Frequently Asked Questions (FAQs) on SPECS Scheme

1. What is the SPECS scheme?

Ans: To help offset disabilities w.r.t to domestic manufacturing of electronic components & semiconductors, and in order to strengthen the electronics manufacturing ecosystem in the country, the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) was 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 a financial incentive of 25% on capital expenditure for the manufacturing of goods as per list annexed in the scheme.

2. What is the duration of the Scheme?

(Ref. paragraph 6.1 of Scheme)

Ans: SPECS shall be open for receiving applications for a period of 3 (three) years from the date of notification. Since the scheme was notified 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. Who is an Applicant under the Scheme?

(Ref. paragraph 2.1 of Guidelines)

Ans: An 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.

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 under the Scheme. A Project / Unit proposed under the Scheme may include manufacturing facilities at one or more proposed locations.

5. Is an acknowledgement issued to applicants under the scheme?

(Ref. paragraph 5.10 of Guidelines)

Ans: Based on initial scrutiny, the Project Management Agency (PMA) shall issue an acknowledgment within 15 working days of receipt of an application if the application prima facie meets the criteria defined in Annexure 3 of the Scheme Guidelines. However this acknowledgement shall not be construed as approval under the Scheme.

6. How is commercial production defined? Is trial production also covered under the definition of 'Commercial Production'?

(Ref. paragraph 2.8 of Guidelines)

Ans: Commercial production is production that is undertaken for the sale of manufactured goods by the approved Project / Unit. Trial production is not covered under the definition of 'Commercial Production'.

7. Does the expenditure incurred on associated utilities include utilities such as electric works, firefighting and sanitary works? Is there a cap on capital expenditure incurred on associated utilities for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 4.5 of Guidelines)

Ans: Associated utilities don't include civil works related to firefighting arrangements and sanitary works. Associated utilities shall inter-alia include captive powerplants, 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 shall 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 on plant, machinery and equipment shall be considered for determining eligible capital expenditure under the Scheme.

8. Does the expenditure incurred on Research and Development (R&D) include outsourced R&D work? Is there a cap on capital expenditure incurred on R&D for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 2.9.2 and 4.3.3 of Guidelines)

Ans: Expenditure incurred on Research and Development (R&D) includes expenditure on in-house and captive R&D, directly attributable to goods for which the application is made, including all stages in the entire value chain of the goods proposed to be manufactured including software integral to the functioning of the same. 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.

9. Is manpower cost for R&D included in the capital expenditure incurred on R&D?

Ans: No

10. Does the expenditure incurred on Transfer of Technology (ToT), include cost amortised over a period of time or royalty paid over a period of time? Is there a cap on capital expenditure incurred on ToT for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 2.9.3 and 4.4.2 of Guidelines)

Ans: The expenditure incurred on Transfer of Technology (ToT) includes one-time cost of technology and initial technology purchase related to goods for which the application is made. Thus, cost amortised over a period of time or royalty paid over a period of time is not included under the Scheme. 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.

11. Will the expenditure incurred on Land and Building be considered towards determining eligible capital expenditure 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 and, therefore, will not be considered towards determining eligible capital expenditure under the Scheme.

12. Will the expenditure incurred on consumables and raw material used for manufacturing be considered towards determining eligible capital expenditure under the Scheme?

(Ref. paragraph 4.1.5 of Guidelines)

Ans: No, the expenditure on consumables and raw material used for manufacturing shall not be considered as eligible capital expenditure under the Scheme.

13. What percentage of used / second hand / refurbished plant, machinery and equipment will be considered towards determining eligible capital expenditure under the Scheme?

(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 used / second hand / refurbished plant, machinery and equipment (including for associated utilities and R&D) allowed under the Scheme are as under:

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

14. In case of relocation of an entire manufacturing facility to India, will the related plant, machinery and equipment be considered towards determining eligible capital expenditure under the Scheme?

(Ref. paragraph 2.9.4 and 4.2.4 of Guidelines)

Ans: In case of relocation of an entire manufacturing facility to India, only 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 be considered for determining eligible capital expenditure under the Scheme.

15. Will expenditure incurred on IT infrastructure directly related to manufacturing and upstream / downstream operations including ERP HRMS etc. be considered towards determining eligible capital expenditure under the Scheme?

(Ref. paragraph 2.9.1 and 4.5.2 of Guidelines)

Ans: Associated utilities shall 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.

16. Will tools, dies, moulds, jigs, and fixtures not under the Applicant's possession be considered for determining eligible capital expenditure under the Scheme?

(Ref. paragraph 2.9.1 and 4.2.5 of Guidelines)

Ans: In such case that tools, dies, moulds, jigs and 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 and fixtures (including parts, accessories, components and spares thereof) not in possession of the applicant but in possession of vendors, within India only, shall be considered for determining eligible capital expenditure under the Scheme.

17. **Will self-fabricated plant, machinery, and equipment (including for associated utilities and R&D) be 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 self-fabricated, 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.

18. **Will taxes and duties be included for determining eligible capital expenditure under the Scheme?**

(Ref. paragraph 2.9 of Guidelines)

Ans: No, taxes and duties shall not be considered towards eligible capital expenditure computation.

19. **Is an Applicant required to maintain separate books of accounts for the project?**

Ans: Yes, an Applicant needs to maintain separate books of accounts for the project/ unit under the Scheme.

20. **When is an applicant supposed to submit financial closure details?**

Ans: An applicant must submit the financial closure details during the application process. The application must contain Financial Closure details for the investment required for the complete project as defined under **paragraph 2.13**.

21. **What will the applicable threshold be if an application covers multiple product categories?**

(Ref. paragraph 3.3 and 6.3 of Guidelines)

Ans: In case an application covers multiple product categories, 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.

22. Are 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.

23. Will capital expenditure made before the date of application also be 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.

24. Will a payment made under a Letter of Credit with a bank or any other mode of settlement with vendors, prior to date of acknowledgment of application be 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.

25. What is the investment period under the Scheme?

(Ref. paragraph 4.1.1 of Guidelines and 6.1 of the Scheme)

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.

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

(Ref. paragraph 4.1.3 of Guidelines)

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

27. What are the documents required for consideration of 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.

28. Is it possible for an applicant to seek disbursement of 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.

29. What if 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, the Applicant shall inform the 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.

30. What action may be taken if eligibility under the Scheme and / or determination of eligible capital expenditure and / or disbursement of incentive have been obtained by misrepresentation of an essential fact pertaining to the Scheme or furnishing of false information?

(Ref. Appendix of Guidelines)

Ans: The applicant may be asked to refund the entire incentive amount along with accrued interest, calculated at 3 years SBI MCLR (as applicable at the date of disbursement) compounded annually.

31. Are the plant, machinery, equipment, and associated utilities approved under the Scheme to be used only for manufacturing of products that are approved as per the approval letter issued?

(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 the 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 the PMA for consideration on a case-to-case basis. Such change in usage shall be subject to recommendation by the EC of MeitY.

32. How will the PMA verify capital expenditure?

(Ref. paragraph 4.2.10 of Guidelines)

Ans: The 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. A 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.

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

(Ref. paragraph 5.4 of Guidelines)

Ans: In case land has not been purchased or taken on rent / lease at the time of application, the applicant shall provide a 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 the PMA for consideration of the Executive Committee (EC).

34. What if the land has been taken on rent / leased for a period of less than 10 years by the Applicant?

(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 the 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 a renewal clause is not present in the registered rent / lease agreement, the same may be referred by the PMA to the Governing Council for taking an appropriate decision on whether to allow such an application with an exemption provision.

35. What information will an Approval Letter carry? Will an Approval Letter guarantee disbursement under the Scheme?

(Ref. paragraph 11.2 of Guidelines)

Ans: After receiving recommendations of the EC in the form of approved minutes of meeting of the 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.

36. Will investments made by subsidiaries or affiliate companies of the applicant company be considered for the purpose of determining the eligible capital expenditure under the Scheme?

Ans: Investments made by entities other than the applicant company shall not be considered for the purpose of determining eligible capital expenditure under the Scheme.

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

(Ref. paragraph 12.4 of Guidelines)

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

38. What are the documents that an applicant needs to maintain and which documents will be verified by the PMA in relation to a claim for incentive?

(Ref. paragraph 12.5, 12.6, 12.7 and 12.13 of Guidelines)

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

39. Is the capital expenditure required to be capitalised in the books of accounts for claiming 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.

40. What happens in case of 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 the 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 the PMA to the EC for consideration and recommendation. Based on the EC's recommendation, the PMA shall communicate approval for such change of location.

41. 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 the PMA to the EC for its consideration and recommendation. Based on the EC's recommendation, the 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).

42. What happens in case of 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 the PMA to the EC for its consideration and recommendation. Based on the EC's recommendation, the PMA shall communicate approval for such change of approved eligible capital expenditure.

43. What happens in case of any change in the shareholding pattern of an applicant company?

(Ref. paragraph 15.6 and 15.7 of Guidelines)

Ans: The 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 shareholding pattern of the applicant leading to a successor-in-interest shall also be intimated by the PMA for consideration and recommendation of the EC. Based on the EC's recommendation, the PMA shall communicate approval to such successor-in-interest to submit claims for disbursal of incentive.

44. When can an applicant submit a claim for incentive 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.

45. 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.

46. What if an applicant's claim for incentive includes expenditure incurred on 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 on items not included in the approved eligible capital expenditure, prior approval from the 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 the PMA after due-diligence.

47. What information will a Verification Report prepared by the PMA carry?

(Ref. paragraph 12.14 of Guidelines)

Ans: The PMA shall process the claim for incentive based on a 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.

48. What if an Approved Project / Unit stops commercial production after a 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.

49. Does an Approved Project / Unit have to remain in commercial production for a period of at least 3 (three) years, at the same place, or can it be shifted to another place/state?

(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 a declaration to this effect at the time of disbursement. The PMA needs to be informed of any change in location in advance.

50. What is meant by electronic applications w.r.t. goods eligible for incentive under SPECS?

Ans: Goods eligible for incentive under SPECS should have an electronic application and not an electrical, mechanical, or general-purpose function.

The components eligible under SPECS should be mounted on a PCBA with other active and passive components. The said components should be integrated with / mounted on a PCBA to perform their functions and should not be used independently on a standalone basis without a PCBA.

51. Is PCBA included in the list of goods eligible for incentive under SPECS?

(Ref. Annexure-1 of Guidelines)

Ans: Only Printed Circuit Boards (PCBs) i.e. bare boards are included, whereas assembly of PCBs (PCBA) is excluded. PCB Laminates, Prepegs, Photopolymer films, PCB Printing Inks; Printed Flexible electronics are also included.

52. Do plastic parts include moulded parts and do metal parts include sheet metal parts manufactured through stamping process?

(Ref. Annexure-1 of Guidelines)

Ans: Yes, plastics include moulded parts and metal parts include sheet metal parts manufactured through stamping process. The mechanics (plastic and metal parts) manufactured should be for electronic applications only.

53. What are Assembly, Testing, Marking and Packaging (ATMP) units?

Ans: Semiconductor manufacturing involves pre-fabrication, fabrication (fab) and post-fabrication processes. ATMP is the post-fabrication/ after - fabrication stage, which come into play at the end stage of the Semiconductor manufacturing process, where the wafer goes for (a) Assembly solutions which involve processing of bare Semiconductor die (stages include Dicing, Die-bonding, Wire-bonding, Molding, Plating & Packaging) into finished ICs (b) Testing in order to ensure the IC meets performance specifications, which includes a wide range of Final, System-level, Wafer or Strip Testing along with the complete end-of-line services.. "Marking" is part & parcel of the Assembly process. The process is also called Outsourced Semiconductor Assembly and Test (OSAT) where in 3rd Party IC (Integrated Circuits) Assembly & Test services is provided.

54. Is LED Lighting (Lamps, Luminaries, etc) eligible under SPECS?

(Ref. Annexure-1 of Guidelines)

Ans: LED lights (Lamps, Luminaries, etc) are not eligible under the SPECS, being finished products. However, the LED chips manufactured as SMT components under the category A1 (SMT components including LED Chips) or populated as COB or COG under the category A2 (Chip Modules for Smart Cards, RFID Antenna & Labels, CoB/ System in Package) is eligible under SPECS. The minimum investment threshold required for the goods covered under category A1 and A2 is INR 5 crore.

55. Is the Camera Modules covered under the scheme only for manufacturing of Mobile phones or will it cover other electronics items?

(Ref. Annexure-1 of Guidelines)

Ans: Camera Module is covered under category A8 (which includes Camera Modules) has minimum investment threshold limit of INR 5 crore. The Camera Modules covered under this category are for use in the manufacturing of items such as mobile phones, tablet computers and laptops.

56. Whether display units, which will be used as "Infotainment" screen in cars and displays in computer monitor, Laptops, Tablets, medical instruments or measurement instruments shall be eligible under SPECS?

(Ref. Annexure-1 of Guidelines)

Ans: Display is covered under category the category B3 (Display Assembly and Touch Panel/ Cover Glass Assembly) having minimum investment threshold limit of INR 15 crore is for use in the manufacturing of mobile phones only.

57. If a company is manufacturing components listed in both PLI and SPECS, can that company apply under both the schemes?

Ans: Yes, a company can apply under both the schemes if it is manufacturing components listed in both PLI and SPECS. However, eligibility criteria will have to be fulfilled in accordance with the respective schemes and guidelines thereof.

58. Can an applicant claim benefit under any other Central Scheme or any other schemes provided by State Governments? Are units claiming benefits under M-SIPS also eligible for SPECS?

(Ref. paragraph 15.11 and 15.12 of Guidelines)

Ans: Applicants shall also be eligible to take benefit under any other scheme(s) of the Government of India. However, investments committed by the applicants under M-SIPS 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.

59. What are the mandatory documents that need to be submitted along with 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) Debt/ Term Loan- Copy of the Bank / FI appraisal note / report, Loan account statement (if disbursed) and CS certified copy of the Sanction letter and the Term Loan Agreement for Debt.

p) Equity - Company Secretary certified copy of Board Resolution for equity / Equity subscription agreement / Commitment letters from equity providers / Proof of Equity.

q) Unsecured loan - Company Secretary certified copy of Board Resolution for unsecured loans/ Unsecured Loan agreements / Commitment letters from unsecured loan providers.

r) Internal Accruals - Documents supporting fund availability.

s) Technology - Copy of technology agreements with technology provider (if applicable)

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