FAQS

Enhancement of Global Competitiveness of Indian Capital Goods Sector – A DHI Scheme.

Q-1. What is the Scheme?

The DHI Capital Goods Scheme is a pilot scheme designed to support the industry to modernize technologies from current status to global level and beyond. For this two windows are provided. For those technologies; which are commercially not available for transfer, indigenous development at IITs and like institutions by a consortium of technology seekers grants support given upto 80% of the cost of development subject to maximum of Rs. 100 core per case within a budget of Rs.250 crore. Those technologies, which are commercially availableand can be acquired by a company or a group of companies the scheme provides grant support upto 25% of the technology acquisition costs or Rs.10 crore whichever is less; within an overall budget of Rs. 50 crore.

The scheme also supports establishment of Common Engineering Facilities by a group of user industries.Upto 80% of the project cost could be given as grants.

The Scheme also supports setting up one each of Test Centre for Earthmoving & Construction Equipments and Industrial Park. (100% upto Rs.100 crore and upto 80% subject to maximum of Rs.125 crore).

Q-2. Who can apply?

Generally a group of industry beneficiaries can make a proposal. Technology developers or infrastructure SPVs could also make a proposal. This includes Central/State PSUs.

Q-3. Is there any application form? How many copies are to be given?

Scheme Component-wise application forms have been prescribed and uploaded on the scheme page at the departmental website at dhi.nic.in. The applications can be emailed and one signed copy may be sent.

Q-4. To whom the application is to be submitted.

The contract address is The Joint Secretary (HE&MT) Department of Heavy Industry, 126-C, Udyog Bhawan, New Delhi-110011 Telefax – 011-23061858 Email – vishvajit.sahay@nic.in

Q-5. What are the standards of processing a proposal?

3 months from the date of receiving completed application.

Q-6. How is the application processed and by whom? Are there any evaluation criterion? Do the applicants get a chance to meet the decision makers?

The secretariat filters the application for presence of necessary information. If deficiencies are found, the applicant is requested to fulfil the same. After which the proposal is sent to a multi-institutional screening committee. This committee meets the applicant as well as subject experts to decide that the proposal fits into the scheme guidelines and readies it for consideration of a wider and larger senior level Apex Committee. This committee examines the proposal for final recommendations to the Competent Authority in the Government. Generally, the committee seeks to place grants in a proposal which maximises the scheme objectives. The applicant can also be invited to the meetings. The Government then approves/rejects the proposal. A decision is communicated to the applicant. Approval letter defines T&C. MoU defines roles and responsibilities implementation schedules, monitoring etc. Grant release happens electronically in the registered accounts of the project authority/SPV. The grant schedule is linked to pre-defined results milestones. The Scheme Notification is the basic document for evaluation criterion.

Q-7. Can an individual Industrial Unit apply?

No, except for Technology acquisition. The scheme is designed to provide benefits to as large number of industrial units as possible.

Q-8. Is it necessary that the beneficiary have to belong to Indian Capital Goods Sector?

Yes, The beneficial units must belong to the manufacturing chain of Capital Goods Sector.

Q-9. Do Industry need to contribute? If yes, how much and how?

Yes. Minimum contribution is 20% for most scheme components except for technology acquisition; for which it is minimum of 75%. An up-front contribution by industry in the SPV/project account is needed for release of matching grants in the same account.In kind contributions are not encouraged.

Q-10. Why should industry contribute? That too upfront and take the risk?

Industry is the beneficiary of technology/service/industrial infrastructure. Scheme provides major portion of the project costs. Industry needs the intended output.

Q-11. Any other reason?

Grants make the intended benefits/technologies/services more affordable than available to their competition. The scheme grants impacts by reducing costs of conversion, thus making them globally more competitive. Industry consortium helps joint actions to face other challenges. Any contribution to IITs and like or outside technology development is incentivised under Income Tax Rules by 200% and 150% respectively. This further reduces their investment costs. They are also able to access technology development and other services, hitherto not available to them.

Q-12. What are the T&C.

Details may be perused in the scheme guidelines. Basically for calculating projects cost, land and building are taken into account. IPR is with the Government.

Q-13. Are there any standard letters of approval detailing T&C?

Previous letters of approvals are given on the Website (Scheme page).

Q-14. Any standard MoU?

Previous MoUs are given on the Website.

Q-15. When can one apply?

Anytime. As soon as proposal DPR is ready.

Q-16. What happens, if scheme budget is exhausted?

The Department will make every effort to get fresh allocations. Some roll over to the next version of the scheme may also happen.

Q-17. Is there a list of technologies which are preferred?

The scheme covers all the technologies, which have been identified as gap in the 12^{th} FYP.

However, technologies outside the list may be proposed and can be considered by the Apex Committee on the merit of the case.

Q-18. What happens if the Industry requires more funds than in the sectoral caps?

Scheme grants are limited by secroral caps. Industry is obliged to tie up non-governmental funding for the gap.

Q-19. What happens in case of cost and/or time overruns?

Scheme grants are tie up to specified milestones and cannot be up scaled. Project Authorities are responsible for keeping tab on costs and/or time overrun.

Q-20. And project failure?

Project Authorities must justify project failure to the Apex Committee, whose decision will be final and binding.

Q-21. Can equity grants be considered?

The way scheme is designed at present, equity grants are not provided for.

Q-22. SPV/Project authority has to be not for profit?

Yes. As per the scheme provision SPV, have to be not for profit entities.

Q-23. Can technology be developed alone or jointly in a foreign company or foreign R&D institute?

IITs and like are free to tie up joint R&D with any institute in India or abroad. However, scheme grants will go only to IITs and like.

Technology acquisition though, can be from foreign soil.

Q-24. Can foreign experts be hired?

Project design flexibility is with Project Authorities. Scheme grants are tie up to milestones.

Q-25. Can fresh assets be raised? What happens to them after the project is over?

Preference is given for projects based on existing machines/set up/assets. However, when totally unavoidable, fresh assets (except land & buildings can be raised). Such assets will continue at the same place under Government ownerships till further orders.

Q-26. Will Government provide more support for commercialization of technologies developed with the help of scheme grants?

Technology Development Board of Ministry of Science and Technology provides loans at concessional interests. These loans enjoy moratorium period. The loans are upto 50% of the project costs for technologies developed indigenously.

Q-27. If more question?

Contact at the address given.

Disclaimer: FAQs are meant to be used friendly. Notified scheme guidelines are final and binding.

DHI Capital Goods Scheme Contact :

The Joint Secretary (HE&MT),
Department of Heavy Industry,
126-C, Udyog Bhawan,
New Delhi-110011
Telefax – 011-23061858
Email – vishvajit.sahay@nic.in