

## **EXPORT DEVELOPMENT & PROMOTION OF SPICES – “Promotion of Indian Spice Brands Abroad”**

### **Guidelines / working procedure**

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 (a) 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 4<sup>TH</sup> year and end in the 8<sup>th</sup> 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 1<sup>st</sup> 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.
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