

Frequently Asked Questions (FAQ) on NSIC's Raw Material Assistance Scheme

Q 1. What is Raw Material Assistance Scheme?

Ans. In order to assist the Micro, Small and Medium Enterprises (MSMEs) in procuring the raw material(s), NSIC arranges to provide raw material as per specific needs and requirement of the unit(s).

The facilitation under the scheme is towards:

- (a) Procurement of raw materials viz., Aluminum, Zinc, Copper, Iron & Steel, Paraffin wax, Coal, Polymer products etc., by signing Memorandum of Understanding with the bulk manufacturers.
- (b) Godwon operation of bulk manufacturers.
- (c) Procurement of other Raw Materials from the suppliers / manufacturers (other than as mentioned at a & b above) on the specific request of MSMEs.

Q 2. Who can avail assistance under the Scheme?

Ans. Any manufacturing MSME having Udyog Aadhaar Memorandum (UAM) can apply for the assistance under the Scheme.

Q.3 Does NSIC facilitate procurement of raw materials for trading activities?

Ans No.

Q 4. Does NSIC facilitate MSMEs for raw material procurement against advance payment or on credit?

Ans. NSIC facilitates MSMEs in raw material procurement in both way i.e. against advance payment and also on credit, as per the requirement of MSMEs

Q.5 How to apply for raw material assistance on credit under the Scheme?

Ans. Any MSME needs raw material through NSIC may apply to any of the NSIC field office for Raw Material Assistance in the prescribed application forms, which can be downloaded from NSIC's web site (www.nsic.co.in) or may be obtained from any of the field offices.

Q6. Where to submit application for raw material assistance?

Ans. The duly filled in application form along with prescribed documents can be submitted with the nearest branch office of NSIC. Details of NSIC offices are available on www.nsic.co.in.

Q 7. How the limit is sanctioned for procurement of material on credit?

Ans. A limit is sanctioned keeping in view the raw materials requirements of the unit, financial position of the unit and available security of equivalent value in the form of bank guarantee.

Q 8. Whether there is any ceiling of the limit to be sanctioned under the Scheme?

Ans Yes. There is ceiling of Rs. 5 crore for a single unit and Rs. 15 crore for a group of units engaged in manufacturing activities. In case of MSMEs engaged in infrastructure activities, maximum ceiling is Rs 5.00 Crore, either individual unit or group of units.

However, MSMEs engaged in manufacturing activities, already availing assistance from NSIC and procuring materials from bulk suppliers can be considered for enhancement of limit upto Rs.8.00 Crore for single unit and Rs.20.00 Crore for group companies.

Q. 9 What is the validity of the limits sanctioned under the Scheme?

Ans. One year. Thereafter, the limit can be renewed for one year provided conduct of the account was satisfactory during last year.

Q.10 How does NSIC provide credit support to MSMEs for procurement of raw materials?

Ans. The unit has to submit proforma invoice/ original invoice/ material receipt note with specific request to release the payment. The maximum assistance is provided upto 95% of the BG value.

Q.11 Whether payment is released to the MSME?

Ans. No. NSIC releases the payment to the supplier as requested by the MSME.

Q.12 What is the credit period of the assistance provided?

Ans. The credit is allowed for 90 days. However, it can further be extended on the request of MSME provided the unit serves interest,

total outstanding is within BG limit and BG remains valid till extended period.

Q 13 What are the benefits to MSMEs under the Raw Material Assistance Scheme?

- Materials facilitated under Bulk supplies arrangements are provided at bulk supplier's rate by eliminating the middlemen.
- Discounts received under bulk supplies arrangements are shared with MSMEs, enabling them to reduce cost of purchase of materials.
- Availability of raw material on credit and enabling MSMEs to execute the orders in hand.

Q. 14 What are the charges for availing financial assistance under the scheme?

The rate of interest and processing fee which are subject to change, are as under:

Particulars	Effective Rate of Interest (% p.a.) (w.e.f. 21.05.2018)		
	Micro	Small	Medium
Normal Interest			
A. Entire outstanding dues within 90 days			
i. Units (MSEs) having valid MSE 1 rating	9.50	10.00	11.00
ii. Units (MSEs) having valid MSE 2 rating	10.00	10.50	11.00
iii. Other units	10.50	11.00	11.00
B. Any outstanding dues more than 90 days but not beyond 270 days	10.50	11.00	11.00
C. Any outstanding dues more than 270 days	11.50	12.00	12.00

Additional rate of interest on delayed payment (beyond 90 days) , over and above the normal rate of interest, would be as under :

a) In case entire outstanding is within 270 days	1% for every cycle of 90 days on the principal outstanding dues
b) In case any outstanding is more than 270 days	1.25% for every cycle of 90 days