBI MCLR (as applicable on the date of disbursement) compounded annually.

B. To avail the incentive corresponding to the related party transaction, we further undertake to provide Bank Guarantee from a schedule commercial Bank and accept the methodology for BG calculation which is mentioned below:

S.No	Particulars	Details
1.	Date of issuance of Incentive Sanction Letter	01-07-2020 (assumption)
2.	Validity period of BG *	30-06-2025
3.	Amount of BG	Equal to the incentive amount on the approved Related Party Transaction

*\* 5 years from the date of issuance of incentive sanction letter (which includes eligible RPT) by the competent authority.*

C. If the assessment as per provisions of relevant statutes and Accounting Standard as amended from time to time, is not completed within a period of 4 years and six months from the start of the validity of Bank Guarantee, we undertake to submit a fresh Bank Guarantee for an amount which shall be the sum of the amount of the earlier Bank Guarantee and accrued interest calculated at 3 years SBI MCLR (as applicable on the date of disbursement) compounded annually, and period to the satisfaction of MeitY / PMA. In the event of failure to do so, MeitY / PMA shall have the option to invoke the earlier submitted Bank Guarantee by issuing a notice for taking requisite action within one month from the date of issue of letter.

D. We understand and agree that even if the notice is not issued to us, we are legally bound to renew the BG / issue fresh BG, failing which MeitY / PMA may invoke the BG.

E. In case of loss, mutilation, force majeure or any other eventualities, with respect to Original BG (favouring “MeitY” / PMA, held at PMA), MeitY / PMA will not be liable for the same and the onus would be with us to arrange for alternate /duplicate BG in place of the original BG.

Claim for Incentive

**Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)**

Applicant Name.....

Ref. No. and Date of Approval letter.....

Reference date (Acknowledgement date) for investment in the project.....

Financial year for which claim for incentive is being sought.....

Date of commencement of commercial production for the project.....

Applicable Threshold as per the Approval letter (INR crore).....

Details of eligible capital expenditure as per the Approval letter (INR crore)

- Plant, Machinery and Equipment
- Associated Utilities
- R&D
- Transfer of Technology Any other eligible item(s)

**1. Details of claims submitted to MeitY prior to this claim**

S.No	Eligible Capital Expenditure	Condition of Asset	Date of Claim submitted	Amount claimed	Date of disbursement/ reimbursement	Amount disbursed/ reimbursed
1.	Plant, Machinery and Equipment	New: Used*:				
2.	Associated Utilities	New: Used*:				
3.	R&D	New: Used*:				
4.	Transfer of Technology					
5.	Any other eligible item (s)					
6.	Total	New: Used*:				

\* Used, second hand or refurbished goods.

**2. Details of Capital Expenditure incurred for this claim**

S.No	Eligible Capital Expenditure	Condition of asset	Amount incurred (INR Crore)	Eligible incentive (INR Crore) @25% rate for incentive
1.	Plant, Machinery and Equipment	New: Used*:		
2.	Associated Utilities	New: Used*:		
3.	R&D	New: Used*:		
4.	Transfer of Technology			
5.	Any other eligible item (s)			
6.	Total	New: Used*:		

\* Used, second hand or refurbished goods.

3. The Applicant to provide the following certificates/ undertakings stating / covering the following:

- i. No deviation in products being manufactured
- ii. No deviation in the location
- iii. No deviation in the promoter

4. Certificates required from Company Secretary stating that:

- i. Land is in the name of the Applicant or Applicant has right to use the land.
- ii. There are no litigations on the aforesaid land
- iii. Land is meant for industrial use.
- iv. All clearances required by law like statutory clearances, environmental clearances, etc. have been obtained

5. Certificate(s) required from a Chartered Accountant stating / covering the following:

- i. Investment in the project - Item-wise and date-wise details of Capital Expenditure incurred (on cash basis) in the project along with details of payment from the bank account(s) of the company.

- ii. That capitalization of expenditure in the books of accounts of the applicant is in line with the relevant Accounting Standards issued by ICAI.
  - iii. That the Capital Expenditure has been incurred for the purposes of the project in accordance with the SPECS Guidelines and the approval accorded by MeitY / PMA.
  - iv. Separate records have been maintained for the project in a manner that the assets procured under SPECS can be identified and Applicant is maintaining a fixed asset register for these assets.
6. Certificate(s) required from a Statutory Auditor or equivalent stating / covering the following (in case claim pertains to un-audited period): Capitalisation of fixed assets claimed under SPECS as per the Fixed Assets Register and the Books of Account of the Applicant.
7. Documents/ certificates required from Chartered Engineer:
- i. Date of start of commercial production.
  - ii. Certificate stating that the plant, machinery and equipment (including for R&D) and associated utilities have been installed, the price is as per the market value and the same are being used exclusively for the manufacturing of products as applied and approved under SPECS.
  - iii. Certificate that all the plant, machinery and equipment (including for R&D) & associated utilities are new or whether there are any used / second hand / refurbished capital goods.
  - iv. Certificate comparing expenditure claimed for various Utilities with CPWD Plinth Area rates.
8. Documents/ certificates required from Concerned Government Department:
- i. Non-encumbrance certificate
  - ii. Certificate that the land is meant for industrial use
  - iii. Building Completion Certificate
9. Other Documents:
- i. In case of building being / having been purchased / leased, the sale deed / lease in the name of the Applicant needs to be submitted.
  - ii. For any transaction with Related Party(ies):



For any expenditure forming part of claimed capital expenditure which involves purchase / lease from Group Companies/ 'related' entities:

- Any relevant certificate/ document (for domestic and / or international procurement) must be provided by the Applicant. This should be submitted in accordance with the methodology as per provisions of relevant statutes and Accounting Standard as amended from time to time.

#### **10. List of documents to be submitted post approval of Incentive Claim**

- i. An undertaking from the applicant as per format given in Appendix
- ii. An agreement / indemnity bond on prescribed formats from the approved unit that if at a later stage its claim is found to be false or excessive it would be liable to return the amount disbursed.
- iii. Board resolution to the effect that the company agrees to abide by the terms and the conditions as laid down in SPECS Scheme and Guidelines while securing the incentive amount.

**FORMAT OF UNDERTAKING**

*(Undertaking from the Applicant on the letterhead)*

1. We,.....hereby, acknowledge that the incentive that would / may be provided to us under the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors, notified by Ministry of Electronics and Information Technology vide Gazette Notification No.CG-DL-E-01042020-218992 dated 01.04.2020, will be provided to us based on, and after relying upon, the information provided by us to avail the said incentive.
2. We hereby confirm that the information provided by us for availing the said incentive is true, correct and complete in all respects and that no material fact/information that may have an adverse impact on the information provided by us for availing the said incentive has been concealed. We acknowledge and confirm that the foregoing averment is on an on-going basis and further undertake to immediately apprise the Ministry of Electronics and Information Technology / PMA about any change in the status of the information provided by us to avail the said incentive.
3. We further undertake that in the event of (i) any of the information provided by us to avail the said incentive being found false, incorrect or incomplete, or (ii) in the event of the undertakings and confirmations stated at para 2 above being found false, incorrect, incomplete or breached; we will refund the entire amount of incentive availed by us along with an interest calculated at 3 years SBI MCLR (as applicable at the date of disbursement of incentive) compounded annually.
4. We acknowledge that the remedies provided in para 3 above are not the exclusive remedies available with the Ministry of Electronics and Information Technology and are without prejudice to any legal remedies available with Ministry of Electronics and Information Technology for events mentioned in para 3 (i) and (ii) above.

**Undertaking to remain in commercial production for a period of at least 3 (three) years from the date of commencement of commercial production or 1 (one) year from the date of receipt of last incentive, whichever is later**

*Date:.....*

*Reference:*

- 1. *SPECS Guidelines for the disbursement of Incentive..... dated ...*
- 2. *Approval order No: ..... dated.....issued by PMA.....*
- 3. *Incentive claim application ref.....*

**Subject: Self-Certification on Compliance with paragraph 8.7 of SPECS Scheme regarding remaining in commercial production for a period of at least 3 (three) years from the date of commencement of production or 1(one) year from the date of receipt of last incentive, whichever is later**

\_\_\_\_\_ (hereinafter called the "Applicant") (Name of Applicant) hereby certify that our unit which has commenced commercial production of the new / expansion / modernization / diversification project \_\_\_\_\_ (project name) on \_\_\_\_\_ (date) and received last disbursement of incentive on (date) will remain in commercial production for a period of at least 3 (three) years from the date of commencement of production or 1 (one) year from the date of receipt of last incentive, whichever is later under the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS).

This Self Certificate is binding on the Applicant, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this Assurance on behalf of the Applicant.

\_\_\_\_\_ (Applicant)

Signature by (Authorized Signatory) \_\_\_\_\_

Designation \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

**Subject: Proforma for Integrity compliance in SPECS-Initial Undertaking(s)**

(To be signed by full time Director/CEO/CMD/MD of the company/firm duly depicting the designation and submitted on official stationary of the applicant along-with the authorization to do so)

**Undertaking (Format-A)**

1. Whereas, the applicant namely (*name of company with address*) has submitted an application under Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) to Ministry of Electronics and Information Technology(MeitY), Government of India seeking incentive for the project pertaining to manufacturing or expansion of .....(name of items) at.....(location of plants/factory) with the estimated project cost of INR.....and estimated Incentive of INR..... with capital expenditure of INR.....
2. Now, therefore, the applicant including its officers/representatives commits and undertakes that he/she will take all measures necessary to prevent corruption. He/ She commits to observe the following principles during his/her association/engagement with MeitY or its agencies or its consultants engaged with the process of appraisal and verification of application for the approval of application and disbursement of incentive under SPECS.
  - 2.1 The SPECS applicant will not directly or through any other person or firm, offer, promise or give to any of the MeitY's officer(s) or consultant or agency representative (appraisal or/and verification agency appointed by MeitY to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he/she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the application for grant of approval or disbursement of incentive under SPECS.
  - 2.2 The SPECS applicant will not commit any offence under the relevant IPC/PC Act; Further, the applicant will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the MeitY.
  - 2.3 The SPECS applicant shall disclose the name and address of the duly authorized Agents/Representatives who will be dealing with MeitY or its

agencies and the remuneration of these agents or representatives shall not include any hidden amount or component to get the work done in undue manner or causing inducement of whatsoever nature whether in cash or kind to influence the normal process or practice of work.

- 2.4 The SPECS applicant will disclose any and all payments he/she has made, is committed to or intends to make to agents, brokers or any other intermediaries, other than regular employees or officials of the applicant, in connection with the grant of approval or/and disbursement of incentive.
  - 2.5 The applicant will not offer any illicit gratification to obtain unfair advantage.
  - 2.6 The applicant will not collude with other parties to impair transparency and fairness.
  - 2.7 The applicant will not give any advantage to anyone in exchange for unprofessional behavior.
3. The applicant declares that no pervious transgressions occurred in the last 3 years with any other Company in any country conforming to the anti-corruption approach or with any other Public Sector Enterprises /Central or State Government or its any instrumentality in India.
  4. The applicant agrees that if it is found that the applicant has made any incorrect statement on this subject, the application will be closed or rejected and MeitY reserve the right to initiate legal action of whatsoever nature. In case if MeitY has disbursed the incentive under SPECS, the amount disbursed to applicant be recoverable along-with interest calculated at 3 years SBI MCLR compounded quarterly besides black-listing of the applicant and initiation of legal action of whatsoever nature at the discretion of MeitY.

The contents of the above undertaking have been gone through and after understanding the same is being executed / given on.....day of .....(Month/Year).

*Signature*

*(Name & designation with address)*

*CMD/MD/Director/CEO*

**Proforma for Undertaking for compliance to be furnished by SPECS**  
**Applicants before release of Incentive**

(To be signed by full time Director/CEO/CMD/MD of the company/firm duly depicting the designation and submitted on official stationary of the applicant along-with the authorization to do so )

**Undertaking (Format-B)**

1. Whereas, the applicant namely (name of company with address) has submitted an application under Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) to Ministry of Electronics and Information Technology(MeitY), Government of India seeking incentive for the project pertaining to manufacturing or expansion of.....  
(name of items) at.....(location of plants/factory) with the estimated project cost of INR.....and incentive of INR.....with capital expenditure of INR.....
2. And Whereas, the applicant has submitted an undertaking for observance and commitment for Integrity vide Undertaking dated.....given under the signatures/authority of applicants ..... (name and designation) to MeitY in respect of aforesaid application.
3. And whereas, the applicant including its officers/representatives gives commitment and undertake that he/she will take all measures necessary to prevent corruption and that he/she will not directly or through any other person or firm, offer, promise or give to any of the MeitY's officer(s) or consultant or agency representative (appraisal or/and verification agency appointed by MeitY to handle the application) involved in the process of dealing with application or to any third person any material or other benefit which he/she is not legally entitled to in order to obtain in exchange any advantage of any kind whatsoever before or during or after the process of the application for grant of approval or disbursement of incentive under SPECS.
4. And whereas, the application submitted by the applicant has been given the approval by PMA vide its communication no.....dated.....for the project cost of INR.....with capital expenditure of INR.....and incentive of INR.....after the appraisal process carried out by MeitY through its agencies.

5. And whereas, the applicant has submitted the disbursement application dated ....to MeitY for claiming incentive of INR..... on the capital expenditure of INR.....
6. And whereas, MeitY has considered the disbursement application and got verified from its agencies and is in the process of disbursement/release of incentive on the disbursement application dated.....
7. Now, therefore, I/We hereby confirm the compliance thereof with the Integrity Undertaking submitted to MeitY duly certifying that there is no breach to the same and requests that eligible incentive under SPECS be released to applicant and the amount of incentive be credited in the bank account of applicant.
8. The contents of the above Undertaking have been gone through and after duly understanding the same, is being executed/given on.....day of.....(Month/Year).

*Signature*

*(Name & designation with address)*  
*CMD/MD/Director/CEO*

**Annexure-11**

Output	Indicator(s)	Target 2020-21	Outcome	Indicator(s)	Target 2020-21
Support to electronic components and semiconductors manufacturing units	1.1. Total number of applications received		1. Increased investment in electronics sector	1.1. Investment by units covered under the Scheme	
	1.2. Total number of units sanctioned incentive		2. Increased production of electronic components and semiconductors	2.1. Production by units covered under the Scheme	
	1.3. Total number of units disbursed incentive		3. Increased direct employment in electronics sector	3.1. Employment by units covered under the Scheme	
			4. Increase in tax revenues	4.1. GST payment by units covered under the Scheme	

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