

No. 1(12)/CLCSS/Misc/2017-18/Pt.2
Office of Development Commissioner (MSME)
M/o MSME, Govt. of India
(CLCSS Section)

A-Wing, Nirman Bhawan,
New Delhi
15th November, 2017


OFFICE MEMORANDUM

This office is implementing Credit Linked Capital Subsidy Scheme (CLCSS) through Nodal banks/PLI/Banks. During the statutory inspection of a Scheduled Cooperative Bank, the Reserve Bank of India (RBI) has observed some discrepancies in the implementation of CLCS Scheme and stated that the bank is very casual in sanction of the loan, and that many deficiencies were observed in the credit appraisal of the borrower. The documents furnished by the borrower were not examined during the appraisal by the bank. The inspection report did not mention about the serial numbers of the machines, which was mandatory to be verified to give evidence towards the actual installation of the machines that were financed under the subsidy scheme. Thus, casual sanctioning process, poor post disbursal follow up and no monitoring by the PLI and its Head Office, reflect that the bank has been facilitating such fraudulent activities of the borrowers since long. RBI has also mentioned in its conclusion that more such accounts could be in the banks/PLIs.

2. As per the scheme guidelines, this office is releasing the subsidy amount only on the basis of subsidy sanctioned by the Bank/PLI and forwarded by nodal banks/agencies to this office after due scrutiny and verification of documents of the application. The application submitted in online application and tracking system by PLI through nodal banks/agencies to this office has the approval of CLCSS subsidy by and Bank/PLI after ensuring eligibility for sanction of subsidy to the MSE units in terms of extant guidelines of CLCSS.

3. Hence, as per the clause 14(viii) of CLCSS guidelines i.e. the eligible PLI shall be responsible for ensuring eligibility for sanction of subsidy to the MSEs in terms of these guidelines and also for the disbursal to and monitoring of the assisted units. Further, as per clause 15(viii), i.e. the beneficiary unit shall remain in commercial production for a period of at least three years after installation of eligible plant and machinery on which subsidy under CLCSS has been availed. Hence, it may be clearly understood that for ensuring the eligibility of the unit and for monitoring the bank/PLI as well as nodal banks/agencies are the once which are responsible.

4. Hence, all nodal bank/agencies/PLIs are hereby directed again to ensure the eligibility of the beneficiary unit before sanctioning and disbursing of the subsidy as per scheme guidelines.


(Anshuman Mohanty)
Director (CLCSS)

To,
All Nodal Banks/Agencies;