

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 and other inputs viz., Aluminum, Zinc, Copper, Iron & Steel, Paraffin wax, Coal, Polymer products etc., by signing Memorandum of Understanding with the bulk manufacturers.
- (b) Godown operation of bulk manufacturers.
- (c) Procurement of other Raw Materials and other inputs 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 Udyam Registration Certificate /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 limit for single unit to Rs. 1000 Lakh engaged in manufacturing activities and Rs.600 lakh to the unit engaged in service activities. Ceiling of limit is Rs.2000 lakh for group of units engaged in manufacturing activities and Rs.1500 lakh for group of units engaged in service activities. In case of MSMEs engaged in infrastructure activities, maximum ceiling is Rs 500 lakh, either individual unit or group of units.

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 180 days. However, it can further be extended on the request of MSME with the consent of respective Zonal Head, 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:

Rate of interest in respect of assistance availed on or after 01.10.2020

Particulars	Effective Rate of Interest (% per Annum)		
	MICRO	SMALL	MEDIUM
Normal Interest (Compounded on monthly rest)			
A. Outstanding dues within 180 days			
(i) Units (SMEs) having valid SME 1 rating	7.50	8.00	9.00
(ii) Units (SMEs) having valid SME 2 rating	8.00	8.50	9.00
(iii) Other units	8.50	9.00	9.00

Processing Fee :

Processing Fee	MICRO	SMALL AND MEDIUM
On new sanctions	1.0% p.a.	1.0% p.a.
On Renewal	0.5% p.a.	1.0% p.a.

Q 15 What is the rate of interest charged, if repayment is not made within 90 days?

Additional interest is charged as under:

Period	Rate of Additional Interest on the delayed payment (above 180 days)
In case any outstanding is more than 180 days	1.25% per quarter for the delayed period
