



P Sundaran

Chairman

Dear CEPCI Members,

It gives me great pleasure to welcome you all to the 62nd Annual General Meeting of the Cashew Export Promotion Council of India. On behalf of the Members of the Committee of Administration of the Council, I thank you for joining us today, your presence indeed is a true testimony of your involvement and support for this esteemed institution.

At the outset may I request all of you to kindly go through the 62nd Annual Report which comprises the overall performance and major activities undertaken by the Council along with the Audited Accounts and the Auditor's report for the financial year 2016-17. I am confident that it stands approved. The year 2016-17, witnessed a period of profound economic as well as policy revision and we continued to build our capabilities with regard to people, services and infrastructure.

Membership in the Council

The Council's membership crossed 360 during the last year and I am happy that we had 242 ordinary members, 1 co-opted member and 120 Associate members totaling 363 from all over the country as of 31st March 2017.

As a measure to embrace the involvement of all stake holders of the industry in the activities of the Council, we propose to include cashew exporters without manufacturing or processing facilities also as Associate Members. We also propose to have another category of membership as "Supporting Members" who are Brokers, Quality inspection agencies, Shipping lines, C & F agents, Surveyors, Banks & Financial Institutions, etc. Since The Memorandum & Articles of Association and the Membership Rules needs to be amended, the same has been included as an agenda for the AGM today.

Export Performance – Fiscal 2016-17

During the year 2016-17, we have exported 82,000 MT Cashew kernels valued at Rs.5,169 Cr. and 11,000 MTs of CNSL worth Rs.44 Cr. combining to a total of Rs.5,213 Cr., US \$ 778 Million foreign currency earnings. Export of Cashew kernels recorded a decrease of 15% in quantity and an increase of 4% in value realization as compared to 2015-16.

The UAE, USA, Saudi Arabia, Japan and Netherlands were our top 5 markets for Indian cashew kernels during 2016-17. On a regional basis, export to the Middle East was 39%, American Zone 22%, European Zone 22%, and South East & Far East Zone 15% of our total exports. It is for the first time in the history we note that the USA lost its prime position to UAE. At this juncture, we need to analyse how to recapture our lost share in the USA and at the same time, still enhance our market share in UAE as well as in other emerging markets.

Imports of Raw Cashewnuts

During 2016-17, Indian imports of raw cashewnuts accounted to 7.7 lakh MT recording a decline of 20 % compared to 9.6 lakh MT imported during 2015-16. During the current fiscal, import of RCN up to July 2017 was 2.9 lakh MT compared to 3 lakh MT during the same period, last year. The high raw nut price coupled with import duty, unattainable SION for Advance Authorisation and procedural hassles for import from LDCs have badly affected the industry which resulted in a decline of our imports of RCN for export processing.

Production of Raw Cashewnuts in India

As per the estimate of the Directorate of Cashewnut & Cocoa Development (DCCD), Ministry of Agriculture & Farmer's Welfare, Govt. of India, the production of raw

cashew nuts in India during 2016-17 increased by 16%. The raw seed requirement of the cashew processing industry in India is estimated at about 20 lakh MT per annum and the big gap is being met by import from other countries. There is an urgent need to increase our domestic production of raw cashewnut and reduce our dependency on imported raw nuts. The DCCD is making earnest attempts in this direction by implementing the schemes of Govt. of India for increasing the production. Thanks to their efforts, many nontraditional states have now turned to look into cashew cultivation and as of now, we have cashew cultivation in 17 States of India compared to the 11 states, few years back.

I am glad to inform you that at the National Conference organized by the DCCD on 7th and 8th November 2016, your Vice Chairman had presented the CEPCI Road Map to have a focused program for area expansion and re-plantation thereby achieving a production of at least 20 lakh MT of RCN by the year 2025, which is under active consideration of the Government of India. As a measure to promote cashew cultivation, the CEPCI has also proposed to organise interactive sessions with officials of Regional Cashew Research Centers and Horticulture Departments, cashew processors, exporters and farmers of various geographical locations. Two such sessions were organized,

one in Mangalore, Karnataka and another in Neyveli, Tamil Nadu. In this connection, I extend bouquet of gratitude to the various State Governments who are taking keen interest to promote cashew cultivation.

I appreciate Smt. Mercykutty Amma, the Honourable Minister for Cashew Industry, Government of Kerala for taking initiatives to promote cashew cultivation unraveling the unexplored areas to accelerate growth of raw cashew production. The CEPCI also acknowledge gratefully, the move of the Ministry of Agriculture, Govt. of India for their efforts in the expansion of cashew cultivation.

I would also plead the Government of India to allocate sufficient funds to put forward necessary schemes to increase the production of raw cashew nuts in India through DCCD.

Export Incentives – MEIS Scheme for Cashew Kernels

The export incentive schemes are being implemented by the Govt. of India with the objective to provide rewards to exporters, to offset infrastructural inefficiencies and associated costs involved and to provide exporters a level playing field.

With lower export incentives and high processing costs, the cashew industry is in great turmoil. We have been repeatedly requesting the Government of India to

place cashew at the highest slab of MEIS as the present 3% is inadequate to support the industry. Considering the present industry scenario, we request the Govt. to allow 10% MEIS for cashews.

The meeting of your Chairman, Vice Chairman and Executive Director with the Hon'ble Commerce Minister, Finance Minister, Commerce Secretary, DGFT and other concerned officials of the Ministry of Commerce several times has convinced them on the need for adequate Governmental support for the survival of the industry. The same concern was raised during the discussion of the Chairman and Committee Members with Shri Suresh Prabhu, the Hon'ble Minister of Commerce & Industry in the recently held "Kaju India 2017" at Goa. As per the instructions of the Minister, the CEPCI is in the process of submitting its strategic plan, "Mission 2020" before the Govt. of India.

Import duty for cashew kernels.

The import duty on roasted & salted cashew kernels was increased from 30% to 45%, in tune with the admissible import duty for plain cashew kernels, during the 2017-18 Budget announcements. We hope that, this would discourage the import of roasted & salted cashew kernels for the domestic market and encourage the indigenous products.

The CEPCI makes use of this opportunity to thank the

Hon'ble Finance Minister, Shri. Arun Jaitley for this positive move. The CEPCI's request to the Union Government to impose 70% import duty on imported cashew kernels and to revise the Minimum Import Price in terms of the prevailing export market is under active consideration. We request a favourable early decision of the Government in this regard.

Import duty for raw cashewnuts.

As all of you are aware, the Government of India imposed a duty of 5% on import of raw cashew nuts in the union budget 2016 – 17. This was an additional burden to the industry which otherwise was ailing due to the unaffordable prices of imported raw cashew nuts. It has also resulted in the closure of about 40% of factories pan India, retrenching around 4 lakh workers.

I am happy to share with you that as per the indication given by the Honorable Commerce and Industry Minister during the Kaju India meet, we are hopeful that the 5% duty imposed on import of raw cashewnut may be rolled back very soon. The CEPCI is committed to take up the matter to its successful conclusion and I am sure my successor will take every effort for withdrawal of import duty and bring in relief to the Cashew industry.

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 Scheme of the Govt. of India and extending financial assistance to exporters. Since 2017-18, the Government of India, has not been providing financial assistance under MDA for participation in fairs, international Seminars, BSMs etc. MAI assistance is provided, only if, there are more than 50 participants to attend the fair or BSMs. This has badly affected the marketing, publicity and promotional activities of the CEPCI recently. Therefore, it is my humble plea to the Department of Commerce, Government of India to re-examine the MDA & MAI guidelines so as to foster better days for the future of the industry.

The participation of the Council in four international fairs during 2016-17 viz. SIAL, Paris during October 2016, Food Week-Korea, Seoul in November 2016, GULFOOD, Dubai during February 2017 and Foodex, Tokyo in March 2017, showcased new platforms by arranging cashew pavilions in the fairs with independent booths for member exporters apart from the CEPCI central stall.

During the year 2017-18 the Council has already participated in the INC Congress, Chennai in May 2017 and has submitted proposals to the Department of Commerce for participation in the ANUGA fair in October 2017, Gulfood

in February 2018 and Foodex in March 2018. I hope, these fair participations will help our members to make direct business contacts with existing and prospective buyers.

The 36th World Nut and Dried Fruit Congress (INC) held at Chennai during May 2017 witnessed participation of official representatives your Chairman, Vice-Chairman and Executive Director and other CEPCI members. Your Chairman also took active participation in the Steering Committee meeting of the Global Cashew Council under INC, representing the Council, during May 2017.

The “CEPCI Cashew Meet” organized at Chennai, during the INC Meet on 20th May, 2017 was a grand success as it was attended by over 70 overseas delegates; provided golden opportunities for business networking and direct interaction. In the meeting, your Chairman launched the KAJU INDIA 2017 – The Global Cashew Summit.

Kaju India 2017 – The Global Cashew Summit

KAJU INDIA 2017 – THE GLOBAL CASHEW SUMMIT held at Hotel Grand Hyatt, Goa from 17th to 19th September 2017 was yet another laurel in the cap of the CEPCI bringing in the participation of more than 550 delegates and 23 exhibitors from 10 different countries. The technical sessions by eminent and experienced personalities touched most of the topics of interest to all stakeholders.

The Honorable Chief Minister of Goa, Shri. Manohar Parrikar inaugurated the Kaju India 2017. At the inaugural Session, the key note address was made by Smt. J Mercykutty Amma, the Honorable Minister for Cashew Industry, Government of Kerala. Shri N.K Premachandran, Honorable Member of Parliament from Kerala addressed the delegates. The presence of these leaders was an assurance of their indelible support for the development of the industry.

The Expo associated with the Kaju India showcased various cashew processing machineries using the latest technology. It is worth mentioning the contribution of Shri. S. Renjith Lal for organising the machinery exhibition which was well appreciated by all delegates of Kaju India.

The CEPCI had introduced the “KajuIndia-app” for the delegates giving all details, provision for Q & A Session, download various presentations, etc. for the first time at the Kaju India 2017. The efforts and involvement of your Vice Chairman require special mention and I congratulate him for his excellent performance and efficient management as the General Convenor of the Kaju India 2017 making it a grand success.

The CEPCI pioneered in acknowledging the top performers and outstanding personalities of the industry. Export Excellence Awards were presented in different categories and Export Awards to State toppers. This

event also witnessed honouring stalwarts of the cashew industry in India and abroad with Kaju India 2017 Awards. We place on record, our sincere gratitude to Shri Suresh Prabhu, our Hon'bl Minister for Commerce & Industry, Govt. of India for presenting the awards.

The major findings of the clinical evaluation study on "Effect of Cashewnut Supplementation on Type 2 Diabetic Subjects" undertaken by the Council was released by the Honorable Minister for Commerce and Industry, Government of India in Kaju India 2017.

It was assured by Shri Suresh Prabhu, the Honorable Minister at the Kaju India that effective supportive measures would be rendered if a practical and feasible strategic business plan is designed to attain the target of exports worth 1 billion USD. For achieving the same, your chairman formulated a core committee which had serious discourses on the above and the report will be finalised soon.

Shri. Deepak Vasant Kesarkar, Honorable Minister of State of Maharashtra also addressed the delegates. Shri. Kesarkar informed that he comes from the cashew cluster area of Maharashtra and has assured his full support for the CEPCI initiatives in connection with the development of the cashew industry in Maharashtra.

Apart from successful conduct of the KAJU INDIA-2017 - The Global Cashew Summit has given us the best opportunity to convince our concerns and issues

to the Minister for Commerce & Industry, Govt. of India. The positive approach and commitment from the Honorable Minister has given the industry new hopes to move forward. I am sure that under his leadership, with the support of the Central and State Govts and the active co-operation of our members, we will be able to achieve the target of US \$ 1 billion worth exports within a span of 2 years.

I also take this opportunity to extend my gratitude to all delegates of Kaju India 2017, Conveners and Members of the various Panels for the Kaju India 2017, Moderators and Speakers of various Business Sessions and specially Mr. Suresh Zantye and the Zantye family who have helped for the successful conduct of the Kaju India 2017 at Goa.

XII Five Year Plan (2012-17) Schemes - Extending financial assistance to CEPCI Members

As all of you are aware, the Council has been implementing Plan Scheme for providing financial assistance to members for Process Mechanization and Automation of cashew processing units and Quality Upgradation. During 2016-17, for the 1st time, the Council has disbursed Rs.6.00 Cr. as grant-in-aid in a year and supported 140 claims of our members in 7 different states.

Considering the need to pursue Modernization and Automation, the Council has submitted a proposal for Rs. 60.00 Cr. for continuing the schemes during the Mid Term period of three years from 2017-18 to 2019-20 as well as for disbursing the pending claims of 2016-17. The Scheme is under active consideration of the Govt. of India and the approval of the Government is expected soon. Thanks to the Honorable Commerce & Industry Minister, who has been kind enough to understand our problems and support the industry for its survival and growth.

CEPCI initiatives, Seminars & Meetings

During the year 2016-17, your Chairman, Vice Chairman, Executive Director & Secretary, Joint Director and other officials of the Council attended various Seminars, Meetings, Interactive sessions, etc. convened by the Department of Commerce, Ministry of Agriculture, DGFT, DCCD, Commissioner of Customs, various Port Health Authorities, TAMP, Industries Department, Planning Board, FIEO, Bankers, Export Inspection Agency, FICCI, CII etc. related to various issues concerning the cashew industry.

From 1st July 2017, Goods & Services Tax (GST) was implemented in India which is regarded as the game changing reform that has brought in major fiscal changes in the industry during the year 2017. As a proactive measure, the CEPCI organized interactive meetings at Kollam,

Panruti and Mangalore for CEPCI Members with the concerned officials of Central Excise and experts in the field to provide awareness on the GST rules, systems and to familiarize the procedure for migration and possible implications for trouble free implementation of the GST in the accounting system.

Contradicting our expectations, the GST rate for cashew was first fixed at 12% slab and therefore foreseeing the difficulties that 12% GST would bring to the cashew industry, the Council requested the Finance Minister and the GST Council to include Cashew in the lower GST slab of 5%. I wish to take this opportunity to record our deep appreciation and thanks to the Government of India for reducing the GST rate for Cashew to 5%. It is indeed a kind gesture and timely support of the Finance Ministers of the states and collective efforts and aggressive follow up of the Cashew Processing Associations in major states that has made this possible. My thanks are due to the various Cashew Associations and CEPCI members who have taken extra efforts to organize meetings with Ministers and concerned officials and who have appealed for reduction of GST slab to 5%. It is the positive and encouraging response from the cashew industry which has given more strength and success in achieving targets and I wish to have the same in future too.

During November 2016, as a consequence of the demonetization policy of the Govt. of India, due to the restrictions imposed for cash withdrawal per day, per week, most of the cashew processing units were facing serious cash crunch. The Council took up this issue to the Government of India, various State Govts. and RBI. As a result, alternative arrangements were made by different State Governments to revoke payment of wages in cash to the cashew workers.

The timely intervention of the CEPCI with the various Customs Officials, Port Authorities, DGFT and FSSAI officers has helped the industry in addressing many problems and issues faced in the course of their activities and have enabled smooth operation.

The efforts taken by the CEPCI in reducing the irrational increase in the Plant Quarantine Inspection fees could yield positive results whereby, the fee was reduced from Rs.2000/- to Rs.200/- for additional MT.

In the Diplomatic Conclave conducted by the Government of Kerala with the support of the Ministry of External Affairs, Government of India for direct procurement of raw cashew nuts from African nations, your Chairman had raised major issues on the prevailing higher prices for RCN, untimely and default in shipments by some of the suppliers in African nations.

For timely action as well as quick dissemination of important information directly to the Members, the CEPCI introduced a whatsapp group “CEPCI Forum” during the year. In order to serve the industry better and to provide timely assistance on priority to the Members, a new service through email “support@cashewindia.org” was also introduced. The renovated reception bay of Cashew Bhavan became more professional.

Financial and Administrative discipline have been brought in the office and laboratory during the year. For the first time in the history of CEPCI, an internal audit was introduced to ensure transparency and accuracy in accounts. Proper work allocation has been provided to the officials and staff for better accountability and performance. As per the appraisal made, the Contract Employees were provided with a considerable increase in the monthly remuneration during the year.

Appointment of ED & Secretary

Shri. K. Sasi Varma, who was with the Council as Executive Director & Secretary since the year 2000 retired from the services of the Council in July 2016 and Mr. S Kannan was appointed as the Executive Director & Secretary during November 2016. Mrs. Sree Rajmohan, Joint Director was holding charge of the Executive Director till such time, Mr. Kannan assumed office. Mr. Kannan is a

veteran in export promotion activities as the Director (Marketing) in the Spices Board and has also worked as Secretary of the Council prior to Mr. Sasi Varma earlier in 2000 for a small period of 5 months on deputation. I wish him all success in his new appointment.

CEPCI Regional Office in Goa

I am indeed very glad to inform you that the Committee of Administration of the Council has decided to extend operation of the Council by establishing its first regional office in Goa which will be operational soon. It is also decided to open more regional offices in other cashew growing and processing areas.

CEPCI Laboratory and Research Institute

The CEPCI Laboratory & Research Institute continued serving the industry in analyzing, testing, training and rendering advice on technical matters. The CEPCI Laboratory has achieved yet another milestone and was renamed as “CEPCI Laboratory & Research Institute” by Smt. J. Mercykutty Amma, Hon’ble Minister for Fisheries, Harbor Engineering and Cashew Industry, Govt. of Kerala on 18 January 2017. The FSSAI services of the CEPCI Laboratory & Research Institute to the Food Industry was launched by Smt. K. K. Shylaja Teacher, Hon’ble Minister for Health & Social Justice, Government of Kerala on the same day.

The Kerala State Consumer Federation (KSCF) had entrusted with us, the testing of their food ingredients samples supplied during Onam season throughout Kerala in 2017. This assignment has widened the credibility and commitment of the laboratory. Other food sampling and analytical assignments are in the pipeline from the Government including testing of the mid day meals provided to school children, water samples from Indian Railway Catering and Tourism Corporations (IRCTC) and pesticide residue in vegetables supplied in Kerala.

The Laboratory conducts certificate training programs in analysis and quality management systems which are widely accepted. The Lab also facilitates as a Learning & Research center to BSc, MSc, M.Phil & Ph.D students for project work in Chemistry, Biochemistry, Biotechnology, Microbiology and Environmental Sciences.

I am extremely happy to report that as a result of these enlarged scope and activities the laboratory which was piling losses for years together has started making profit this year. I congratulate the efforts of the entire scientists and staff of the laboratory for their committed services.

Accreditations and Recognitions

The CEPCI Laboratory & Research Institute is recognized by the Department of Scientific and Industrial Research (DSIR) under the Ministry of Science & Technology,

Govt. of India and accredited by NABL for chemical and biological analysis of food, agricultural products and water. It has also maintained the approval of the 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 is also accredited as an approved testing facility under FSSAI.

The Institute continues to be a recognized Doctoral Research Centre for Kannur and Kerala Universities. The Centre has also been considered for Biotechnology Industrial Training Program of the Department of Biotechnology under the Ministry of Science and Technology.

Before I conclude, let me express my sincere gratitude to all those who have helped me with their continuous support and effective contribution in discharging my responsibilities as Chairman of the Council.

First of all let me thank Shri. Suresh Prabhu, the Honourable Minister for Commerce and Industry and Shri. Arun Jaitley, Honourable Minister for Finance, Government of India for their guidance and support to the Indian Cashew Industry.

I would also wish to thank Shri. C.R Chaudhary, Honourable Minister of State for Commerce and Industry, Government of India.

My special thanks and gratitude are due to Smt. Nirma-la Sitaraman, former Minister for Commerce and Industry, Government of India.

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

I wish to thank Smt. Rita Teaotia, Commerce Secretary to the Government of India for her valuable help, guidance and support to the industry and to the Council. Shri. Santosh Kumar Sarangi, Joint Secretary has played a special role for the development of the industry and extended outstanding support in addressing many of the issues. I extend a special thanks and regards to him.

Shri. N Ramesh, Director has always been supportive, and rightly directing the CEPCI and helping the industry in many ways. We record our sincere thanks to the Director.

Shri. Raj Kamal, Director and Shri. Rajeev Kumar, Under Secretary of the MAI Division of the Dept. of Commerce has been very supportive and providing liberal financial assistance for many of our market promotion programmes. We record our sincere thanks for their support. Shri Ram Sagar Panjair, Section Officer, Dept. of Commerce is always proactive to the CEPCI programmes and activities. His timely support to the industry is well received and appreciated.

I wish to place on record, our gratitude to Shri. Alok Chaturvedi, Director General of Foreign Trade, Shri. J.V. Patil, Additional DGFT and all the regional heads and officers under the DGFT, for the help being rendered to the cashew industry and the Council.

All the officials and staff of the Department of Commerce, Ministry of Commerce & Industry, deserve our heart full thanks for the relentless support and guidance they have been extending to our Council and the cashew industry.

I wish to thank Shri. Venketesh Hubballi, Director, Directorate of Cashewnut & Cocoa Development, Ministry of Agriculture & Farmers Welfare, Government of India, Cochin and his team for their valuable support in all the activities of the Council and dedicated efforts in increasing the cultivation and production of raw cashew nut in the country.

I also acknowledge my personal appreciation and gratitude for the unstinted support and intelligent guidance of Dr. R K Bhooches, Vice- Chairman, for the proper and successful functioning of the Council.

I take this opportunity to place on record our appreciation and thanks to Shri S Kannan, Executive Director & Secretary, who has sincerely rendered his service from the day of his joining in the office for finding solutions to the

various problems of the industry.

My thanks and appreciations are also due to the Joint Director, Smt. Sree Rajmohan and all the officers and staff of the Council for the since re work they have been rendering in service of the cashew community.

I extend and acknowledge our appreciation and thanks to Dr. Prabha Kumari, Deputy Principal Scientist and all other Scientists and staff at the CEPCI Laboratory and Research Institute for their efforts in helping the industry in quality and other related matters.

I thank Shri. T.V. Narayanaswamy, our Laison Officer at Delhi, who has been representing our interest with the Ministry of Commerce and other concerned department efficiently.

On behalf of the Committee of Administration and on my own behalf, I thank all Members of the Council, Associate Members, Cashew Trade Associations, other related organizations and all others who have wholeheartedly co-operated with the Council and strengthened the Council with their active interest, involvement and support.

As Chairman of the Council, I would be demitting office at the close of this meeting. These last two years have been a fulfilling and rewarding experience for me. I wish to express my sincere thanks to all the Members of the

Committee of Administration and Special Invitees, Panel conveners and members for their invaluable contribution and guidance rendered in order to undertake the major activities by the Council very successfully and in an outstanding manner.

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 persons who are directly and indirectly connected with the industry as well as the Council. I wish the same support and cooperation to be extended to my successor also for continuing the activities of the Council to the betterment of the industry.

Thanking you all once again from the bottom of my heart, with a positive note, I curtail.

Jai Hind

Thank you