

GUIDELINES FOR EXPORT DEVELOPMENT AND PROMOTION SCHEMES OF SPICES BOARD DURING 2017-20

General Guidelines / Procedure

1. The applicant should submit application along with all the requisite documents to the nearest designated regional office of the Spices Board, with an intimation by e-mail to Spices Board, Head office (dm.sb-ker@gov.in), so as to avail assistance. The exporters located in Kerala shall address the applications to the Deputy Director (Marketing), Spices Board, Head Office, Kochi.

2. On receipt of the application and enclosures the Board/Regional Office (RO) will acknowledge the receipt of the application and then process the application as per concerned scheme procedures. The applicant is wholly responsible for providing all the information and documents sought as per guidelines of the schemes.

3. All the applications received shall be scrutinized in the office (regional/ head office as applicable). Once the application is scrutinized and found to be complete in all respects, the Regional Officer shall forward the application to Head Office with his/her recommendation.

4. If an application is submitted without all requisite documents or not submitted in the prescribed format or not found to be eligible during preliminary scrutiny, the applicant will be requested to correct the deficiency/ submit required documents, failing which the entire application and enclosures will be returned to the applicant to facilitate submission of complete application. Unsigned and undated applications and applications without declaration will be rejected forthwith.

5. All registered spice exporters, who are regularly submitting their quarterly returns, are eligible to avail assistance under the Export Development Scheme, subject to the scheme guidelines. First time applicants; MSMEs; FPC/FPO/SPS, who have valid CRES; holders of India HACCP, IndGAP, organic certification; exporters who have registered their brand with Spices Board etc will be given preference under the scheme, on first come first served basis as per the date of application. Further, in the case of brand promotion loan scheme, only exporters who have registered their brand with the Board are eligible.

6. The receipt & acknowledgment of application does not necessarily mean the approval of application, unless it is found to be feasible in all respects during the time of final scrutiny.

7. After receipt of the application at Head Office, the Board will further process / take action on the application as per scheme guidelines and issue in principle approval to the exporter.

8. In the case of Schemes involving export obligation (Interest Equalisation for Infrastructure Development, Setting up of Spice Processing units in NE Region, Brand Promotion, Product Development & Research etc) the Board may extend the period for fulfilling export obligation, in genuine cases.

1. Infrastructure Development

1.A. Setting up Spices processing Units for exports in NE Region

The Board proposes to assist in establishing of primary processing facilities for spices in the NE region. All registered exporters are eligible to avail the scheme.

The grant-in-aid will be 33% of the cost of all types of processing facilities / equipments subject to a maximum of Rs. 50.00 lakhs per exporter. In respect of farmers' groups / Farmer Producer Companies having valid CRES, the assistance will be up to 50% of the cost of all type of processing facilities subject to a maximum of Rs.50.00 lakhs.

For SC/ST exporters, Farmers' groups and Farmer Producer Companies (for groups / FPCs the members should be from SC/ST Community) having valid CRES, the assistance will be 75 % of the cost of processing facilities / equipments subject to a maximum of Rs.112.50 lakhs.

Interested exporters may submit the application to the Board and obtain 'in-principle' approval to their proposal before implementation of the project.

Documents to be submitted :

- a) Application in the prescribed form in duplicate
- b) Project report appraised by financial institutions / Chartered Engineer or any other competent technical organization
- c) List of equipments proposed to be installed
- d) Copies of competitive quotations (minimum two) for machineries / equipments from manufacturers / suppliers
- e) Title deed or lease deed for Land/ factory
- f) Affidavit declaring that no similar assistance has been availed from any agency
- g) Copy of SC/ST Certificate (for SC/ST beneficiaries/groups)

The claims on expenses on setting up the processing facilities/equipments after the date of application will qualify to work out the cost of the project for the purpose of payment of grant in aid. All payments for the processing facilities/equipments etc., should be made by crossed cheque/demand draft/bank transfer, which should be reflected in the bank statement. Payment by cash for petty expenditure connected with the project shall be considered upto Rs. 25,000/- only.

The exporter, on completion of the project/installation, shall submit the following documents to the Board:

- a) Completion report
- b) Copies of bills/vouchers/receipts (self attested)
- c) Expenditure statement duly certified by the Chartered Accountant
- d) Bank statement detailing payments released for qualified activities/components of the project and copies of demand drafts relating to the payment effected for the project.

On receipt of the claims after completion of the project, the Board will arrange for inspection of the unit by a team comprising of officials from Spices Board and EIA / DIC / MSME Dept/other government agencies etc. for physical verification of the installations of equipments/machineries.

Beneficiaries are required to fulfill export obligation by exporting spices and spice products worth equal value of the grant-in-aid within five years from the date of completion of the processing facilities. For discharging the export obligation, the export effected directly by the beneficiary, as well as supplies made by the beneficiary to other exporters for export (deemed export) will be considered.

2. Trade Promotion

2. A. Sending Business Samples Abroad

The Board proposes to reimburse the courier charges for sending the business samples abroad to develop the exports. It is proposed to provide 50% of the cost of courier charges subject to a maximum of Rs.1.00 lakh as grant-in-aid per annum.

The scheme is applicable to all new registered exporters (exporters whose date of application is within three years of the date of first registration with Spices Board). For reimbursement of courier charges, prior approval is not required.

The exporters have to submit application along with original of the courier waybill, POD and proof of payment for courier sent.

The claims for reimbursement of courier charges will be entertained only on a quarterly basis before the last day of succeeding month. Bills submitted after the last date of succeeding month will not be considered, if there is no valid reason for the delay in submission. However, the bills relating to the last quarter of the financial year should reach latest by 31st March.

No export obligation is prescribed for availing Reimbursement of Courier charges.

2. B. Packaging Development and Bar Coding Registration

The Board proposes to assist all registered exporters to improve the existing packaging and develop modern packaging to increase shelf life, reduce storage space and better presentation of Indian spices in the markets abroad. It is proposed to assist the exporters by providing 50% cost of the packaging development/bar coding subject to a maximum of Rs.1.00 lakh per exporter as grant-in-aid per year.

All registered exporters are eligible to avail the assistance under this component to develop or modify their export packages. However, those exporters, who already have a brand, but have not registered their brand with the Board, shall submit their brand registration application also, along with this scheme application.

The exporter has to submit dummy print of the design along with contents and quotations for cost of design, photography, art work, cylinders, cost of bar coding etc. Cost of taking dummy packing and testing charges are also considered under the scheme subject to the ceiling/grant in aid prescribed under the scheme.

Eligible exporters may submit the application to the Board with Quotation for consultancy, design, dummy, printing, paper (with sample), packing material , details of bar coding registration/traceability standards etc.

On receipt of application, the Board will issue in principle approval to the exporter. After completion of the activity, the exporter shall submit the following documents to the Board:

- a) Copies of bills, vouchers and receipts (self attested)
- b) Proof of payment of the expenditure
- c) Expenditure statement duly certified by the Chartered Accountant
- d) Test certificate from Indian Institute of Packaging (IIP), Mumbai

On receipt of the claims for the above activities and on satisfactory completion of the activity, the Board will consider releasing the eligible grant in aid to the exporter.

No export obligation is prescribed for availing assistance for Packaging Development & Bar coding .

2. C. Product Research & Development

The scheme aims at scientific validation of nutritional / nutraceutical / cosmetic / medicinal and intrinsic properties of the spices and /or development of new products based on this validation. The registered exporters / R&D institutions having required facilities will be eligible to avail assistance under the scheme. It is proposed to provide 50% of the cost of project subject to a maximum of Rs.25.00 lakh per beneficiary. If clinical trials and patenting are involved, the ceiling will be Rs.1.00 crore.

The major areas for assistance are:

- a) Utilization of the services of national or international research institutes/universities for developing new spice products/applications or for establishing traditional/ non traditional intrinsic values.
- b) In-house research and product development programmes by manufacturer spices exporters with sufficient infrastructure facilities.
- c) Cost of installing critical equipments that are essential to carry out product development and research.
- d) Clinical trials to establish and validate therapeutic properties of spices through reputed third parties.
- e) Patenting and product registration in consuming countries.

Eligible exporters/research institutions/universities may submit the application to the Board along with project report appraised by research institutions/in-house lab scientists and research experience profile of the scientists involved (one Principal Investigator and two Co Investigators) in the project, to the Board's Head office in the prescribed format for obtaining 'in-principle' approval for the proposal.

Spices Board will examine the application and if the proposal is found satisfactory after technical evaluation, 'in-principle' approval will be accorded for the proposal, on merit, after which a Memorandum of Understanding (MoU)

will be executed between Spices Board & the applicant, so as to proceed with the project.

The financial assistance will be released in three installments, as given below, unless the MoU executed in this behalf provide otherwise;

1. The first installment of 30% of the project cost (excluding the cost of equipments, if any) & cost of equipments/ instruments required during the period, will be released on signing the MoU to begin the research work.

2. The second installment of 30% of the project cost (excluding the cost of equipments) will be released after significant progress is made in the proposed research work and on submission of progress report and expenditure statement supported by attested bills and vouchers, along with cost of equipments/ instruments required during the period.

3. Balance amount as third and final installment after completion of the research work and submission of final & completion report with detailed presentation in the Board's office.

4. In case of individual exporters and non govt institutions, the grant will be released on production of Bank guarantee equivalent to 110% of the first and second installment of grant amount. On submission of final report, the BGs will be released.

The beneficiary shall produce all necessary documents that may be called for by the Board specific to the project in addition to the following documents:

- a) Final report of the product research & development
- b) Original of bills and proof of payments made in the course of completion of the project.
- c) Expenditure statement duly certified by Chartered Accountant.
- d) Samples of products manufactured (as applicable)
- e) Copies of documents to establish the claimed properties of the products (as applicable)
- f) Documentary evidence for patenting the product (as applicable)
- g) Copies of Research Publications made in connection with the project (as applicable)

The eligible grant in aid, at each stage, will be released to the beneficiary on verification of the documents. No export obligation is prescribed for availing assistance for product research and development.

2. D. Promotion of Indian Spice Brand (Brand Promotion Scheme)

The scheme aims to assist exporters in penetration of Indian brands in identified overseas markets with clear mark of traceability and food safety. The

Board proposes to provide interest free loan covering 100% of slotting/listing fee and promotion measures & 50% cost of the product development subject to a maximum of Rs.1.00 crore per exporter in the plan period.

All registered exporters of spices who have registered their brands with the Board are eligible to avail the benefits. An exporter can avail the assistance for promoting the given brand in a maximum of five countries in three year period. Exports of spices in all forms in institutional packs upto 25 kg and consumer packs of spices in all forms including curry / Masala powders and mixed ground spices upto 5 kg will qualify for availing the assistance.

There are two components under the programme, viz.,

(a) Product and Packaging Development & Bar Coding and

(b) Brand Promotion

The exporter has to submit an application in the prescribed format, with comprehensive proposal covering details of the market promotion to be undertaken, along with cost break up in each segment separately.

Assistance will be given for developing appropriate product, packaging and compliance of statutory requirements in force in the target markets including traceability details & bar coding and implementing promotional measures / activities (including road shows, cooking demonstrations, promotion meetings with senior managers of food processing companies / hotel / restaurant chains, slotting /listing fee or any such activities and marketing innovation that is essential to meet the changing international market dynamics and that helps in building the brand image.)

The exporter shall present the proposal before the committee constituted by Secretary, Spices Board for this purpose, who will evaluate and approve the proposal. The total approved amount for the programme will be released in three equal installments at the beginning of each year, after evaluation and review by the committee.

Payment shall be in Indian currency only and foreign exchange requirement, if any, has to be met by the exporter. The release of payment shall be based on an agreement on stamp paper executed with the Board as well as a bank guarantee, in the prescribed format on stamp paper worth Rs.100, for 110%

(including interest) of the sanctioned loan amount. The BG is to be renewed well before the date of expiry/ enhanced as and when required/further installments of loan are sanctioned /released.

By the end of every six months the exporter has to give a detailed report of the activities undertaken along with a progress report. A statement that the loan has been fully utilized for the sanctioned purpose should be submitted at the end of each year along with expenditure statement, supporting documentary evidence for the expenditure incurred/committed for the next phase, export statistics for the specified brands etc. In the absence of proper documentary evidence and satisfactory report, Board shall reduce the installments or discontinue the assistance

The repayment of the loan shall be in four equal annual installments commencing from the fourth year and end in the seventh year from the date of receipt of the loan by the exporter.

An Export Obligation (EO) of five times of the amount availed shall be fulfilled within a period of eight years from drawing the first installment of the loan.

In the event of default in repayment or non-fulfillment of export obligation, the Board reserves the right to invoke the Bank guarantee submitted by the exporter and recover the entire loan amount with interest in case of default in repayment and proportionate invoking in case of non-fulfillment of EO.

Also, if the exporter fails to submit complete report along with all the documents for the first installment availed or submit the report with documents but does not avail the subsequent installments within one year, the BG of the exporter will be invoked.

2. E. Participation in International Fairs / Meetings / Seminars/ Trainings

The scheme aims at encouraging exporters, particularly MSME exporters to participate in international fairs/exhibitions to generate/ develop business. The airfare for participation in international events will be reimbursed as per the Market Access Initiative (MAI) Scheme, 2018 of Ministry of Commerce & Industry, Govt, of India.

Application indicating the proposed activity in the prescribed form should be submitted to the Spices Board at least 15 days prior to the commencement of the programme to accord in principle approval to proceed with the activity.

Immediately after completion of the activity but positively within 90 days of his/her return to India, the beneficiary shall submit their claim to the Board, with Brief report about the activity participated and achievement made, along with the following documents, so as to get eligible payment from the Board

- a) Brief report about the activity participated and achievement made.
- b) Legible photocopy of passport highlighting the entries about departure from and arrival in India and also countries visited or documentary evidence such as hotel bills, boarding pass etc.
- c) Copy of air ticket/jacket used during the journey.
- d) Proof of payment for airfare (bills/receipts)
- e) Self certified copies of receipt, bank advise etc., evidencing payment made towards stall charges and electricity (as applicable)
- f) Stamped advance cash receipt to the eligible amount for payment from the Board.
