

Frequently Asked Questions on PLI Scheme for Millet Based Food Products (PLIS-MBP)

(Dated 13.07.2022)

Q-1. In case of any applicant with zero baseline sales of any of the eligible products, how will be the incentive paid for next 3 years, till the time Base Year shifts to FY 2022-23 and FY 2023-24?

Ans. As per Clause 6.1 of the PLIS-MBP Guidelines, incentive payable in respect of each of the approved products for a year will be calculated based on incremental sales of that product for that year and applicable incentive. The incentive payable for each product will be aggregated to arrive at the total incentive payable to the Applicant for the year. As per clause 2.19, 'Incremental Sales' for a particular year means Sales of eligible food products in that Financial Year less the Sales of eligible food products in the Base Year. For applicants having zero baseline sales, the incremental sales shall be computed on the actual sales of claim period, the base year sales being zero.

As per the existing provisions of the guidelines, the decline in growth of sales in subsequent year, shall not be incentivized. Clause 4.4 of the Guidelines prescribes minimum CAGR of 10%, So far as the companies having zero base line sales, the eligibility of 10% of CAGR shall be read as year on year growth, starting from the year Y1 till the change of Base Year takes place. i.e. for such companies, as per clause 2.19, the incentive for such companies shall be paid in Y1. However, for the subsequent years, the companies will have to demonstrate the year on year growth of 10% in order to become eligible for the incentive. It is clarified that for the amount of incentive disbursement, the Base Year shall continue to be FY 2020-21 for the first three years and then it changes to Y4 and Y5 as per clause 2.20.

(Refer: Y1 - 2022-23, Y2 - 2023-24, Y3 - 2024-25, Y4 - 2025-26, Y5 - 2026-27)

Q-2. Is principle of minimum CAGR of 10% on sales of the eligible products for grant of incentive to be applied on the aggregate sales of approved eligible products or on individual approved eligible products?

Ans. It shall be checked at aggregate sales of approved eligible products.

Q-3. Is Contract Manufacturing allowed? The Applicant is not manufacturing the product, but branding and labelling and selling with its brand.

Ans. Yes, contract manufacturing is allowed. Sale of Applicant, however, will only be considered for determination of eligible product sales. Both contract manufacturer and applicant cannot apply for the incentive on same product (s). As per clause 7.6

"An Applicant shall specify its own and contract manufacturers' manufacturing sites which are proposed to be used for sourcing of eligible products for Sale", which needs to be given in detail in PIP too.

Q-4. If at the Application stage, the Millet content declared is more than 15%, say 25%, at a later stage, can it fall below the declared content (25% in this case), subject to it still meeting the minimum millet content criteria of more than 15%?

Ans. As per clause 6.5 of the Scheme Guidelines, “.....during the Scheme period, Applicant may increase the millet content. However, decrease in millet content, for whatsoever reason, will not be permitted and in such case the approved product will be removed from the list of approved products for the purpose of incentive disbursement to the beneficiary”.

However, the Applicants are permitted to include new millet products for future manufacture provided it is declared in the Application form, subject to millet content of such products being more than 15% at all times. As per Clause 4.5 of the Guidelines, the Applicant may include eligible products which it is not manufacturing presently but intends to manufacture during the tenure of the scheme. In such a case, the intended product(s) along with its millet content should be declared at the time of submission of application itself. Inclusion of new product(s) after the submission of application is not permissible.

Q-5. If an Applicant is already selected under Category-I or II of PLISFPI for any product (say biscuit/ wafer/ snack bars etc.) and proposes to apply for Millet variants of the same products under the Millet Scheme (PLIS-MBP), is it allowed?

Ans. As per clause 5.11 of the Scheme Guidelines, “If an applicant is already selected for the same eligible product in Category I or Category II of the PLI Scheme for Food Processing Industry, it will not be allowed to apply for the same Product in PLI Scheme for Millets Based Products. It may however, apply for a distinct eligible product under the present PLI Scheme for Millet Based Products”.

The Millet Based Product is distinct from the above and hence the applicant can make application for the Millet variant as distinct product. If such Applicant is selected under the Scheme, and if it has claimed the Millet variant product in the existing PLISFPI, then it will have to remove the product from the existing scheme and vice versa. i.e. the product will be incentivized under any single scheme either PLISFPI or PLIS for Millet based Products (PLIS-MBP).

Q-6. An applicant is having a product under development, which may take more time to come to the market. Can it be applied at this stage?

Ans. As per clause 4.5, “The Applicant may include eligible products which it is not manufacturing presently but intends to manufacture during the tenure of the scheme. In such a case, the intended product (s) along with its millet content should be declared at the time of submission of application itself. Inclusion of new product(s) after the submission of application is not permissible”.

Any product under development should be applied at the Stage of Application with estimated millet content (being more than 15%) and estimated projections of sales of the product.

Q-7. If applicant is having multiple flavours of a same Millet product, should it be shown as a single product or multiple products in the application?

Ans. It can be shown as single product provided the product has same brand name.

Q-8. An Applicant is selling its product meant for overseas market, to its subsidiary and which in turn sells it to overseas wholesalers/ retailers. Then will the Sales of Applicant be considered for incentive or the sales of subsidiary will be considered for the incentive?

Ans. Sales of eligible products of the Applicant will only be considered.

Q-9. Is there any committed investment under the Scheme?

Ans. No Committed/ Minimum investment is stipulated under the Scheme. However, the projections of the sales, are generally supported by investments and the same need to be justified/ brought out clearly in the Program Implementation Plan (PIP) document.

Moreover, as per clause 7.6 of the Guidelines *“An applicant shall specify its own and contract manufacturers’ manufacturing sites which are proposed to be used for sourcing of eligible products for Sale”*.

Q-10. Is it mandatory to declare the millet content on the packaging?

Ans. Yes, as per clause 6.4 of the Guidelines, *“Every package of eligible product shall disclose the percentage of the Millet ingredient by weight /volume on label and will be subject to compliance of the regulations specified by FSSAI”*.

MoFPI may devise appropriate procedure/ authorise competent organization(s) for checking the millet content in the eligible product(s), to ascertain the claim of the Selected Applicants.

Q-11. Are there any separate HSN codes for the products?

Ans. At present there are no separate HSN codes for the Millet based products. The Applicants are required to use HSN codes, in the application and reporting, as is being used in filing of GST Returns. Moreover, the selected Applicants are required to maintain separate records for Millet Based products (basis GST returns filed) so that segregation of sales of eligible and in-eligible product is possible.
