

## Frequently Asked Questions (FAQs) on PLIS-FPI Guidelines

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## 1. Who can be an Applicant under PLI scheme for Food Processing Industry?

Applicant for the purpose of the Scheme shall be (i) Proprietary Firm or Partnership Firm or Limited Liability Partnership (LLP) or a Company registered in India (ii) Co-operatives; and (iii) SME and making an Application for seeking approval for coverage under the Scheme. Applicant may include a company applying on its own behalf and its subsidiary/ies provided the Applicant company holds more than 50% of the stock of its subsidiary/ies and that none of such subsidiary company/ies is included in any other Applicant company under the Scheme. Marketing Federation or Apex level co-operatives can also apply on behalf of Member Unions or Member co-operatives in the case of co-operatives.

## 2. What are different Categories of Applicants?

The three categories of Applicants are as under:

- Category I: Entities who apply for incentives based on Sales and Investment Criteria. Applicants under this category could undertake Branding & Marketing activities abroad also and apply for Incentives under the scheme.
- Category II: SMEs applicants manufacturing innovative/ organic products.
- Category III: Applicants applying solely for incentives for undertaking Branding & Marketing activities abroad.

## 3. What are the different segments of Food Products covered under the scheme?

Under Category-I, the following four Segments of food products are covered:

- a. Ready to Eat/ Ready to Cook (RTE/RTC) including products containing Millet;
- b. Fruits and Vegetable Products;
- c. Marine Products;
- d. Mozzarella Cheese.

Product Groups and food Products covered under above four Segments are indicated in Appendix-B of the Guidelines.

## 4. How food products are classified in terms of product segment, product groups and products as indicated in Appendix-B?

Product Segment: All food products covered under PLIS-FPI and eligible for incentives are classified under four broad Segments. There four segments are Ready to Cook/ Ready to Eat (RTC/ RTE) foods including Millet products, Processed Fruits & Vegetables, Marine Products and Mozzarella Cheese. An Applicant under Category-I will be required to choose any of the Product Segments.

Product Groups: Each of the Product Segment are further classified in to a number of Products Groups. Product Groups under each Product Segments are listed in Col. 2 of **Appendix B** of this Guidelines. Some of the Products Groups are covered in more than one Product Segments are classified as common Products.

Products- Products are those which are listed under each Groups and covered under the scheme. These Products are listed in Column 3 of **Appendix B**.

## 5. How Common Products under different product segments are placed under the scheme?

Some of the products covered under Fruit & Vegetable and Marine Product Segments are also covered under RTC/ RTE Segments as well. Such products are - RTC Potato Products- fries, tikki etc.(HSN 2004 & 2005) except potato chips (20052000); Packaged Sauces- Table sauces, pasta sauces, cooking sauces, dry sauces, ketchup, mustard, oyster sauces, salad dressings, dips, and other sauces (HSN 2002, 2103); All fruit based Jam/Jellies(HSN 2007); Packaged Mixed Spices/ Dry Sauces (Dry/ Dehydrated Sauces, Dry Recipe Powder mixes, dry powder marinades) (HSN 2103); Marine Segment: Canned, Battered & breaded, Pickles, Sausages (HSN 1604 & 1605). A selected applicant for RTE/RTC segment would also be eligible to receive incentive for above-mentioned RTE/RTC products from F&V and Marine segments.

**6. What are the major categories of food products which are excluded from the purview of the scheme?**

RTE/RTC Segment excludes agri products/ food commodities like rice, Aata, sugar, pulses, edible oil etc. It also excludes categories like Pizza, Pasta, Noodles, Spaghetti (HSN 1902); Breakfast Cereals (HSN 1904); Confectionary (HSN 1704,1806); Malt based ~~Drinks~~/powder (HSN 1901); Packaged Shelled/ roasted/ processed nuts / Mixtures predominantly made of nuts (0802). Fruits & Vegetable Segment would exclude unprocessed/fresh fruits and vegetables. It also excludes potato chips and juices having less than 10% of fruit juice content. Marine segment excludes fresh products of fish, Crustacean & Molluscs and other categories covered under the scheme.

**7. What are the different food segments an Applicant can Apply for? Can an Entity submit Multiple Applications as Applicant under different Categories?**

Under Category-I, an Applicant may Apply for one or more segments. For example, an entity can be an Applicant for RTC/ RTE Segment and also for F&V Segment under Category-I. Under Category-II, SME Applicant can apply for different innovative and Organic food product including Free Range - Eggs, Poultry Meat, Egg Products. Products applied for coverage by Category-II Applicant will be categorized under different segments for admissibility of incentive.

Applicant under Category-I could also be a Category-III Applicant for incentive on Branding & Marketing activities abroad. If such an Applicant is selected in Category-I, the application in Category- III would become infructuous. If that applicant is not selected in Category-I, the application under Category-III would be considered.

In all cases of Applications across multiple Segments and Categories, Applicants will be required to meet the minimum Sales and investment criteria, as applicable, and will be required to make separate Applications for each of the product Segments/ Categories.

**8. Can a 100% foreign-owned company be eligible under PLI Scheme?**

Any Company registered in India is eligible under the scheme to apply on its own behalf or with its subsidiary/ies (clause 3.5).

**9. Can two eligible entities apply through a Common Application?**

No two Proprietary Firm or Partnership Firm or Limited Liability Partnership (LLP) or Company can apply through a common Application.

#### **10. Can Group Companies apply through a common Application?**

Group companies are not permitted to apply together through a common Application but they are permitted to apply as individual Applicants.

#### **11. What are the eligibility Criteria under PLI Scheme?**

Eligibility criteria, in terms Minimum Sales of all food products and Investment for Category-I Applicants, are given in the **Appendix-A**. For eligibility, Minimum Sales relates to sale of all food products by the Applicant in 2019-20. Minimum Investment mean investment in Plant & Machinery, Technical Civil work and Associated infrastructure during 2020-21, 2021-22 and 2022-23.

#### **12. What is the difference between Minimum Investment and Committed Investment?**

The minimum amount of fresh investment in Plant & machinery, Technical civil works and Associated infrastructure which the Applicant shall be required to make under the scheme provision to become eligible to Apply (**Appendix-A**). Committed Investment would include minimum investment, investment over and above Minimum Investment (if any) and investment in Branding & marketing abroad (for the first two years of the scheme ie. 2021-22 & 2022-23). Committed Investment is a criteria for selection of the Applicant under the scheme.

#### **13. How sales and investment by Contract Manufacturers and Subsidiaries are treated under PLIS?**

Sales includes Sales of the Applicant, manufactured directly or through its Contract Manufacturers, and its subsidiaries. Investment includes investment by the Applicant, its Contract Manufacturers (provided 100% of the manufactured output of Contract manufacturer is supplied to the Applicant) and its subsidiaries.

#### **14. What are the different selection Criteria for Category-I Applicant?**

The three criteria for evaluation of Applications are as under:

- i. Sales (Domestic & Exports) in 2019-20 of food products listed in the Application for coverage under the scheme
- ii. Export Sales of items covered at (i) above
- iii. Committed Investment

Each of these criteria have equal weightage. Selection of Applicants is based on the Combined score of the Applicants.

#### **15. What are the consequence of furnishing incorrect data, which has a bearing on their being selected/ approved, by the Applicants in the online Application?**

The Applicants are required to fill up correct information as it would impact their selection vis-à-vis other Applicants. Applications will be liable for rejection at any stage, if it is found that incorrect information having a bearing on the selection of the Applicant were furnished in the Application.

**16. What is incremental sales? How will the rate of incentives apply to incremental sales?**

Incremental Sales for a particular Year means Sales in that Year less the Sales in the relevant Base year. The incentive claimed & payable is calculated on the Incremental Sales. Relevant rate of incentive for different segments is given in the **Appendix-C** of the Guidelines.

**17. What is the period for which incentive will be payable.?**

The tenure of the Scheme is six years from Financial Year 2021-22 to Financial Year 2026-27. The Incentive will be payable on Incremental sales beginning from 2021-22. Incentive for a particular year will be due for payment in the following year. The Incentive payable for 2026-27 will be due for payment in 2027-28.

**18. What are the criteria for eligibility of incentive?**

The two criteria for claim of incentive by the selected Applicants are as follows:

- i. Achieve minimum CAGR in Sales over the base year, as given in **Appendix-D**.
- ii. Achieve the Committed Investment, year-wise, as proposed in the Application.

**19. What is the consequence on non-achievement of minimum CAGR in Sales?**

The Applicant is expected to achieve minimum CAGR in Sales over the base year, as given in **Appendix-D**. If the Applicant is not able to achieve the prescribed minimum CAGR in Sales for a particular year, no incentive will be payable for that year. If the industry in any segment faces lower growth due to Force Majeure or for any other reasons, the EGoS may review the prescribed minimum CAGR for the segment.

**20. What are the consequence on non-achievement of Committed Investment?**

On the event of not meeting Committed investment, 10% of the Incentive due for Y1 and Y2 will be deducted. However, if at the end of Y2, the Committed Investment is completed, then the amount deducted for Y1 would be paid to the company. By the end of Y3, if the Committed Investment is not completed, the selected Applicant will be taken out from PLIS for Sales-based Incentive by MoFPI. The bank guarantee shall be invoked in such case following which the offer letter issued would stand cancelled.

**21. How can the incentives for Branding & Marketing be availed?**

Applicant willing to avail grants for Branding & Marketing abroad has two options. The applicant could apply for Branding & Marketing under both the Categories I & III. If such an Applicant is selected in Category-I, the application in Category- III would become infructuous. If that applicant is not selected in Category-I, the application under Category-III would be considered. If the Applicant under Category II, intends to apply for branding & marketing abroad, then separate application need to be submitted by such applicants under Category III.

Under all the categories, the Applicant shall submit a five-year proposal for Branding & Marketing abroad ie. for the period 2021-22 to 2025-26.

**22. What is the scale of grant for Branding & Marketing activities?**

Applicants will be extended financial incentives @ 50% of expenditure on Branding & Marketing abroad subject to a maximum grant of 3% of Sales of food products or Rs 50 crore per year, whichever is less. Sales of food products implies 3% of sales of all food products of the Applicant. The minimum expenditure on Branding & Marketing abroad for Incentive shall be Rs. 5 crore over a period of five years. In such case, an admissible grant would be Rs 2.5 crore. GOI's share in Branding Expenditure, of an Applicant, for a particular year is payable in the following year.

**23. Maximum Grant of 3% sales of food products is on overall sales or exports turnover?**

3% sales of food products is on the sales of all food products of the Applicant.

**24. What are the items of expenditure included as a Branding & Marketing activity?**

An indicative list of activities covered under Branding & Marketing are In-store Branding, Shelf Space Renting, Listing Fee, Electronic/ Social Media and Print Media, outdoor publicity, billboard, commercial advertisement on channels etc. The Expenditure will not cover trade discounts, expenditure incurred on distribution, expenditure connected with participation of trade fairs and overseas logistics expenditure.

**25. Can selected Applicants change the committed/ projected annual expenditure on Branding and Marketing and its different items of expenditure?**

Category-I Applicant: Projected expenditure on B&M for 2021-22 and 2022-23 form a component of Committed Expenditure and is an evaluation criterion for selection of the Applicant. Therefore, investment is required to be made to the extent committed. Within Committed investment, flexibility is permitted between Capital investment (P&M, Technical Civil Work and Associated Infrastructure) and expenditure in Branding & Marketing components subject to approval of MoFPI.

Category-III Applicant: The Applicant are expected to give annual projection of expenditure, item-wise, on B&M for FY 2021-22 to 2025-26 .

Both under Category-I & III, flexibility is permitted among different items of expenditure on eligible activities viz. In-store Branding, Shelf Space Renting etc., for different years, after notifying MoFPI.

**26. What will happen if the projected expenditure on Branding & Marketing activities is not achieved due to any unforeseen condition?**

Delay or non-achievement of the expenditure on Branding and Marketing if included in the Committed expenditure for selection would be subject to a reduction in incentive as applicable to Committed Investment for payment of sales-based Incentive. Ineligibility for sales-based Incentive due to lower than minimum growth rate in sales, however, would not make the Applicant ineligible for a grant on incentive for branding abroad.

**27. Are taxes and duties included in the expenditure that is considered towards Investment in the Scheme?**

All non-creditable taxes and duties would be included in such expenditure.

**28. Can new products be added to the original application over the course of time?**

The Applicant may also include those products which the Applicant is not manufacturing currently but intends to manufacture during the project period. If a selected entity starts manufacturing a new product, covered in the Segment approved for the Applicant, the same could be added later after notifying the same to MoFPI/ PMA.

**29. Can an Applicant avail incentive under PLI-FPI be eligible under other schemes of the Government?**

Eligibility under the PLI Scheme shall not affect eligibility under any other scheme and vice versa.

**30. Can the quantum of investment and branding expenditure in Committed investment originally proposed in the Application be inter changed at a later stage?**

Yes, an applicant can change their plans after taking prior approval from Ministry.

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