

# **THE CASHEW EXPORT PROMOTION COUNCIL OF INDIA**

*Speech delivered by*

**Shri Hari Krishnan R. Nair**

*Chairman*

*at the Fifty-eighth Annual General Meeting  
held on 28<sup>th</sup> September 2013*

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**Shri Hari Krishnan R Nair**  
*Chairman*

*Ladies and Gentlemen,*

*It gives me great pleasure to welcome you all to the fifty-eighth Annual General Meeting of the Cashew Export Promotion Council of India.*

*The Annual Report along with the Audited Income and Expenditure Account and the Balance Sheet for the year ended 31<sup>st</sup> March 2013 has already been circulated among the members, and I trust that, I have your approval to take them as read.*

### **1. Export Performance**

*India earned Foreign Exchange of US\$ 752 million, equivalent to Rs. 4,076 Crores through export of cashew products*

during 2012-13. This comprised of 100,105 MT of cashew kernels worth US\$ 746.81 Million (Rs. 4,046 Crores) and 9,192 MT of Cashew Nut Shell Liquid worth US\$ 5.51 Million. (Rs. 30 Cr).

The quantity of cashew kernels exported decreased by 23.51% and value by 7.70 % from the all-time high of 130,869 MT worth US\$ 916 Million (Rs 4,384 Crores) in 2011-12. In value terms 2012-13 was the second biggest year ever for cashew exports from India and in value per unit terms, at Rs. 404.20 per kg, it was even higher than the previous high of Rs. 334.98 set in 2011-12.

However, these statistics hide the fact that cashew demand and prices which peaked at the beginning of the year and fell throughout the year, which made it a very difficult year for the exporters.

The USA, UAE, Netherlands, Japan and Saudi Arabia were our biggest buyers, importing over 5,000 MT per year. On a regional basis, export to the American Zone was 31.28%, West Asia and Africa 28.40%, European Zone 26.15%, South East

*and Far East Asia Zone 13.45% and Oceanic Zone 0.72% of our total exports.*

## ***2. Production of Raw Cashewnuts in India***

*As per the Directorate of Cashewnut & Cocoa Development, production of Raw Cashewnuts in India during 2012-13 was 728,474 MT as against 692,000 MT during 2011-12, reflecting a 5.27 % increase. The cashew processing industry requires 17 lakh MT per annum of raw cashew nuts. India imports the rest of its requirements from other producing countries. There is a lot of scope and demand to further increase production of raw cashews in India. The Directorate of Cashewnut and Cocoa Development under the Ministry of Agriculture is making earnest attempts in this direction by implementing schemes of Govt. of India for production development.*

*I request the Government of India to allocate sufficient priority funds and initiate necessary schemes to increase the production of raw cashew nuts in India.*

### 3. *Export Incentives*

*The incentives available for Cashew exports are Vishesh Krishi Gram Udyog Yojana (VKGUY), Duty Drawback and Agri Infrastructure Duty Scrip Schemes. I place on record our sincere thanks to the Ministry of Commerce & Industry, Government of India for continuing these export incentives during the year.*

*Import of food processing equipment are currently excluded from the scope of Agri Infrastructure Duty Scrips and therefore, our industry is not able to use these Scrips. CEPCI has requested inclusion of Food processing equipment in the scope of this Scheme and also transferability of these Scrips to make this scheme attractive for exporters. These steps would make exports more attractive than domestic sales and thus increase exports.*

*The Council has also requested for steps to increase working capital bank-credit for small and medium sized exporters. Increase in such credit will result in increased exports immediately.*

*I request the Govt. of India to continue the incentive schemes*

*as otherwise, the cashew exporters will find it very difficult to compete in the international markets with its counterparts in Vietnam, Brazil, etc. especially under the challenged global economic situation.*

#### **4. Membership in the Council**

##### ***Regular (Exporter) Members***

*The Council's regular membership crossed 200 during the last two years and I am happy that we have 221 exporters from 7 states of the country as members of the Council at present.*

##### ***Associate Members***

*The Council, with the approval of the Government, introduced Associate Membership this year. Cashew processors and factory owners who currently do not have exports can become Associate Members and avail of support from the Council to become exporters in the future*

*We now have 16 Associate members enrolled from 5 states.*



*I request all the cashew processors and exporters to become members of the Council.*

## **5. Shifting of CEPCI Administration to Kollam**

*The Registered Office of the Cashew EPC of India was shifted from Cochin to Cashew Bhavan, Kollam in 2012-13, with approval of the Ministry of Commerce and the Registrar of Companies, Kerala. Following this, our administrative office was completely shifted to Cashew Bhavan in Kollam in July-August this year. This increases CEPCI's ability to have an increased calendar of member-events and help exporters benefit more from their membership in CEPCI.*

*I request all the CEPCI members to attend all the events / programmes making use of the opportunity to the fullest. I am sure, this will bring you value.*

## **6. Seminars and Meetings**

*Logistikaju 2013 -The Indian Cashew Logistics Meet was organised by the Council at Hotel Quilon Beach, Kollam, in March*

2013. We had a total of 120 delegates representing Port /Shipping Agencies, CHA's, Raw Cashew Agencies, etc. along with CEPCI members. Logistikaju can potentially be a regular occasion for the Industry to develop the Raw Cashew supply-chain and make contact with suppliers and service providers.

CEPCI organized half day awareness seminars on Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations 2011 at Quilon Beach Hotel, Kollam and at Panruti to provide guidance to the Industry on meeting the registration requirements under the Act. The seminars were handled by M/s. Indocert, an FSSAI approved FSMS Certification body.

## **7. Marketing and Promotion Programs**

During the year 2012-13, the Council participated in three international exhibitions - Africa Big Seven, Johannesburg; SIAL, Paris and GULFOOD, Dubai. The Trade enquiries generated by the Council's participation in the trade fairs were circulated for follow up to all members of the Council.

*This year, the Council made a landmark in international fair participation by organizing a “CEPCI Cashew Pavilion” in SIAL-2012, with four independent booths of member-exporters under Council’s umbrella in addition to the CEPCI’s Booth, followed by a similar Pavilion at Gulfood 2013, with 7 member’s independent Booths. More than 25 members also participated through the Council’s stall.*

*The CEPCI’s Booth helps exporters to make initial contacts with prospective buyers, while Individual Booths at the CEPCI Pavilion help established exporters to conduct business discussions with privacy, without missing the visitors who come to visit the CEPCI Booth.*

*The Council attended and organised member’s participation at the AFI Annual Convention at New Orleans with a delegation led by Mr. P. Sundaran and the INC Annual Congress at Singapore followed by VINACAS Golden Cashew Rendezvous at Nha Trang, Vietnam. The Council organized Buyer-Seller Meets at New York following the AFI, and at Singapore Following*

*the INC Convention during the year 2012-13.*

*The Council also organized a Networking Meeting / Reception on the sidelines of Gulfood 2013. The response was very good and we plan a similar event at Gulfood 2014.*

*The Council disbursed a sum of Rs 18.79 lakhs to member exporters under MDA assistance for participating in the international fairs and trade delegations sponsored by the Council.*

*During 2013-14, the Council participated in the INC Annual Convention 2013 at Barcelona, Spain and sponsored the Cashew Satellite Meeting at the event, instead of a separate Buyer-Seller Meet as in 2012. Similar participation is planned for the 2014 INC Convention at Melbourne, Australia.*

*The Council's International Buyer Seller Meet, "KAJU INDIA 2013", has just concluded on 27 September at Kollam and I hope all members have utilized this opportunity to the fullest extent.*

*The Council's further activities during the current year are, participation in four international fairs, namely, ANUGA Germany (October), Food Week Korea (November), GULFOOD Dubai (February) and FOODEX, Japan (March). A CEPCI Pavilion is planned at Gulfood.*

*I request members to plan ahead and participate at the Council's international Trade-events, and thereby grow your export business.*

## **8. UNECE Cashew Standards**

*The 59<sup>th</sup> session of UNECE Specialised meeting on Dry and Dried Produce held on 18<sup>th</sup> & 19<sup>th</sup> June 2012 at Geneva finalized the UNECE Specifications for many nut products including cashew kernels. The CEPCI, representing India was the Rapporteur for Cashew over the last four years, and the final specifications incorporate our suggestions, particularly on increased tolerances for testa on kernels. We have received a certificate of appreciation from the UNECE.*

## **9. Five Year Plan Schemes for Investment Subsidies**

### **A. XI Five-Year Plan**

*During the year 2012-13, Rs. 50 lakhs was released to 18 member exporters, as grant-in-aid for the Modernization & Diversification under the Five Year Plan Schemes. Subsequently, during 2013-14, a sum of Rs. 1 crore has been further disbursed on this account. We are hopeful of receiving the balance Rs 0.90 Cr soon and this will help us clear all pending claims from the XI plan schemes.*

### **B. XII Five-Year Plan (2012-2017)**

*The Ministry of Commerce and Industry, Department of Commerce, Government of India approved the XII Plan Scheme proposals of the Council containing two schemes viz.,*

- i) Process Mechanization and Automation of Cashew Processing Units and*
- ii) Quality up-gradation and Food Safety Certifications*

*The Scheme period is up to 2016-17. Under the scheme, members are eligible for grant equivalent to 33.33% of the total eligible investment vs. 25% in the XI Plan. The maximum total grant available for member exporter is Rs.100 lakhs for Process Mechanization and Automation of Cashew Processing Units, vs. Rs. 50 lakhs in the XI Plan and Rs. 5 lakhs for Quality up-gradation and Food safety Certifications.*

*For Associate members, this would be Rs. 10 lakhs and Rs. 2.5 lakhs respectively.*

## **10. Market Access Initiative Scheme Activity for the Medium Term (3 year)**

*The Council submitted a comprehensive Marketing proposal with the following components for consideration under the Market Access Initiative Scheme of the Ministry of Commerce, to increase the value and volume of cashew exports in the medium term.*

### **A. Regular Buyer-Seller Meets**

*Six years ago, India relinquished the position of “Largest*

*Exporter” of cashews to Vietnam. As the number two, we have to try harder.*

*We have started by organizing small Buyer-Seller Meets at the AFI, INC and Gulfood - events where large numbers of buyers come together. We have followed it up with Kaju India 2013, which just concluded. A regular program of Buyer-seller meets creates more occasions to meet customers and is one of the best ways to increase our market-share.*

### ***B. Global Cashew Council Activity***

*Following efforts to form a World Cashew Organization since 2005 initiated by the then Chairman Mr. Walter D’Souza, a Global Cashew Task Force was formed under the umbrella of the INC two years ago, with the foremost focus of promoting cashew consumption, particularly through research to affirm the nutritional benefits of consuming cashews. At the INC Conference in Singapore in May 2012, the GCTF was made into a longer-term association and rechristened as Global Cashew Council. The CEPCI has been a key mover at the Global Cashew Council.*



*In 2012-13, the GCC independently ascertained the detailed nutritional value of cashew samples collected from all over the world, including seven samples from various parts of India, which will be published as a Research paper shortly. The results indicate homogeneity in the nutritional values, which means that results of research done on cashews from any one region would be applicable to others also. This is a very important pre-cursor for conducting research. This is the first time such an analysis of cashew samples from all over the world has been done.*

*Based on the ascertained nutritional values, the GCC identified areas where Nutritional Research and clinical studies are likely to yield good results, the major ones being Cardiac Health and Diabetes Control. Heart Disease and Diabetes are two of the most prevalent illnesses today, and positive clinical results can have block-buster results on demand, as has been demonstrated by Almonds and Walnuts.*

*Of these Cardiac Health was voted as the first area of Research by GCC, as there is widespread misconception that*

*cashews actively cause heart disease. In India too, this fallacy is very prevalent and we believe that only study results from internationally acclaimed institutions will help establish that cashews are heart-healthy.*

*I am glad to inform that the GCC and CEPCI are jointly launching an International Clinical Research on the effect of Cashews on Cardiac Health that will enable us to promote cashews as heart-healthy, once positive results are out. GCC have called for research proposals from leading international experts in the field, which will be short-listed and finalized in the next few months.*

### ***C. Clinical Study on effect of Cashew on Diabetic people***

*In addition to the above, the Council decided to take up lower cost Indian research on Diabetes-management. CEPCI has sponsored a clinical study viz. "Effect of Cashewnut Supplementation on Glycemic Status & Lipid profile in Type 2 Diabetic subjects" with the Madras Diabetes Research Foundation, Chennai, and with renowned international advisors from the USA*

*(Harvard School of Public Health) and Europe (Universitat Rovira i Virgili, Spain).*

*In two years, we expect to have solid clinical research papers affirming the healthy nature of cashews, which will help us in marketing our product, increasing demand and thereby being able to realize higher unit-value for our exports.*

#### ***D. Marketing, Publicity and Promotion***

*Generic promotion of cashews by organizations like CEPCI, will help increase awareness and the usage of cashews in new products and thereby increase demand. We can follow the good example set by the Almond Board of California in this regard, particularly after we start seeing results of Nutritional Studies.*

*This Four-pronged effort, as part of an integrated plan will increase demand, and on a conservative estimate, increase our unit prices sustainably by 20-25% and thereby bring more health to the industry and more foreign exchange to the country. I am happy to announce that the Government of India has approved our proposal for a total expenditure of Rs. 4.50 Cr. over three years.*

*I heartily express my sincere thanks to Smt. Anita Agnihotri, Additional Secretary and Financial Adviser to the Govt. of India, Department of Commerce, Ministry of Commerce & Industry for providing this very much essential assistance to the industry.*

### **11. Interaction with Food Safety & Standards Authority of India (FSSAI)**

*The New Food Safety and Standards Act, in addition to the registration requirements, which are common to all Food industry, poses additional challenges for the Cashew Sector, particularly on two counts:*

*A. Raw cashews being considered as a “Food”, which requires food-norms for an inedible product. This causes problems for import of Raw cashews and also potential problems for handlers of raw cashews including cashew factories. The Council took up this issue with the Ministry of Commerce, Ministry of Health, and the FSSAI. We met with Mr. Dave, the head of the FSSAI and were able to explain the matter to him. On his advice, Dr. Muraleedharan Nair prepared and*

*submitted an insightful paper, with the valuable input of our Panel for Quality and Food Safety. We expect a favourable resolution to this issue as soon as the FSSAI's next Committee meets and takes up this issue.*

*B. Quality norms for cashew kernels are being derived from a general norm set for "Nuts and Dried Fruits". The issue here is the definition of Rancidity based on a FFA level, which is not based on any specific scientific studies. The Council will take this up as a second step over the next few months.*

## **12. Issue of under-invoiced Cashew Kernel Imports**

*Import of Cashew kernels into India at under-invoiced values to evade Import Duty is major problem faced by the industry over the past few years. The Council took up the issue of under-invoiced import of Cashew Kernels with the DGFT, the Ministry of Commerce and the Central Board of Excise and Customs under the Ministry of Finance, asking for a minimum base-price to be fixed for computing the import duties and that Duty levels be increased.*

*The Hon'ble Finance Minister tabled a Bill in Parliament, enabling imposition of a higher import duty up to 70% for the imported cashew kernels, which was passed. Following this, a notification was issued specifying an import duty of Rs. 60 or 45% (whichever is higher), for Broken Cashew Kernels and Rs. 75 or 45% (whichever is higher) for Whole Cashew Kernels. These minimum Import Duty levels fixed are however, much lower than actual price-levels, and therefore, the problem of under-invoicing of imported cashew kernels has not been effectively tackled. We have requested that the import duty of cashew kernels be increased to 70% and the Minimum Duty levels be increased, corresponding to the export prices of cashew kernels.*

*In addition to this, we have made a separate representation to the Directorate General of Foreign Trade to fix a minimum price for cashew kernel import.*

### **13. CEPC Laboratory and Technical Division**

*The CEPC Laboratory and Technical Division at Kollam continues to serve the industry in analyzing, testing, training*

*and rendering advice on technical matters.*

### ***A. Accreditations and Recognitions***

*The Lab maintained NABL accreditation for chemical and biological analysis of food, agricultural products and water, approval by Bureau of Indian Standards for analyzing packaged drinking water, and “A Grade” approval from Kerala State Pollution Control Board for analysis of water / waste water and solid waste.*

*During this year (2013), the CEPCI Laboratory achieved recognition under the Scheme on Recognition of Scientific and Industrial Research Organizations (SIROs), 1988 by the Department of Scientific and Industrial Research (DSIR) under the Ministry of Science & Technology, Govt. of India. This enables CEPCI to avail excise / customs duty exemption on purchase of equipments, instruments, spares thereof, consumables, etc. used for research and development.*

### ***B. Activities and Projects***

*The CEPCI Laboratory continues to be a recognized Doctoral Research Center for Microbiology and Biotechnology of Kannur*

*and Kerala Universities and for Chemistry at Kannur University. The Laboratory conducts certificate training programs in Analysis and Quality Management Systems which are widely accepted. The Lab also provides guidance and facilities to BSc/MSc/MPhil students for project-work in chemistry, bio-chemistry, bio-technology, microbiology and environmental sciences.*

*The Laboratory is presently implementing an NAIP project, "A Value Chain on Cashew for Domestic and Export Market".*

### **C. Facilities**

*The lab is equipped with modern analytical instruments and associated advanced research and testing in chemistry, bio-chemistry, bio-technology, food technology, microbiology and environmental sciences. In 2012-13, with assistance of Rs. 5 Cr. under the ASIDE scheme of the Govt. of India, the laboratory was further upgraded with more advanced analytical equipments including LC-MS, AAS, Automated Microbial detection and enumeration systems.*

*These instruments facilitate analysis with precision and accuracy within a short time frame. This is of great help to the*



*cashew industry as results are available quickly and thus exports are not held up. Also, in case of any requirement for additional in-depth detection and testing by foreign authorities / buyers, our Laboratory now matches the best in the world.*

*I take this opportunity to place on record, our thanks to the Govt. of India for providing this assistance to the industry which will help us meet high quality and testing requirements of the importing countries.*

*I express my sincere gratitude to all those who have helped me in discharging my responsibilities as Chairman of the Council during my tenure.*

*First of all I place on record my sincere thanks to the Ministers and officers of the Central and various State Governments for their assistance and co-operation in understanding and solving the problems of the industry.*

*I thank Shri Anand Sharma, Honourable Minister for Commerce and Industry, Government of India, Smt. D. Purandareswari, Honourable Minister of State for Commerce & Industry, Shri. P. Chidambaram Honourable Minister for Finance,*

*and Shri Sharad Pawar, Minister for Agriculture, Government of India for their keen interest and support to the Indian Cashew Sector.*

*I thank Shri. S.R. Rao, Commerce Secretary and his team of officers, particularly Shri A. K. Tripathy, Joint Secretary, Smt. Anita Agnihotri, AS & FA, Shri Ajit Chavan, Deputy Secretary & Shri R.S. Bisht, Under Secretary, Department of Commerce, Ministry of Commerce & Industry, for the fullest support and guidance they have been extending to our Council and the cashew industry.*

*I place on record our gratitude to Dr. Anup K. Pujari, Director General of Foreign Trade and all the regional heads and officers under him, for the help they are rendering to the cashew industry and the Council.*

*I thank Shri Venketesh Hubbali, Director and his team at Directorate of Cashewnut & Cocoa Development, Ministry of Agriculture & Co-operation, Government of India Cochin for their valuable efforts in increasing the domestic production of raw cashewnut.*

*My sincere thanks are also due to the other Ministers and Ministries of the Government of India and the State Governments for their assistance to the cashew sector and the Council.*

*Members would recall that we had sent out an appeal requesting for contributions for setting up a Nutrition Research Fund for cashews. I wish to thank M/s Samsons Trading Co. Pvt. Ltd, M/s Kerala Nut Food Co, Karnataka Cashew Manufacturers Association and M/s Western India Cashew Co. Pvt. Ltd. for their prompt responses by way of sending in contributions. I request the remaining members to follow suit so that our Council can have adequate funds to take up meaningful activities in the field of nutrition research - the results of which could lead to many-fold increases in cashew consumption.*

*I place on record my personal appreciation and thanks for the unstinted support and intelligent advice of Shri Anu S. Pillai, your Vice-Chairman, Past Chairmen Shri Shahal Musaliar, Shri Walter D'Souza, and Shri K.Krishna Pillai, Past Vice Chairmen Shri K. Gopinathan Nair, Shri Giridhar Prabhu, Shri Babu Oommen and Shri Gopi Mohan, all Members of the Committee of Administration, Panel Conveners Shri. Anu S Pillai, Shri. Babu Oommen, Shri. Pratap Nair, Shri. G. Satheesh Nair,*

*Dr. Unni Krishnan, Shri. P. Sundaran, Shri. M.A. Anzar, Shri. Pramod Kamath and other active Panel Members for the proper and successful functioning of the Council.*

*I take this opportunity to place on record our appreciation and thanks to Shri K. Sasi Varma, Executive Director & Secretary, Ms. Sree Rajmohan, Joint Director, other officers and staff of the Council for the good work they have been rendering with sincerity, in service of the cashew exporting community. I acknowledge with thanks, the efforts of our staff from Cochin who has moved to Kollam making difficult adjustments to their personal schedules and family life and extending their good services in the Council. Thanks to their efforts, CEPCI will now be able to undertake more activities and programmes for members.*

*I also place on record our appreciation and thanks to Dr. Muraleedharan Nair, Chief Administrator & Head of CEPC Laboratory and his team for their efforts in helping the industry in matters of quality up-gradation of cashew kernels and other related matters.*

*On behalf of the Committee of Administration and on my*

*own behalf, I thank all members of the Council, the cashew trade associations, all other organizations and others who have wholeheartedly co-operated with the Council and strengthened the Council with their active interest, involvement and support.*

*It is extremely gratifying for me to recall the full co-operation and support from all persons who are directly and indirectly connected with the industry as well as the Council that I received during my term of office as Chairman of the Council.*

*Thank you all once again.*

*Jai Hind*



दि काष्णू एक्स्पूटे प्रमोशन कौणसिल ओफ इण्डिया

**The Cashew Export Promotion Council of India**

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