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# **3. SCHEME FOR TECHNOLOGY AND QUALITY UPGRADATION SUPPORT to MSMEs (TEQUP)**

# **PURPOSE**

The basic objective of the scheme is to enhance competitiveness of the MSME sector through implementation of Energy Efficiency projects.

# **Validity of the Scheme**

As per O/o DC[MSME] letter dated 19/09/2017, no proposal under TEQUP should be accepted by Nodal Banks (including SIDBI) after 30/09/2017 till further orders. O/o DC[MSME] vide OM dated 19/12/2019 has interalia indicated that TEQUP scheme subsumed within the CLCS.

# **Eligible PLIs**

### Banks/FIs - As decided by O/o DC(MSME)

# **Nodal Agencies/Nodal Banks**

## SIDBI is the Nodal Agency under the scheme.

## In addition, the following 5 banks have also been inducted as Nodal Banks

## Canara Bank

## Bank of Baroda

## Punjab National Bank

## Bank of India

5 State Bank of India

# **Eligible Borrowers**

## Sole Proprietorships

## Partnerships

## Private and Public Limited Companies in MSME sector

## Priority shall be given to SC/ST & women entrepreneurs

# **Eligibility**

* Eligibility – Any MSME who has filed an UAM (Udyog Aadhaar Memorandum) registration will be eligible for support under the Scheme.
* General conditions –
  + The Detailed Project Report (DPR) to be prepared by a Qualified Energy Manager/Auditor.
  + The EET machinery installed should have minimum of 15% energy saving, and the energy audit report also to be submitted (stating minimum of 15% energy saving) at the time of submission of subsidy application.
* Govt. assistance to be used for the specified purpose. Subsidy not to be adjusted against defaults in repayments by borrower
  + Subsidy if claimed based on false information, to refund along with penal interest

**Detailed Process Mechanism:**

* Eligible MSMEs will prepare bankable DPR (prepared by Energy Auditor/Manager) and apply for loan to SIDBI BO/ PLI (Primary lending Institution) so as to implement Energy Efficient Technology (EET) under the TEQUP Scheme.
* SIDBI BO/ PLI would sanction the eligible loan after due appraisal.
* In case the unit desires to avail subsidy, an Energy audit is to be conducted.
* The application for subsidy, along with Energy Audit Report, shall be forwarded to the Nodal agency/Nodal Bank for submission to GoI.
* The unit would forward the application for subsidy with relevant documents (viz. Energy Audit Report (EAR), Energy Audit Certificate (EAC) & BEE Certificate) through the nodal office of the Lending Bank to SIDBI nodal cell i.e. Government Schemes Cell, HO, Lucknow (GSC). Nodal Office of the lending bank should make due recommendation for eligible subsidy in stipulated formats.
* GSC will compile all such applications (provided the Audit report confirms at least 15% energy saving) and forward the summary/ excel sheet with other documents to the office of DC (MSME) for consideration at their end.
* Once Scheme Steering Committee (SSC) communicates approval of eligible subsidy claims (after due verification of the documents submitted at their end), GSC will inform the respective SIDBI BO/PLI about the approval and to initiate disbursement process with necessary documents (to be routed through Nodal Office of the Lending Bank to GSC in case of PLIs).
* An agreement will be executed between SIDBI BO/ PLI and the borrower unit in prescribed format.
* Thereafter, on release of the requisite subsidy by O/o DC(MSME) to SIDBI, subsidy will be released by GSC subject to (i) installation of new machinery and equipment at site based on physical inspection of machines by SIDBI BO/FI/Bank; (ii) Execution of the agreement by SIDBI BO/ PLI on behalf of the Government of India .
* After confirmation of availability of funds to SIDBI BOs/ PLIs by GSC, disbursement shall be effected by SIDBI BOs/ PLI to the borrower’s Aadhaar seeded account within the stipulated timeline.
* SIDBI BO/ Nodal offices of other Banks to submit utilization certificate to GSC,
* In case the industrial unit becomes non-operational within two years of the receipt of subsidy, it will have to refund the subsidy availed, along with the interest to be charged from the date of closure till the date of refund at the prime lending rate of SIDBI BO/ PLI. In case of non-compliance, SIDBI BO/ PLI are delegated to take necessary legal action.

# **Maximum Ceiling of loan eligible for support**

# Under the scheme, Grant to the extent of 25% of the cost of Plant & machinery for implementation of Energy Efficient Technologies (EET) subject to maximum of `10 lakh is provided.

# **Progress Review as on March 31, 2021**

Proposals for aggregate subsidy claims involving `81.35 crore, to 1044 units were released till March 31, 2021.

**IMPORANT**

1. The above process flow may be seen in conjunction with the instructions/guidelines issued by GoI from time to time (website.www.dcmsme.gov.in)
2. GoI is the final authority for all the subsidy related matters including sanction/rejection of subsidy scheme to any unit for all the schemes including TEQUP and GSC, SIDBI is only the nodal agency.

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