

EXPORT DEVELOPMENT & PROMOTION OF SPICES--“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)
5. List of equipments supported by the Board during the XI plan period.
6. List of equipments proposed to be installed/set up indicating Make and the Cost.
7. Copies of quotations for machineries/equipments from a minimum two parties (except for established suppliers).
8. Copy of Certificate of Registration as Exporter of Spices.
9. 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.

