

Frequently Asked Questions (FAQs) on SPECS Scheme

1. What is the SPECS scheme?

Ans: To help offset the disabilities in the domestic manufacturing of components and semiconductors in order to strengthen the electronics manufacturing ecosystem in the country, Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) 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). The Scheme offers financial incentive of 25% of capital expenditure for the manufacturing of goods as per list annexed in the scheme that constitute the supply chain of an electronic product under the Scheme for Promotion of manufacturing of Electronic Components and Semiconductors (SPECS).

2. What is the duration of the Scheme?

(Ref. paragraph 6.1 of Scheme)

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

3. What is the definition of Applicants under the Scheme?

(Ref. paragraph 2.1 of Guidelines)

Ans: 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. It doesn't cover certain categories such as consortium of legal entities.

4. Can an applicant make more than one application under the scheme?

(Ref. paragraph 6.1 of Guidelines)

Ans: There is no restriction on any applicant from making multiple applications and / or for multiple locations. A Project / Unit proposed under the Scheme shall include multiple manufacturing facilities at a one or more single

proposed locations. There is no limit on the number of applications for an Applicant.

5. How an applicant understands that the application is accepted?

(Ref. paragraph 6.1 of Scheme)

Ans: Based on the initial scrutiny of the application, acknowledgment is issued by the Project Management Agency (PMA) appointed for this purpose by MeitY. However the acknowledgement of an application shall not be construed as approval under SPECS.

6. Is there any percentage increase in the value of fixed capital investment of an existing unit, considered and mandated for the purposes of determining whether it is an expansion of capacity or modernization and / or diversification?

(Ref. paragraph 2.1 and 2.4 of Guidelines)

Ans: There is no absolute percentage 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 considered for the purposes of either expansion of capacity or modernization and / or diversification. The para 2.4 of the Scheme Guidelines has further defined expansion of existing capacity, modernization and diversification.

7. What is the meaning of commercial production? Is the trial production also covered under the definition of ‘Commercial Production’?

(Ref. paragraph 2.8 of Guidelines)

Ans: The term “commercial production” means the production is undertaken for the sale of manufactured goods by the approved Project/ Unit. Commercial production means that after the trial runs, the product is market ready. Therefore the trial production is not covered under the under the definition of ‘Commercial Production’.

8. Is the expenditure incurred under the associated utilities covers utilities such as electric works, firefighting and sanitary works? Is there any percentage capping on capital expenditure incurred on utilities considered for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 4.5 of Guidelines)

Ans: The associated utilities doesn't include any work related to civil such as firefighting and sanitary works. 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. 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.

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.

- 9. Is the expenditure incurred under Research and Development (R&D) include outsourced R&D work? Is there any percentage capping on capital expenditure incurred on R&D considered for determining eligible capital expenditure under the Scheme?**

(Ref. paragraph 2.9.2 and 4.2 of Guidelines)

Ans: Expenditure incurred for Research and Development (R&D) only 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. 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.

- 10. Is the Manpower cost for R&D during investment period included in eligible capital expenditure?**

Ans: No

- 11. Is the expenditure incurred under Transfer of Technology (ToT), includes the cost amortised over the period of time or royalty paid over the period of time? Is there any percentage capping on capital**

expenditure incurred on ToT considered for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 2.9.3 and 4.4 of Guidelines)

Ans: The Expenditure incurred on Transfer of Technology (ToT), only include one-time cost of technology and initial technology purchase related to goods for which SPECS application is made. 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.

12. Is the expenditure incurred under Land and Building is covered under the Scheme?

(Ref. paragraph 2.9.5 of Guidelines)

Ans: No. The expenditure incurred on land and building (including factory building / construction) required for the project / unit is not covered under the Scheme and, therefore, will not be considered towards eligible capital expenditure computation as also towards threshold.

13. Is the expenditure on consumables and raw material used is covered under the Scheme?

(Ref. paragraph 4.1.5 of Guidelines)

Ans: No. Expenditure on consumables and raw material used for manufacturing shall not be considered as capital expenditure.

14. What percentage of used / second hand / refurbished plant, machinery and equipment is considered under total eligible capital expenditure and what are the other factors considered while importing or domestically procuring used / second hand / refurbished plant, machinery and equipment?

(Ref. paragraph 2.9.4 and 4.2.4 of Guidelines)

Ans: 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, equipment and associated utilities shall be considered for determining eligible capital expenditure under the Scheme.

Other factors to be considered while allowing the used / second hand / refurbished plant, machinery and equipment (including for associated utilities and R&D) allowed under the Scheme are as under:

- It 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.
- The valuation certificate by a Chartered Engineer assessing the value and residual life shall also be provided.

15. If some company is shifting entire plant to India, can it be considered as shifting of old machines and benefit applies to entire investments?

(Ref. paragraph 2.9.4 and 4.2.4 of Guidelines)

Ans: In case of shifting entire plant to India, the value of used / second hand / refurbished plant, machinery and equipment (including for associated utilities and R&D), not exceeding 20% of the total eligible capital expenditure for plant, machinery, equipment and associated utilities shall only be considered for determining eligible capital expenditure under the Scheme.

16. Is the expenditure incurred under IT infrastructure directly related to the conduct of manufacturing and downstream / upstream businesses including ERP, HRMS, e-Invoicing, customization of such software platforms is covered under the Scheme?

(Ref. paragraph 2.9.1 and 4.5.2 of Guidelines)

Ans: Associated utilities would also include IT and ITES infrastructure related to manufacturing including servers, software and ERP solutions. The applicant shall provide legally valid documents in respect of the cost of IT directly attributable to manufacturing.

17. Are the tools, dies, moulds, jigs, fixtures, only under my possession shall be considered for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 2.9.1 and 4.2.5 of Guidelines)

Ans: The tools, dies, moulds, jigs, fixtures (including parts, accessories, components and spares thereof) 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.

18. Are the self-fabricated plant, machinery and equipment (including for associated utilities and R&D) considered for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 4.2.7 of Guidelines)

Ans: 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.

19. Are the taxes and duties included in the expenditure are considered towards eligible capital expenditure computation?

(Ref. paragraph 2.9 of Guidelines)

Ans: No. All non-creditable taxes and duties are included in capital expenditure. However, the same will not be considered towards eligible capital expenditure computation.

20. Is it required on behalf of the applicant to maintain a separate books of account for the project?

Ans: Yes. Applicant needs to maintain a separate books of account for the project/ unit under SPECS.

21. When is the applicant supposed to give the financial closure details?

Ans: The applicant has to submit the financial closure details during the application process. As stated in the Guidelines that the application shall

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

22. What will be the applicable threshold if an application covers more than one product categories?

(Ref. paragraph 3.3 and 6.3 of Guidelines)

Ans: 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.

23. Is the minimum investment thresholds same for new units or expansion of capacity / modernization and / or diversification by existing units?

(Ref. paragraph 3.4 of Guidelines)

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

24. Is the expenditure made before the date of application is also considered for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 4.1.1 and 4.1.2 of Guidelines)

Ans: Capital expenditure made on or after the date of acknowledgement of an application and within 5 years of date of acknowledgement of such application shall only be considered for determining eligible capital expenditure under the Scheme. 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.

25. Is the Letter of Credit with a bank or any other mode of settlement with vendors, prior to date of acknowledgment of application, considered for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 4.1.4 of Guidelines)

Ans: Any 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.

26. Since the Scheme is open for 3 years, what is the specific interpretation of the investment period of 5 years? What does it mean?

Ans: The SPECS Scheme 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. All the Investments/ Capital expenditure made by applicant in first 5 years from the date of acknowledgement of application will be considered for financial incentives.

27. What is the date of booking capital expenditure under the Scheme?

Ans: The date of invoice would be considered as the date of booking capital expenditure under the Scheme.

28. What are the document required for any expenditure forming part of the claimed capital expenditure which involves purchase / lease from Group Companies / 'related' entities?

(Ref. paragraph 14.1 of Guidelines)

Ans: In case of related party transactions, 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.

29. Is it possible for the applicant to seek disbursement of the eligible related party transactions (RPT), post-verification of claim application, before the final assessment by the Income Tax authority?

(Ref. paragraph 14.3 of Guidelines)

Ans: Yes, however it is subject to applicant submitting 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.

30. What if, in case, any expenditure is disallowed as per the provisions of relevant statutes and Accounting Standard?

(Ref. paragraph 14.8 of Guidelines)

Ans: In case, any expenditure is disallowed as per the provisions of relevant statutes and Accounting Standard, 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.

31. What action may be taken if 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.

(Ref. paragraph 14.1.7 of Guidelines)

Ans: In that case, 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.

32. Is the plant, machinery, equipment and associated utilities approved under the Scheme shall only be used in regular course for manufacturing of the products that are approved in the approval letter issued by PMA?

(Ref. paragraph 4.2.8 of Guidelines)

Ans: 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. 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.

33. How do the PMA verify the capital expenditure? Do they accept the self-certified documents?

(Ref. paragraph 4.2.10 of Guidelines)

Ans: 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. 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.

34. What if the land has not been purchased or taken on rent / lease at the time of application?

(Ref. paragraph 5.4 of Guidelines)

Ans: If the 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).

35. What if the land having been taken on rent / lease for a period less than 10 years?

(Ref. paragraph 5.3 and 10.4 of Guidelines)

Ans: 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 PMA to Governing Council for taking an appropriate decision on whether to allow such an application with an exemption provision.

36. What information do the approval letter carries? Is the approval letter a surety of the disbursement?

(Ref. paragraph 11.2 of Guidelines)

Ans: 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:

- Name of Applicant
- Project / Unit Location (s)
- Date of Acknowledgement
- Eligible Product Category
- Minimum Threshold of Capital Expenditure
- Eligible Capital Expenditure and Proposed capacities
- Total Eligible Incentive
- Last Date for making Capital Expenditure

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.

37. Is the investment made by subsidiaries or affiliate companies of the applicant considered for the purpose of determining the eligible capital expenditure under the Scheme?

Ans: Investment by entities other than Applicant Company shall not be considered for the purpose of determining the eligible capital expenditure under the Scheme.

38. Is there any provision for claiming the capital expenditure incurred on accrual basis?

(Ref. paragraph 12.4 of Guidelines)

Ans: 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.

39. What are the documents an applicant need to maintain and which documents will be verified by PMA in relation to the Claim for Incentive?

(Ref. paragraph 12.5 of Guidelines)

Ans: 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. 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. PMA may seek any documents, certificates, etc. during the process of verification from the applicant. 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.

40. Is the capital expenditure required to be capitalised in the book of accounts for claiming for incentive?

(Ref. paragraph 4.1.6 of Guidelines)

Ans: 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.

41. What happens in case of deviation w.r.t any change / deviation in the location of a project / unit?

(Ref. paragraph 15.1 and 15.2 of Guidelines)

Ans: 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. 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.

42. What happens in case of deviation w.r.t any change / deviation to approved product category?

(Ref. paragraph 15.3 and 15.4 of Guidelines)

Ans: 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. 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).

43. What happens in case of deviation w.r.t any change / deviation to eligible capital expenditure?

(Ref. paragraph 15.5 of Guidelines)

Ans: 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.

44. What happens in case of any change in the shareholding patterns?

(Ref. paragraph 15.6 and 15.7 of Guidelines)

Ans: An applicant shall intimate the PMA of any change in the shareholding pattern of the Promoters' holding in the Applicant, including any change in encumbrance of the Promoters' holding in the Applicant, post application and during the period of 5 years from the date of acknowledgement. Any change in the share holding pattern of an applicant leading to a successor-in-interest shall also 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 disbursement of incentive.

45. When the claims for the incentive is made under the Scheme?

(Ref. paragraph 12.1 and 12.2 of Guidelines)

Ans: An applicant shall be eligible for claiming incentive for the project / unit which is approved under the scheme. The subsequent claim for incentive may be submitted by the applicant on a six-monthly basis.

46. Is any deviation/ variation in expenditure pertaining to approved eligible capital expenditure allowed?

(Ref. paragraph 12.10 of Guidelines)

Ans: 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.

47. What is applicant's claim for incentive includes expenditure incurred under items not included in the approved eligible capital expenditure?

(Ref. paragraph 12.11 and 12.12 of Guidelines)

Ans: 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. 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.

48. What is the information that Verification report carries which is the basis for disbursement?

(Ref. paragraph 12.14 of Guidelines)

Ans: The PMA shall process the claim for incentive on the basis of the Verification Report. 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.

49. What if the commercial production is closed after few years? Is there any penalty for the same?

(Ref. paragraph 15.9 of Guidelines)

Ans: 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. However, in the event of default or closure of an applicant unit that has availed incentive under the Scheme before the period, 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.

50. Do the plant has to remain in commercial production for a period of at least 3 (three) years, at the same place, or even if it is shifted to another place/state, it may be considered as commercially operating?

(Ref. paragraph 15.9 of Guidelines)

Ans: 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. The applicant has to submit the declaration at the time of disbursement. The change of location has to be informed to PMA/MeitY in advance.

51. What is meant by Electronic Application?

Ans: The component eligible under SPECS Scheme should be mounted on PCBA with other active and passive components. The said components should be integrated with / mounted on PCBA to perform its functions and therefore cannot be used independently / Standalone basis without a PCBA.

The definition of electronic application means that the eligible goods for incentives under the SPECS may have an electronic application and not electrical, mechanical or general purpose function.

52. Is PCBA included under the eligible goods?

(Ref. Annexure-1 of Guidelines)

Ans: Only Printed Circuit Boards (PCBs) which is bare board manufacturing is included, whereas assembling of PCB (PCBA) is excluded. It also includes PCB Laminates, Prepregs, Photopolymer films, PCB Printing Inks; Printed Flexible electronics.

53. What is covered under the Mechanics (plastic and metal parts) for electronic applications is mentioned. Do Plastic parts means moulded parts and Metal parts mean sheet metal parts manufactured through stamping process?

(Ref. Annexure-1 of Guidelines)

Ans: Yes the Plastic parts means moulded part and Metal parts mean sheet metal parts manufactured through stamping process. The Mechanics (plastic and metal parts) should be for electronic applications only. These items are eligible for incentives and covered under the list of goods with minimum investment threshold limit of INR 75 crore.

54. What does the Assembly, Testing, Marking and Packaging (ATMP) units under the list of eligible goods with Minimum Investment Threshold Limit of INR 25 crore means? Is it for the assembly and testing of all electronic products covered under the Scheme?

Ans: The semiconductor sector involves pre-fabrication, fabrication (fab) and post-fabrication verticals. ATMP is the post-fabrication stage, where the chip reaches the testing lab and undergoes various tests. At this stage, faulty chips are identified and the rest are taped out for shipment. The process is also called Outsourced Semiconductor Assembly And Test (OSAT).

55. If a company is making a component listed in both the Schemes i.e. PLI and SPECS, can that company be allowed to apply under both the schemes?

Ans: Yes, a company is allowed to apply in both the schemes if it is manufacturing components listed in both PLI and SPECS scheme. However, the eligibility needs to be fulfilled in accordance with the respective schemes and guidelines thereof.

56. Can an applicant claim benefit under any other scheme or any other schemes provided by State Government? Can any units claiming benefits under M-SIPS are also eligible for SPECS?

(Ref. paragraph 15.11 and 15.12 of Guidelines)

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

57. What are the mandatory documents that needs to be submitted along with the information submitted in the application form?

(Ref. Annexure-1 of Guidelines)

Ans: The Applicant need to upload the following mandatory documents -

- a) Certified copy of the memorandum and articles of association or equivalent registration document.
- b) Certificate of Incorporation
- c) Statutory Auditor / Company Secretary certificate showing shareholding pattern as on 31.03.2020 (indicating number of shares and investment)
- d) CA certified copies of PAN, GST Certificate
- e) Self-certified copies of brief profile of Chairman, CEO and CXOs, Directors, Key Managerial Persons (KMPs), Authorised representative and key Promoters along with their PAN / DIN.
- f) CA certified copies of Annual Reports including Annual Financial Reports along with schedules for 3 years
- g) Certificate from Company Secretary/ Board of Directors- provide details of presence of Applicant / Non-Independent Directors / Promoters in – RBI’s Defaulter and Wilful Defaulter Lists, SEBI Debarred List
- h) Self-certificate that the applicant is not blacklisted by any Government department
- i) CIBIL Score
- j) Proposed Project Proposal which including Project Objective
- k) Brief Manufacturing Process of the Proposed Product
- l) Building Lease/ Purchases Agreement
- m) Land Lease/ Purchase Agreement
- n) Project plan with implementation schedule and key milestones as, Construction of Building, Ordering of Machines, Receipt and Installation of Machines, Pilot Production, Commercial Production
- o) In case of Debt/ Term Loan-
 - Copy of the Bank / FI appraisal note / report, Loan account statement (if disbursed)
 - CS certified copy of the Sanction letter and the Term Loan Agreement for Debt.

- p) In case of Equity - Company Secretary certified copy of Board Resolution for equity / Equity subscription agreement / Commitment letters from equity providers / Proof of Equity.
- q) In case of Unsecured loan - Company Secretary certified copy of Board Resolution for unsecured loans/ Unsecured Loan agreements / Commitment letters from unsecured loan providers.
- r) In case of Internal Accruals - Documents supporting fund availability.
- s) Technology - Copy of technology agreements with technology provider (if applicable)
