



Spices

EXPORT PROMOTION SCHEMES





EXPORT DEVELOPMENT & PROMOTION OF SPICES

To assist exporters in penetrating the developed markets through launching/promoting own brands or buying out existing brands. The scheme aims to promote Indian Spice Brands in new, sophisticated and affluent segments in foreign markets, targeted beyond the ethnic Indian population in these countries and in the Middle East. There are two activities assisted under the scheme viz., [1] Product and Packaging Development and Bar Coding [2] Brand Promotion.

1. Product and Packaging Development and Bar Coding:

Effective brand promotion programmes for identified products and its packing, which involves high cost of development, are supported. Under this activity the assistance will be given for developing appropriate product, packaging and compliance with other statutory requirements in force in the target market including traceability details and Bar Coding. Similarly the Board provides assistance to exporters to develop products to promote different values/applications of spices. Board will also provide assistance to the exporters to buy out existing foreign brand to capture that market and expand the range of Indian products through this brand.

2. Brand Promotion:

Under this component, positioning of specified brands in the identified outlets in selected cities as well as necessary promotional measures for brand building such as Media promotion, Promotional trips abroad participation in international fairs etc., are considered for financial assistance. The Board will undertake the required market studies and marketing strategy development for promoting branded products and it will be disseminated to the exporters for market penetration.

Eligibility:

All registered exporters of spices who have registered their brands with the Board, SHC/Logo holders and holders of organic certification are eligible to avail the benefits under the scheme. An expert committee constituted by the Spices Board will evaluate the proposal and approve.

The facility will cover spices in all forms exported in institutional packs upto 25 kgs and consumer packs of spices in all form including curry powders and mixed ground spices upto 5 kgs will be qualified for availing the assistance.

Scale of Assistance:

Interest free loan upto 100% for slotting/listing fee and promotional measures and 50% of the cost of product development, subject to a maximum of Rs.2.50 crores per brand and Rs.5.00 crores where brand buyout is involved for

Product and Packaging Development and Bar Coding and (b) Brand Promotion will be considered per exporter during the XI plan period. For undertaking the brand promotion and



other related campaign the exporter has to meet the entire foreign exchange requirement. This assistance is restricted to the first three years of promoting the brand.

Mode of Operation:

On the basis of the market study, an appropriate marketing strategy will be evolved and implemented by the exporter in consultation with the Board. Based on the market study conducted and indications about sufficient potential, prospective exporter/ exporters willing to take part in the scheme will be identified.

When the loan is approved the Board will provide the funds to the exporters for meeting their estimated annual expenditure for brand promotion in accordance with the programmes approved by the Board and in the manner stipulated. The exporter who has availed the loan should submit half yearly progress report to the Board. This would be reviewed by a committee constituted by the Board for the purpose.

The repayment of loan shall be in equal annual installments commencing from the 4TH year and end in the 8th year from the date of receipt of the fund by the applicant exporter.

Spices Board will periodically review the progress of implementation of the scheme; expenditure, export growth etc and continuation of the assistance will depend largely based on:

- i) Qualitative analysis of the brand acceptance in the market
- ii) Stability and reach of the brand in the market
- iii) Growth and competence of the brand
- iv) Export growth in real terms.

An exporter can avail the assistance under the scheme for promoting the given brand in a maximum of 5 countries in the XI plan period. At the end of the third year, a detailed review will be made by the Board to determine the impact and need for continuation of assistance, if required, from the fund for a further period.

Submission of proposals:

The exporter who desires to avail of the assistance under this components has to submit an application in the prescribed format along with copies of detailed proposal covering details of the market promotion to be undertaken with cost break up in each segment separately.

Conditions:

- a) Total approved amount for the programme will be released in three equal installments at the beginning of each year.
- b) Before the release of the loan, the applicant has to provide a bank guarantee in the prescribed format for an amount equivalent to the loan sanctioned on a stamp paper. This guarantee is to be renewed well before the date of expiry. The guarantee also needs to be



- enhanced as and when further installments of loan are sanctioned/released and an amended agreement on stamp paper should also be executed to the Board.
- c) By the end of every six months the loanee has to give a detailed report of the activities undertaken along with a progress report and an expenditure statement that the loan has been fully utilized for the sanctioned purpose should be submitted at the end of the each year.
 - d) Supporting documentary evidence for the expenditure incurred/committed has to be produced.
 - e) An export obligation of 5 times of the loans availed over a period of 8 years from the drawal of the 1st installment of loan.
 - f) In the event of any misuse of funds from the loan amount the exporter has to refund the entire loan together with existing rate bank interest plus 2 % period interest thereon immediately to the Board.
 - g) In the event of default in repayment, the Board reserves the right to invoke the bank guarantee executed by the loanee and recover the loan amount.
 - h) The loan shall be paid in Indian currency only.
 - i) In the case of any dispute, the decision of the committee shall be the final.

Trade Promotion

Guidelines/working procedure There are three components under the programme of "Trade Promotion" viz.,

(1) Sending Business Samples Abroad (2) Printing Promotional Literatures/Brochures (3) Packaging Development and Bar Coding Registration are supported for promoting spices and spice products. Providing assistance for these components are essential for developing export business, securing orders, better presentation of capabilities to the buyers and to promote modern/scientific packaging for retail market by which the country may build up better image, increased shelf life for the products and higher value realization.

(1) Sending Business Samples Abroad: For finalizing the transactions on the basis of samples and to provide more clarity in dealings and also to eliminate the possibility for trade disputes on quality aspects, the Board is providing assistance for sending business samples of spices and spice products abroad. Under this component, the Board supports the exporters by reimbursing the cost of courier charges.

(2) Printing Promotional Literatures/Brochures: Printing of promotional literatures/brochures, video films/CDs, other electronic modes to project competence and capabilities of the products and services offered to the prospective buyers abroad is supported by the Board. Under this component, the Board offers financial assistance to qualified exporters of spices/spice products to bring out good promotional literatures/ brochures/video films/CDs and other electronic modes.



(3) Packaging Development and Bar Coding for promoting spices and spice products: For improving the existing packaging and develop modern packaging for increased shelf life, reduce storage space, establishing traceability and better presentation of Indian spices in markets abroad, financial assistance is provided by the Board. Cost of Bar Coding registration for all types of packing and traceability systems are also proposed for financial assistance under this component.

Eligibility: All registered exporters who are holding Spices Board Logo/Spice House Certificate/Brand Registration with the Board/Organic Certification are eligible for availing assistance under the scheme. In the case of assistance for packaging development and bar coding, all registered exporters are eligible to avail the assistance under this component. Scale of assistance:

1. Sending business samples abroad: Financial assistance upto Rs.50,000/- per exporter per year is provided to meet the cost of courier/air freight charges for sending business samples to the buyers abroad. However, the sample of one consignment should not exceed 1 kg in the case of spice oil & oleoresin and 10 kgs for other spices and spice products.

2. Printing promotional literatures/brochures: Financial assistance @ 50% of the cost subject to a maximum of Rs. 2.00 lakhs per brochure and such assistance will be extended maximum twice per exporter during the plan period.

3. Packaging Development and Bar Coding Registration: Assistance will be to the tune of 50% of the cost packaging development and bar coding registration subject to a ceiling of Rs.1.00 lakh per exporter per year.

Export Obligation for availing assistance: No export obligations are prescribed for availing assistance for these three components.

Application for availing assistance: Eligible exporters may apply to the Board with the following:

1. Application in the prescribed form.
2. Copy of SHC/Logo/Organic Certification/Brand Registration (for component Nos.1 & 2)
3. Original of the courier waybill, POD and proof of payment (for component No.1).
4. Details of the promotional activity along with draft literature/brochure etc. (for component No.2)
5. Quotation for consultancy, design, dummy, printing, paper (with sample), packing material etc. (for component Nos.2 & 3)
6. Details of bar coding registration/traceability standards (for component No.3)
7. Test Certificate of packing material from IIP (for component No.3)

Based on the above documents and also on any other additional documents required in support of application, if any, may be called for, the Board shall accord in principle approval to proceed



with the work. However, in the case of reimbursement of courier/air freight charges, prior approval is not required.

Inspection/verification: On completion of the activity, the applicant may submit the following documents to the Board:

1. The final version of the printed literature/brochure/CD/video film/packages developed etc. (two copies)
2. Copies of bills, vouchers and receipts (self attested)
3. Proof of payment of the expenditure
4. Expenditure statement duly certified by the Chartered Accountant
5. Pre-stamped receipt for the eligible amount On receipt of the claims for the above activities and on satisfactory completion of the activity, the Board will consider providing the eligible grant in aid to the exporter.

Release of Grant: On completion of the activity and based on the verification report, the Board may reimburse the eligible grant in aid to the exporter or to the nominated agency/institution. In the case if courier /air freight charges, the exporters may raise the claims for reimbursement on quarterly basis and the bills relating to the last quarter of the financial year should be submitted before 20th of March.

“International Trade Fairs/Meetings”

Guidelines/working procedure There are two components under the programme viz.,

(1) Participation in International fairs/exhibitions
(2) Participation in International meetings/seminars are assisted for market expansion. Assistance under these components is provided to induce exporters for exhibiting spices and spice products, building up business relationships and collect information on the changing market requirements for taking appropriate action.

(1) Participation in International fairs/exhibitions: For introducing spices and spice products, establish business relationship with buyers abroad and to showcase the recent developments of the spice industry, the Board provides assistance to the exporters for participation in international trade fairs and exhibitions abroad. During the participation, details on the recent developments of the spice industry/new products / process introduced are also collected by the exporters for market development. In addition to the financial support provided by the Board for trade fair participation, as directed by the Government, assistance to all registered exporters for participating in different food fairs are also provided as per MDA guidelines.

(2) Participation in International meetings/seminars is assisted for market expansion. India is a member of American Spice Trade Association (ASTA), European Spice Association (ESA), International Organization of Spice Trade Association (IOSTA), CODEX Committees and



International Pepper Community (IPC) and regularly participating in the annual conventions/meetings of the above associations. For participation/deliberation in international meetings/ seminars/delegation and suggest future course of action to be taken for export promotion, the Board is providing assistance to meet the cost of participation by the exporters associations / forums, if they are representing the industry in any of the above meetings as desired by the Spices Board.

*Eligibility:*All registered exporters are eligible to avail the grant under the component No.1 above on a reimbursement basis against the production of required documents. Representatives of exporters' associations/forum nominated to the International meetings/seminars to address common issues of the spice industry are eligible to avail the assistance under the component No.2 above.

Scale of Assistance:

1. Participation of exporters in international trade fairs/exhibitions Board provides assistance to exporters by reimbursing 50% of the airfare (economy excursion class) for visits to trade fairs subject to a maximum of Rs.60,000/- for Logo/SHC holders and Rs.40,000/- for holders of registered brand and organic certificate, per exporter per year. In case of hiring independent stall, extent of assistance will be 50% of the cost per exporter per year subject to a ceiling of Rs.1 lakh. In addition to the above, assistance to all registered exporters for participation in international trade fairs, buyer-seller meet etc., are also provided as per the terms and conditions specified under MDA scheme from time to time.

2. Participation of exporters in International meetings/seminars and delegations Qualified representatives are assisted to participate in the international meetings/seminars/delegations by extending financial assistance upto 50% of their airfare (economy excursion class) subject to a ceiling of Rs.1.5 lakhs per year per exporter.

Export Obligation for availing assistance No export obligation is prescribed for availing assistance for all the activities/ components detailed above. Application for availing assistance: Application indicating the proposed activity in the prescribed form should be submitted to the Spices Board atleast 15 days prior to the commencement of the programme. Based on the application and also on any other additional documents/details in support of the documentation, if any, the Board may accord in principle approval to proceed with the activity.

Inspection: 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 the following documents:

1. Brief report about the activity participated and achievement made.
2. 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.



3. Copy of air ticket/jacket used during the journey.
4. Proof of payment for airfare (bills/receipts)
5. Self certified copies of receipt, bank advise etc., evidencing payment made towards stall charges and electricity (as applicable)
6. Stamped advance cash receipt to the eligible amount for payment from the Board. On receipt of the claim, the case will be considered and grant will be reimbursed as per the Spices Board/MDA guidelines.

Release of grant: On completion of the activity and based on the claim forms, Board may reimburse the eligible grant in aid to the exporter or the nominated agency/institution.

Spices Processing in North Eastern Region

Guidelines / working procedure: This scheme proposes to provide financial assistance to the spice growers' co-operatives, farmers' associations, NGOs representing spices growers and individual entrepreneurs in North Eastern and hill states to establish primary processing facilities for spices for organized marketing of the produce in domestic and international markets with possible value addition. Under this scheme, all types of primary processing facilities, which do not require very high investments, are envisaged here to ensure dispersed and relatively low to middle level value addition, particularly to avoid distress sale and large-scale wastage of locally grown spices will be supported.

Eligibility: Spices growers' co-operatives, farmers' associations, NGOs representing spices growers and individual entrepreneurs in the North Eastern and hill states.

Scale of assistance: Grant in aid is provided to the tune of 33% of the cost of all types of primary processing facilities subject to a maximum of Rs. 25.00 lakhs during the plan period per beneficiary. In respect of farmers' groups the assistance will be upto 50% of the cost of primary processing facilities subject to a maximum of Rs.35.00 lakhs per beneficiary.

Export Obligation: The beneficiaries are required to fulfill an export obligation against availing assistance by exporting spice and spice products worth five times 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, if any, as well as the supplies made by the beneficiary to other exporters for export (deemed export) will be considered. Application for assistance

Eligible applicant may apply to the Board in the prescribed format and obtain 'in-principal' approval to their proposal before implementation of the project.

1. Application in the prescribed form in duplicate
2. Project description appraised by financial institutions / Chartered Engineer or any other competent technical organization



3. List of equipments proposed to be installed
4. Copies of quotations for machineries / equipments from a minimum two parties The claims on expenses on setting up the processing facilities/equipments after the date of application for grant in aid only 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, which should be reflected in the bank statement. Payment by cash to petty expenditure connected with the project shall be considered upto Rs.35,000/- only.

Inspection

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

1. Completion report
2. Copies of bills/vouchers/receipts (self attested)
3. Expenditure statement duly certified by the Chartered Accountant
4. Bank statement detailing payments released for qualified activities/components of the project or 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 an inspection of the unit for physical verification of the installations of equipments/machineries. The inspection team may consist of an officer from the Board and a local representative from the industry department/EIA/ Agmark or any other Government agencies.

Release of Grant On satisfactory completion of the project, and based on the recommendation of the inspection team, the Board may sanction payment of the grant-in-aid to the exporter or to the nominated agency/institution. The amount of assistance shall be disbursed in one lump sum after the beneficiary executes an agreement for discharging the export obligation.

Infrastructure Development

Guidelines/working procedure:

There are four components under the programme of 'Infrastructure Improvement' viz., (1) Adoption of Hi-Tech in Spice Processing (2) Technology and process upgradation (3) Setting-up/up-gradation of in-house quality control laboratory (4) Quality certification, validation of check samples, training of lab personnel for export development of spices and spice products. Providing assistance for these components are necessary to empower the industry to adopt such methods of processing the produce by which the country may acquire a distinct image as the source of quality/safe products, consistency in meeting quality requirements and obtain recognition for the country as the 'international processing hub'.



(1) Adoption of Hi-Tech in Spice Processing In order to encourage higher end value addition in spices processing through the most modern and scientific facilities for ensuring food safety and quality in the international market for increased value realization, the Board provides financial assistance to the exporters to adopt hi-tech processing facility such as Cryo-grinding, sterilization, steam washing, super critical fluid extraction, gas flushed MVP packaging and/or any other advanced systems in processing, testing, packaging etc. Cost of high-tech plant & machinery, packing system, electrical installations and consultancy charges will be supported under the component.

(2) Technology and Process Upgradation: The scheme proposes to provide financial assistance to the exporters to upgrade their existing processing/packaging facilities to produce better products of high quality standards to match the requirements of foreign buyers. Cost of plant & machinery, packing system, electrical installations and consultancy charges will be supported under this component.

(3) Setting-up/up-gradation of in-house quality control laboratory To promote quality, financial assistance for establishing of facilities to undertake analysis of various parameters on quality of the products including detection of pesticide residues, aflatoxin, physical, chemical and microbial contaminants are provided to exporters. Cost of laboratory equipments/instruments, glassware, laboratory furnitures and other accessories including electrical installations and consultancy charges will be supported under this component.

(4) Quality certification, validation of check samples and training of laboratory personnel. The following activities will be eligible for financial assistance under this component:

- a) Accreditation/Certification of processing units for ISO, HACCP, SQF 2000, GMP traceability, FDA Registration etc.
- b) Validation and standardization of check samples sent abroad.
- c) Imparting training for laboratory personnel. Under this component, cost of accreditation/certification of processing units (including renewal), cost of analytical charges for validation/standardization in laboratories abroad and charges/expenses for upgrading technical knowledge of laboratory personnel of the exporters in reputed international laboratories preferably approved by USFDA, EU etc.

*Eligibility:*All exporters having valid Certificate of Registration as Exporter of Spices from the Spices Board and also having an investment of a minimum of Rs.50.00 Lakhs (except for groups of certified organic growers having a minimum of 50 members) are eligible for availing the assistance.

*Scale of assistance:*Grant-in-aid is provided to the tune of 33% of the cost of various activities listed above under the four components, subject to a maximum of Rs.100.00 Lakhs for general areas and 50% of the cost or Rs.200.00 Lakhs, whichever is less, for special areas. Under the special areas during the plan period 2007-2012, units established in North East Region, hill/difficult areas or units set up by organizations of organic farmers, co-operative societies,



producer companies and Government promoted organizations in any locations are eligible for higher rate (50%) of grant. The financial assistance for the component (4c) would be limited to Rs.60,000/- per training subject to a maximum of three training programmes per exporter during the plan period. However, the total amount of assistance under any or all of the following components (a) Adoption of high-tech in spice processing (b) Technology Transfer & Process Upgradation, (c) Setting up of in-house laboratory and (d) Quality certification/accreditation shall not exceed the limit of Rs.100.00 lakhs in general areas and Rs.200.00 lakhs in special areas/specified promoters during the plan period.

Export Obligation for availing assistance The beneficiaries are required to fulfill export obligation against availing assistance by exporting spices and spice products worth TEN times of the amount of assistance availed under any or all of the above components from the Spices Board over and above his/their average of export performance achieved during the immediate past three years, within a period of FIVE years from the date of completion of the project in the case of general areas. For special/difficult areas and organization/institutions/establishments referred above the export obligation will be FIVE times of the amount of assistance to be fulfilled in FIVE years. In the case of samples sent abroad for validation/standardization as well as training of laboratory personnel abroad, the eligible grant in aid will be released based on the required documents/information furnished by the beneficiary and these two components will not attract the export obligation.

For discharging the export obligation, the export effected directly by the beneficiary as well as the supplies made by the beneficiary to other exporters for export (DEEMED EXPORT) will be considered.

Application for assistance Eligible exporters may apply to the Board with the following:

1. Application in the prescribed form in duplicate. (One copy only for component 3&4).
2. Project report appraised by financial institution/Chartered Engineer or any other competent technical organization, in duplicate (for component 1 & 2).
3. Copy of self-attested document to prove the title of the land in which the unit is established/possession certificate issued by concerned authority (for component 1&2).
4. Flow chart relating to processing activities of the unit. (for component 1&2)
4. List of equipments supported by the Board during the XI plan period.
5. List of equipments proposed to be installed/set up indicating Make and the Cost.
6. Copies of quotations for machineries/equipments from a minimum two parties (except for established suppliers).
7. Copy of Certificate of Registration as Exporter of Spices.
8. Last year balance sheet of the company certified by the chartered accountant. Based on the above documents and also on any other additional documents in support of the application, if any that may be called for, the Board shall accord in-principle sanction to proceed with the project. The claims on expenses on setting up the plant & machinery/instruments after the date of application for grant-in-aid only will qualify to



work out the cost of project for the purpose of payment of grant-in-aid. All payments for plant & machinery, equipments, consultancy charges etc., should be made by crossed cheque/demand draft, which should be reflected in the bank statement. Payment by cash to petty expenditure connected with the project shall be considered upto Rs.25,000/- only.

Inspection

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

1. Completion report
2. Copies of bills/vouchers / receipts (self attested)
3. Expenditure statement duly certified by the Chartered Accountant
4. Bank statement detailing payments released for qualified activities/ components of the project or copies of demand drafts relating to the payment effected for the project.
5. Copy of airway bill, invoice for the analytical charges of the samples dispatched abroad for validation/standardization and copy of the analytical report received from the laboratory in which the sample was tested. (for component 4b)
6. Receipt from the courier agent along with POD status report for having received the payment. (for component 4b) On receipt of the claims for the above activities, except in the case of sample sent abroad for validation and training of laboratory personnel, the Board will arrange for an inspection of the unit for physical verification of the installations of equipments/machineries. The inspection team may consist of an officer from the Board and a local representative from the industry department/EIA/ Agmark or any other Government agencies. In the case of activity 4b, the claim for the financial assistance shall be sent to the Board within one month from the date of completion of the training with supporting documents like air ticket, and payment details.

Release of Grant

On satisfactory completion of the project, and based on the recommendation of the inspection team, the Board may sanction payment of the grant-in-aid to the exporter or to the nominated agency/institution. The amount of assistance shall be disbursed in one lump sum after the beneficiary executes an agreement with the Spices Board and also providing a Bank Guarantee from any scheduled bank in the prescribed formats, favouring the Spices Board for an amount equal to the amount of grant-in-aid for a period till the beneficiary fulfills the stipulated export obligation. Immediately after furnishing the proof of export equal to the export obligation, the bank guarantee will be released.



Product Development & Research

Guidelines / working procedure Under this programme, it is proposed to provide financial assistance to the exporters/research institutions to undertake product research & development.

Major areas for assistance are:

- ▮ Utilization of the services of national or international research institutes for developing new spice products/applications or for establishing traditional and non-traditional values.
- ▮ In-house research programmes by entities with sufficient infrastructure facilities.
- ▮ Clinical trials to establish and validate therapeutic properties of spices through reputed third parties.
- ▮ Patenting and product registration in consuming countries. Spices Board shall examine the application and on satisfying the proposal, the Board shall accord 'in-principle' approval to the proposal on merit to proceed with project.

Eligibility: All registered exporters and recognized research institutions.

Scale of assistance: Grant in aid @ 50% of the cost subject to a maximum of Rs.25.00 lakhs per beneficiary during the plan period is provided to meet the cost of product research & development. If clinical trials and patenting are also involved in the programme, the ceiling will be upto Rs.1.00 crore. All payments under the assistance schemes by the Board shall be in the form of crossed cheque or Bank transfer.

Export obligation: No export obligation is prescribed for availing assistance for product research and development.

Application for assistance

Eligible exporters/research institutions may apply to the Board in the prescribed format and obtain 'in-principal' approval to the proposal. The applicant may submit the following to the Board in triplicate

1. Application in the prescribed form.
2. Project report appraised by research institutions/in-house lab scientists
3. Brief about the scientists involved in the project

Inspection/verification

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)

*Release of grant:*Based on the completion report and on verification of the documents, the Board may release the eligible grant to the beneficiary or to the nominated agency/institution.