

Questions Asked on PLIS FPI Category I & Replies there on

(Based on industry interaction on 17.05.21)

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1. If the applicant is not able to maintain CAGR in sales in a particular year, can the Applicant avail incentive that was forgone in the subsequent year if the shortfall in sales is made up in the following years?

No, this is not permitted under the scheme. If a selected Applicant is not able to achieve the required CAGR in sales, the Applicant will not be entitled to any incentive for that year.

2. On which date, the engagement with a contract manufacturer be taken into consideration?

Contract manufacturers should be enrolled by the Applicant and will be applicable from the time of application submission. However, subsequent addition of contract manufacturers can take place over time after informing PMA/MoFPI.

3. Who will certify the sales details from the different subsidiaries and contract manufacturers for the primary applicant?

As per Clause 16.8 of the Scheme Guidelines, the Applicant is required to submit the calculation of Sales with every claim, along with a certificate from a Statutory Auditor in the case of a company and Independent Chartered Accountant in the case of Proprietorship, Partnership firm & LLP.

4. If a company is desirous of applying under two or more categories, should the investment criteria need to be fulfilled for both of them separately or the one with a higher investment will be sufficient for both?

Applicants desirous of applying for different segments (**Appendix B**) will be required to make separate Applications for each of the product segments and meet minimum Sales and investment criteria for each of the segments applied for.

5. If investment towards a project which is to be commissioned in 2021 is made earlier in 2019 or 2020, then will that investment be eligible?

Investment made in the year 2020-21 will be eligible. Any investment made before that will not be counted for minimum and committed investment.

6. Should the sales detail of the applicant be depicted together or the breakup of the parent company in terms of subsidiaries/contract manufacturers be shown?

Yes, the details of sales by Applicant (including its Contract Manufacturers) and Subsidiaries are required to be furnished separately. The evaluation, however, will be based on the combined sales of the Applicant and its subsidiaries.

7. Can the sales made by the contract manufacturer/subsidiary be done directly or it must necessarily be routed through the applicant company?

In the case of contract manufacturing, the sales of the finished products must be a part of the Applicant company's sales and should be reflected in the applicant's books. However, in the case of a subsidiary, this condition is not there, and their sales need not pass through the books of the Applicant.

8. For contract manufacturing will conversion business be also allowed if a third party is providing the raw material, and the contract manufacturer is converting it to a finished product?

The issue of the provision/ supply of inputs to the contract manufacturer falls within the purview of the Applicant.

9. The guidelines say that a minimum of 5% & a maximum of 25% incentives will be given to the applicant. Does this mean that every firm which is eligible & meeting the required criteria be given the minimum incentives with certainty?

PLIS FPI for Category-I is meant for large companies. The idea is to make global champions out of the domestic leaders in the Category. The total outlay under the scheme is INR 10,900 Cr. Minimum of 5% & a maximum of 25% incentives are outer limits for Ministry to select a company. Hence, the decision remains with MoFPI for number of applicants to be selected under each category and accordingly the incentives would be decided. Information on all eligible players for different Categories will be collected and depending on the number of applicants, outlay etc., evaluation will be made and subsidy will be capped appropriately subject to the minimum and maximum specified in the Guidelines. However, this criterion of minimum 5% incentive for Applicant in fruit & vegetable segment can be relaxed by MoFPI.

10. The incentives for Branding & Marketing will be for such activities undertaken in India or abroad?

The incentives will be applicable for B&M activities undertaken abroad only.

11. The applicant is applying through its subsidiaries but over a period the subsidiaries will be merged with the applicant clubbing all the product categories. Will there be any problem with the merger?

As the subsidiary is included as a constituent of the Applicant applying for a specific product segment, there should not be any problem in availing incentives under the scheme following merger with the parent company provided other scheme provisions are not violated on account of merger. However, while applying the applicant shall present full details of what they are intending to do.

12. Will ETP be counted as part of the Plant & Machinery to be included in investment?

Yes, ETP will be included provided it is a part of investment in Plant & machinery for the manufacture of food products applied for coverage under the scheme and subject to the limit referred to in Clause 6.3 of the Guidelines.

13. Will investment in cold storage, solar power plant be included in investment?

Investments in standalone equipment's which does not yield in capacity enhancements will not be included. Fresh investments to enhance the production capacity of an existing manufacturing line/facility shall be included. Investment in cold storage for its inclusion as eligible investment has to be in an integrated component of overall investment plan. Investment in solar power plant would form a part of associated infrastructure with aggregate limit of 20% of the investment in new plant & machinery

14. Will fresh bread be included in the PLIS?

No, fresh bread is not included in the PLIS.

15. Will incremental sales cover sales only from incremental investment or from existing investment also?

It will cover sales from existing investment as well.

16. Can promoter holding groups be combined for availing incentives using their combined sales & investments?

No two entities can club their application together unless one of it is subsidiary of other. Only a subsidiaries application could be combined with the parent Applicant.

17. Will ghee/butter be considered for meeting the eligibility criteria?

Sale of all food products in 2019-20 of an Applicant will be considered for meeting the eligibility criteria (**Appendix-A**).

18. If the CAGR on sales is missed out on any year, then is there a penalty?

No there is not a penalty, but no incentives is payable for that year.

19. Can a 5-10% deviation in committed investment be allowed?

Downward deviation in investment is not permitted.

20. Do we need to maintain a separate account for any investment done on an existing unit?

Yes. The records for the same must be maintained separately so that investment made is verifiable.

21. Will vehicles deployed for collecting raw materials be counted as capital expenditure?

No. Investment in Plant & Machinery, Technical civil works & Associated Infrastructure only are covered under the scheme.
