



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

**Speech delivered by  
Shri P. Sundaran  
Chairman**

**at the Sixty First Annual General Meeting  
held on 29<sup>th</sup> September 2016**





## **P Sundaran**

*Chairman*

Ladies and Gentlemen,

I am glad to welcome you all to this Sixty First 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 2016 has already been circulated to you and I trust that, I have your approval to take them as read.

### **Membership in the Council**

The Council's membership crossed 300 during the last year and I am glad to inform that as on date, we have 234 ordinary members, 1 co-opted member and 108 Associate members (total 341) from all over the country.

### **Export Performance**

India earned Foreign Exchange of US\$ 765 million, equivalent

to Rs. 5010 Cr. through export of cashew products during 2015-16, including 0.96 lakh MT of cashew kernels worth US\$ 756 Mln (Rs. 4,952 Cr.) and 0.12 lakh MT of CNSL worth US\$ 9 Mln. (Rs. 58 Cr.)

The USA, UAE, Japan, Saudi Arabia and Netherlands continued to be major buyers of Indian cashew. On a regional basis, export to the American Zone was 25%, West Asia and Africa 36%, European Zone 23%, South East and Far East Zone 16% of our total exports.

During the first five months of the current year ( April – Aug. 2016), our exports of cashew kernels was 25,493 MT valued at Rs. 1,801.89 Cr. and that of CNSL was 5,954 MT valued at Rs.21.75 Cr. reflecting a decrease of 39% in quantity and 14% in value in the exports of cashew kernels. In the case of CNSL, though there was an increase in the quantity, there was a decrease of 3% in value, during the current year compared to the same period, last year.

For the whole year 2015-16, cashew kernel exports decreased by 19% (in quantity) and 9% (in value), as compared to 2014-15.

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

As per the estimate of the Directorate of Cashewnut & Cocoa Development, production of raw cashew nuts in India during 2015-16 was 6.70 lakh MT as against 7.25 lakh MT during 2014-15, reflecting a 7.6 % decrease. The annual raw nut requirement of the cashew processing industry in India is estimated to be about 20 lakh

MT as against the domestic raw nut production of about 8 lakh MT, forcing processors to depend on imports to make up the shortfall. There is therefore, an urgent need to increase production of raw cashew nuts in India. In this regard, we have to be grateful to the Directorate of Cashewnut and Cocoa Development under the Ministry of Agriculture have been making earnest attempts to boost the domestic production of raw nuts by formulating and implementing various schemes of Govt. of India for production development.

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

### **Export Incentives**

The export incentives which were available for cashew till 31<sup>st</sup> March 2015 were Vishesh Krishi Gram Udyog Yojana (VKGUY), Duty Drawback, interest subvention and Agri Infrastructure Duty Scrip Schemes. However, with effect from 1<sup>st</sup> April 2015, the MEIS Scheme (which has been introduced in lieu of the erstwhile VKGUY Scheme) saw cashew being singled out for drastic rate cuts, with reduced MEIS rates of 3% for Cashew kernel plain and 5% for roasted and salte, as against the earlier 5% and 7% (VKGUY) respectively. With lower export incentives and high processing costs, the industry is indeed, passing through very difficult times. We have, from our side, been requesting the Government of India to at least revise the MEIS rates to the erstwhile VKGUY levels and are hopeful of a positive response.

I once again request the Govt. of India to favorably consider our genuine request to provide 5% MEIS for cashew kernels and 7% for roasted and salted cashews at least with effect from 1 April 2016 as otherwise, the cashew exporters will find it very difficult to withstand competition and survive in the international markets especially under the current global recession scenario.

### **Import Duty on Raw Cashew Nuts.**

As all of you are aware, the Government of India has imposed an import duty of 5% on import of raw cashewnuts in the union budget 2016 - 17 vide Notification No. 12/2016-Customs dated 1<sup>st</sup> March 2016. The total burden, including other levies such as Special Additional Duty, Cess, etc., works out to 9.36%. This added burden over and above the already high raw nut prices has rendered the industry totally unviable. There has been numerous issues related to Customs / Ports, leading to difficulties in clearing imported raw nuts. Even while importing from the LDCs where duty exemption is available, importers have been facing issues in clearing their cargo due to the data pertaining to the authorized signatories not being updated on the Customs' servers.

Raw cashewnut import was, till end February 2016, allowed to be imported free of duty on account of (i) insufficient domestic production and (ii) being a traditional industry which provides employment to more than ten lakh rural workers, 90% of whom are women from the underprivileged sections of society. The imposition

of duty on import of raw cashewnuts has adversely affected this industry and around 40-50% of factories pan India have already been closed due to unviable conditions.

Though duty free import is permitted under the Advance Authorisation provision, due to impractical Standard Input Output Norms (SION), this has turned out to be a difficult proposition. This again reinforces the need to roll-back the import duty as otherwise, the Indian exporter will not be able to import raw nuts. Our efforts to get the SION modified by exempting the industry from the quantity norms, is continuing in right earnest.

I request the Government of India to please roll-back in full, the Customs Duty imposed on imports of Raw Cashewnuts vide Customs Notification No. 12/2016 dated 01.03.2016, as otherwise, this traditional industry which provides employment to more than 10 lakhs workers (90% of whom are women, from the underprivileged sections of the society) would not be able to recover from the crisis situation it is subjected to, due to imposition of this Customs Duty.

## **Marketing, Publicity and Promotion**

The Council had been regularly undertaking various export promotion programmes under the Market Development Assistance (MDA), Market Access Initiative (MAI) and Five year plan Schemes of the Govt. of India and extending financial assistance to exporters / potential exporters against these schemes.

The Council organized participation in three international fairs during the year (2015-16) viz. Summer Fancy Food Show, New York, USA (July 2015), ANUGA, Germany (October 2015) and GULFOOD, Dubai (February 2016). Cashew pavilions were organized in these fairs with independent booths for member exporters apart from the CEPCI central stall.

The Council has disbursed a sum of Rs 6.77 lakhs to 8 member exporters under MDA assistance during 2015-16 for participating in the above programmes sponsored by the Council.

During the current year (2016-17) the Council has already participated in the the INC Congress, San Diego, USA (May 2016). The Council will be participating in the SIAL Fair (Paris) in October and Food Week Exhibition (Seoul) in November, this year. I hope these fair participations will help our members generate more export orders.

As you would recall, the Diamond Jubilee celebrations of our Council and the KAJU CONCLAVE was held at the Le-Meridian Convention Centre, Kochi, from 29th September to 1st October 2015. The three day meet was a grand success with a record participation of 700 delegates and 44 exhibitors from various countries. Technical sessions by eminent experts covered most of the topics of interest to all stakeholders. I take this opportunity to extend my gratitude to all Members of the Council, especially those who worked tirelessly under various panels to make the event truly memorable.

## **GLOBAL CASHEW COUNCIL**

Your Chairman represented the Council at the Meeting of the Steering Committee of the Global Cashew Council under INC , which was held at Hyatt Hotel, San Diego, California, USA, on 30th May 2016, on the sidelines of the 35<sup>th</sup> World Nut and Dried Fruit Congress organized by the International Dried Fruit Council (INC).

### **Five Year Plan Schemes extending financial assistance to members XII Five Year Plan (2012-2017)**

As all of you are aware, the Council is implementing two schemes viz.

1. Process Mechanization and Automation of cashew processing units and
2. Quality Upgradation and Food Safety Certifications for providing financial assistance to members under the XII Plan scheme of the Government of India.

The maximum total grant available for member exporter is Rs. 100 lakhs for Process Mechanization & Automation of Cashew Processing Units and Rs. 5 lakhs for Quality Up-gradation and Food Safety Certifications. Though we have requested that the upper limit of grant per exporter be raised to Rs 2 Cr., we are yet to receive approval for this.

For Associate members, the upper limit for grant is Rs. 10 lakhs and

Rs. 2.5 lakhs respectively against the above two components. However, full funds as per the original allocation is yet to be released to us.

During the year 2015-16, a sum of Rs. 5.10 Cr. was released to 66 member exporters as grant-in-aid under the XII Five Year Plan Schemes.

I would like members to note that the current (12th) 5 Year Plan period (and along with it, this scheme), is coming to an end on 31st March 2017 and the last date for receipt of **claims** (not applications for approval) against this scheme is **31st October 2016**. Please therefore do make sure that you submit your claims before this date.

### **Seminars & Meetings**

During the year 2015-16 your Chairman, Vice Chairman, Executive Director & Secretary, Joint Director and other officials of the Council attended various Seminars/Meetings/Interactive Meetings convened by Union Commerce Minister, Commerce Secretary, DGFT, Commissioner of Customs, Cochin Port Trust, Industries Department, Kerala, Kerala State Planning Board, FIEO, Bankers, FICCI, etc. related to various issues concerning the cashew industry.

An Interactive meeting/workshop on the implications of import duty on raw cashew nuts and the procedures for availing the provisions of the Advance Authorisation facility was organized by CEPCI at Kollam in March 2016. Our efforts to sort out related issues continue.

Memorandums for roll-back of import duty on raw nuts, SION modification and restoration of export incentives to the erstwhile VKGUY levels were submitted to Shri. Arun Jaitley, Honourable Union Minister for Finance, as well as to Smt. Nirmala Sitharaman, Honourable Union Minister of State for Commerce.

Your Council also conducted a press meet at Thiruvananthapuram on 22nd September 2016, to highlight the industry's five-point prayer to the Government of India to roll back the import duty on raw cashew nuts, modify SION and to introduce a special financial revival package to help the industry tide over the present crisis situation. This press meet was attended by around 80 members of the media and has got wide national level coverage.

### **CEPC Laboratory and Technical Division**

The CEPC Laboratory and Technical Division at Kollam continued serving the industry in analyzing, testing, training and rendering advice on technical matters.

### **Activities & Projects**

The lab is equipped with most modern analytical instruments and associated advance research and testing in chemistry, bio-chemistry, bio-technology, food technology, microbiology and environmental sciences.

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/M.Phil students for project work in chemistry, bio chemistry, biotechnology, microbiology and environmental sciences.

## **Accreditations and Recognitions**

The laboratory has now been accredited as an approved testing facility under FSSAI. This I hope will be a major achievement in the analytical front and will benefit all food processing or handling facilities in and around Kollam.

The Department of Scientific and Industrial Research (DSIR) under the Ministry of Science & Technology, Govt. of India has recognized CEPCI Laboratory under the Scheme on Recognition of Scientific and Industrial Research Organizations (SIROs), 1988.

The CEPCI Laboratory maintained NABL accreditation for chemical and biological analysis of food, agricultural products and water and is also approved 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.

The Laboratory continues to be a recognized Doctoral Research Centre for Microbiology and Biotechnology of Kannur and Kerala Universities and for Chemistry at Kannur University.

Before I conclude, it is my bounden duty to 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 let me thank Smt. Nirmala Sitharaman, Honourable Minister for Commerce and Industry, Government of India, Shri. Arun Jaitley, Honourable Minister for Finance, Government of India for support to the Indian Cashew Industry.

I also place on record my sincere thanks to all 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 cashew industry.

I wish to thank Smt. Rita Teotia, Commerce Secretary and her team of officers for their valuable help, guidance and support to the industry and to the Council. Shri Santosh Kumar Sarangi, Joint Secretary, Shri Ajit B Chavan, Director, Shri R.S. Bisht, Under Secretary and Shri Ram Sagar Panjair, Section Officer, Department of Commerce, Ministry of Commerce & Industry, deserve our heartfelt thanks for the fullest support and guidance they have been extending to our Council and the cashew industry.

I wish to thank Shri Venketesh Hubballi, 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 for their assistance to the cashew industry and the Council. I also thank Shri. Ravi Capoor, Joint Secretary, Shri. N.Ramakrishnan, Dy. Secretary & Shri. Rajeev Kumar of the E&MDA Division for the valuable guidance and assistance they have been rendering to our Council

I wish to place on record our gratitude to Shri. Anup Wadhawan, Director General of Foreign Trade, Shri. D.K. Singh, Addnl. DGFT and all the regional heads and officers under the DGFT, for the help being rendered to the cashew industry and the Council.

I convey my personal appreciation and thanks for the unstinted support and intelligent advice of Shri M A Anzar, your Vice-Chairman, all Members of the Committee of Administration, Panel Conveners and Members. I am grateful to all of you for your support and contributions to 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, who after 15 years of meritorious service has retired from the services of the Council on 31<sup>st</sup> July 2016, and is continuing to provide his service as Advisor.

In the meanwhile, to fill up the vacancy created by the retirement of Mr. K. Sasi Varma, newspaper advertisements were released &

interviews conducted. Shri. S. Kannan (currently employed as Director Marketing, Spices Board, Kochi), has been selected as the Executive Director of the Council and appointment letter issued, directing him to join duty before November 2016. Shri. Kannan has vast experience in the field of export promotion, besides having the added advantage of having served for a brief period, as the Secretary of this Council (under deputation from Spices Board), during the year 2000.

My thanks are due to Smt. 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 also place on record, my appreciation and thanks to Dr. Prabha Kumari, Deputy Principal Scientist and all other Scientists and staff at the CEPCI Lab & Technical Division for their efforts in helping the industry in matters of quality up-gradation of cashew kernels and other related matters.

I thank Shri. T.V. Narayanaswamy, our Liaison officer at Delhi, who has been representing our interests with the Ministry of Commerce sincerely and efficiently.

We have, as per the provisions of the Foreign Trade Policy, successfully implemented E-voting facility in the Council and for this, I thank Mr. P.K.Krishnamurthy of M/s J.K.M.Associates, Kochi,

our Company Secretaries, M/s CDSL, the E-voting service provider and Mr. R.Kalyanakrishnan, Administrative Officer, CEPCI, who took an active interest in implimenting this system.

On behalf of the Committee of Administration and on my own behalf, I thank all members of the Council, the cashew trade associations, other related organizations and all others who have whole-heartedly co-operated with the Council and strengthened the Council with their active interest, involvement and support.

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

Thank you all once again.

Jai Hind

---