

PRESENTATION

ON

Disbursement Claim submission procedure /

Checklist and other related procedure

under

Modified Special Incentive Package Scheme (M-SIPS)

of

Ministry of Electronics & IT (MeitY), GoI

Context

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Appointment and Role of Verification Authority

Guidelines for Disbursement of Incentive dated 4th June, 2014

Clause 2.6 –

Refers to the Financial Institution(s) or any other authority (ies) appointed by DeitY to act on its behalf for verification of the disbursement claim with the expenditure incurred through bills , vouchers, site visits and / or any other methods / document deemed appropriate and for managing the process of disbursements in accordance with the criteria stipulated in these disbursement guidelines.

Scope of Work

- Verification of claim application as per M-SIPS Guidelines and verifying the veracity of claim as per approval order issued by MeitY inter-alia including verification of related party transactions, review of all sale agreements/lease deeds etc.
- Financial verification of Capex items, assessment of books of accounts, verification of financial transactions, vouchers, asset register etc. to assess the quantum of incentives payable.

Pre-amble of Verification

- Applicant to obtain linked excel file at the time issuance of approval Letter containing details of approved item
- Applicant to ensure that the claim for incentive is in line with M-SIPS Guidelines / Approval Order / Approved list of eligible capex;
- Applicant to ensure that the amount claimed is
 - within the approved capex ;
 - the investment (invoicing) for the claimed amount is during the approved investment timeline;
 - All those billed and claimed are paid; and
 - The claimed amount which billed and paid (as above) are capitalised.
- Applicant to ensure land documents to be in place;
- Applicant to ensure fulfilling the criteria for expansion w.r.t. P&M gross block i.e. increase of not less than 25% in the approved expansion project vis-à-vis existing unit.

Eligibility Criteria

Guidelines for Disbursement of Incentive dated 4th June, 2014 (Clause 3)

1. Meeting of all terms and conditions as per Approval Order viz. maintaining separate books of accounts, commencement of commercial production, Investment of not less than threshold limit, all clearances including permits, licenses and environmental clearances to be in place etc.;
2. Increase in the value of fixed capital investment in plant & machinery of an existing unit by not less than 25%, for the purpose of either expansion of capacity, or modernisation or diversification.
3. Details of expenditure incurred towards the project for claim. [Format for claim sheet .xlsx](#)

Eligibility Criteria..... Contd...

Guidelines for Disbursement of Incentive dated 4th June, 2014 (Clause 4)

1. Capital expenditure eligible for incentive

- Land (Clause 4.2) – To be part of approved capex and cost upto 2% of the capex of approved project cost ;
- Building;
- Plant & Machinery,
- Tools, Dies, Moulds, Jigs, Fixtures and parts, accessories, components and spares of P&M or equipment;
- R & D

2. Reimbursement of CVD/ ED & Reimbursement of Central Taxes and duties;

Checklist

Guidelines for Disbursement of Incentive dated 4th June, 2014 (Annexure 1)

Clause 2.6 –

- **Self – Undertaking (including Undertaking as per [Annexure –II](#)) of Guideline / Declaration from applicant;**
- **Certificate from Chartered Accountant / Statutory Auditor;**
- **Certificate from Chartered Engineer;**
- **Certificate from Company Secretary;**
- **Certificate from Cost Accountant; [Documents checklist.docx](#)**

Summary of Process & Data submission

- **Forwarding Letter along with hard copy of excel file filled in standard format (to be provided by IFCI) along with all documents / certificates to be submitted. A summary of all documents being submitted be summarised at one place in tabular form and shall be part of covering Letter.**
- **Soft copy of all submission along with scanned copies of all invoices are being submitted for verification to submitted in 2 pen drives (1 for MeitY and 1 for VA)**

Reason for providing Item wise expense

Guidelines for Disbursement of Incentive dated 4th June, 2014

Clause 4.11 –

The investment in Capex items should be in line with the list and / or details of Capex items provided by the applicant at the time of applying for M-SIPS incentives and considered by the AC for approval. Any deviations would have to be justified: DeitY would verify the same before accepting it. A prior approval is required for significant variations in Capex incurred from the list / details submitted along with the application / considered for approval.

Other Prior Approvals required from MeitY

Guidelines for Disbursement of Incentive dated 4th June, 2014

- **Clause 4.1.4**– Further, in case the applicant claims incentive for expenditure incurred under items not included in the approved Capex, prior approval from DeitY would be required before disbursement against the same is claimed
- **Clause 4.15** – Any deviation from the products, for which the application was made and approved under M-SIPS should be after taking prior approval of DeitY.
- **Clause 4.16** – Any change in the location of the approved project, should be with prior approval of DeitY..

Requirement of Purchase Order / Work Order

Guidelines for Disbursement of Incentive dated 4th June, 2014

Clause 4.5.4 - Plant & Machinery should have been procured / leased through legally valid document after payment of applicable taxes and duties

Thank You