

FAQs under SPICE

1. What is MSE-SPICE Scheme?

Answer: The MSE-SPICE Scheme is the "MSE Scheme for Promotion and Investment in Circular Economy" introduced by the Ministry of Micro, Small & Medium Enterprises (MoMSME). It aims to encourage Micro, Small, and Medium Enterprises (MSEs) to adopt Circular Economy practices, focusing on sectors like Plastic, Rubber, and Electronics Waste Management to comply with international environmental goals and improve operational efficiency.

2. What categories of enterprises are covered under the scheme?

Answer: The categories of enterprises covered under the MSE-SPICE Scheme are Micro and Small Enterprises (MSEs) that are registered with the UDYAM portal of the Ministry of Micro, Small & Medium Enterprises.

3. What are the key components of MSE-SPICE?

Answer: The key components of the MSE-SPICE Scheme are as follows:

- i. Credit Linked Capital Subsidy Component
- ii. Awareness Generation and Demand Creation Component
- iii. Information, Education, and Communication Component (IEC)

4. What are the eligibility criteria of the Scheme?

Answer: The eligibility criteria for the MSE-SPICE Scheme include:

- i. All Micro and Small Enterprises (MSEs) registered with the UDYAM portal of the Ministry of Micro, Small & Medium Enterprises are eligible to participate.
- ii. MSE units must comply with Extended Producer Responsibility (EPR) and Waste Recycling targets set for industries.
- iii. The investment of the unit should be towards the 11 identified CE sectors as per the scheme guidelines.

5. How to avail benefits under the Scheme?

Answer: To avail benefits under the MSE-SPICE Scheme, MSEs should:

- i. Register on the UDYAM portal.
- ii. Comply with EPR and Waste Recycling targets.
- iii. Adopt Circular Economy practices in the 11 identified sectors.

6. Which documents are required to be provided during registration on MSE-SPICE?

Answer: During registration on MSE-SPICE, the borrower is required to provide the following documents to the PFIs:

- i. Factory Address
- ii. Location of the factory (Backward or Non-backward area)
- iii. Date of incorporation/commencement of production
- iv. Product(s)/Subsector
- v. Installed capacity.
- vi. Past Performance for the last three years based on audited balance sheets
- vii. Total cost of the scheme as approved by Bank/FI
- viii. Total Sources of funding as approved by Bank/FI
- ix. Time frame for completion of the project
- x. Incremental benefits from implementation of the project
- xi. List of eligible plant and machinery along with their detailed specifications, rates, quantities, and total value for which subsidy under MSE-SPICE is claimed.

7. What is the loan size under the scheme?

Answer: The loan size under the MSE-SPICE Scheme varies based on the project cost. For Brownfield projects in MSEs, the maximum project cost admissible under the scheme is INR 50 Lakhs, with a 25% subsidy on the cost of Plant and Machinery only. Projects costing more than INR 50 Lakhs are also admissible under the scheme, but the subsidy is limited to a maximum of INR 12.5 Lakhs.

8. Whether Greenfield projects are eligible under MSE-SPICE?

Answer: No. Only brownfield units are eligible to be covered under MSE-SPICE.

9. Whether a unit can avail both subsidies under GIFT and SPICE?

Answer: No. The unit based on its eligibility criteria would be eligible for any one subsidy i.e. either MSE-GIFT or MSE-SPICE.

10. What is the amount of subsidy available in the scheme?

Answer: The amount of subsidy available in the MSE-SPICE Scheme is up to 25% of the project cost for Brownfield projects in Micro, Small, and Medium Enterprises (MSMEs). The maximum subsidy amount for projects costing up to INR 50 Lakhs is INR 12.5 Lakhs. For projects exceeding INR 50 Lakhs, the subsidy is limited to a maximum of INR 12.5 Lakhs.

11. Who all I can approach to get help regarding availing benefits under the scheme?

Answer: To seek help regarding availing benefits under the MSE-SPICE Scheme, approach:

- i. Participating Financial Institutions (PFIs)
- ii. SIDBI (implementing agency)

FAQs for PFIs

1. Who are PFIs?

Answer: PFIs stand for "Participating Financial Institutions." These are the financial institutions that participating in the GIFT & SPICE scheme.

2. What PFIs have to do?

Answer:

- i. Enter into agreements with SIDBI for the Risk Sharing Facility for Micro and Small Enterprises (MSEs).
- ii. Inform SIDBI about the date on which the account was classified as Non-Performing Asset (NPA) in a particular calendar quarter.
- iii. Refund any amount received or recovered from the beneficiaries' accounts in respect of cases covered under the Scheme.
- iv. Apply for subsidy through the portal.
- v. Execute a General Agreement.
- vi. Ensure that the projects financed qualify for circular economy according to the defined criteria.
- vii. Follow the guidelines of the scheme for subsidy disbursement.

3. What would be process of availing? Anything extra to be done by PFIs?

Answer:

- i. An MSE unit desirous of subsidy may apply to a Bank/PLI for a loan to finance eligible investment.

- ii. The Bank/PLI approves the loan after due diligence ensuring that the project/technology proposed is in line with the criteria developed by the Technical Working Group (TWG).
- iii. The Bank/PLI disburses the loan and ensures the acquisition of plant and machines is completed after a site visit.
- iv. The Bank/PLI shall recommend the proposal for the subsidy to SIDBI through an online application and tracking system.
- v. SIDBI shall examine the proposal in line with the guidelines of the scheme and sanction the subsidy.
- vi. The subsidy would be released by SIDBI into the account of the PLI of the applicant MSE. The subsidy amount would be converted into a Term Deposit Receipt (TDR) without interest accrual.

ADDITION by PLIs:

- i. The eligible PLI will also be responsible for ensuring that the cases of subsidy have been subjected to due scrutiny of documents and verification of eligibility of the beneficiaries in terms of the guidelines.
- ii. The concerned PLI will also be responsible for ensuring compliance with the prescribed procedure and the terms and conditions associated with the disbursement of the subsidy.

4. What documents are required for claiming the subsidy under the scheme?

Answer:

- i. Application form for assistance under the MSE SPICE scheme (as provided in Appendix-I of the document)
- ii. Copies of documents related to the project, such as sanction letter, disbursement details, invoices, etc.
- iii. Any other document as may be required by SIDBI during the examination of the proposal.

5. Are these standard formats or banks can use their own existing formats?

Answer:

The application form provided in Appendix-I of the scheme guidelines is a standard format. However, the banks/PLIs can use their own existing formats for internal documentation and processing of the loan application, provided they ensure that all the necessary information as per the scheme guidelines is captured.

6. Who is a super user?

Answer: A super user is one who has been identified by PLI for assigning multiple maker rights within the PLI. This super user rights would be assigned by SIDBI PMU.

7. What can a super user do?

Answer: A super user can create multiple makers for submitting the online application. A super user will be the checker within the PLI.

8. What would be the process of availing the subsidy?

Answer: PLI maker should visit the Green MSME portal and login with the credentials provided by the super user for submitting the online application.