

**MINUTES OF THE 72ND MEETING OF THE SPICES BOARD HELD
ON 30TH MAY, 2011**

The 72nd meeting of the Spices Board was held at 3.00 PM on 30th May, 2011 in the Head office of the Board at Kochi.

Shri V.J.Kurian, IAS, Chairman presided over the meeting. The following Members were present.

1. Shri Roy K.Paulose, Vice Chairman
2. Shri P.T.Thomas, MP(LS)
3. Shri Anant Kumar Hegde, MP(LS)
4. Smt. Sutapa Majumdar
5. Dr.V.A.Parthasarathy
6. Dr. Viju Jacob
7. Shri P.J.Kunjachan
8. Shri Philip Kuruvilla
9. Smt. Sushama Srikandath
10. Shri Mathavan
11. Shri Devender Singh Raghuwanshi
12. Shri Abul Kalam
13. Shri George Vally
14. Shri Jojo George
15. Shri G.Muraleedharan
16. Shri Ajay J.Mariwala

Leave of absence was granted to the following Members:

1. Dr A.Jayathilak
2. Smt. Amirit Raj
3. Shri Sanjiv Chopra
4. Adv. Joy Thomas
5. Director, CFTRI
6. Shri Mangat Ram Sharma
7. Shri Rajendra P.Ghogale

The following Members were absent:

1. Shri K.K.Singh
2. Shri Umesh Kumar
3. Dr.N.C.Saha
4. Shri K.C.Pradhan

The following officers of the Board were present

1. Shri P.M. Suresh Kumar, Secretary & Director(Mktg.)
2. Dr. J. Thomas, Director (Research)
3. Shri K.C. Babu, Director(Finance)
4. Shri S. Siddaramappa, Director(Dev.)
5. Shri K. R. K. Menon, Scientist 'C'(Quality)
6. Shri B. Sreekumar, Dy. Director(Mktg.)

At the outset, Chairman welcomed the Members to the meeting. Thereafter, the Notes on agenda were taken up for discussion.

Item No.1: Confirmation of the Minutes of the Meeting of the Board held on 22.3.2011

Confirmed.

Item No.2: Action taken report on the decisions of the 71st Board meeting held on 22.3.2011

Shri P.M. Suresh Kumar, Secretary briefed the action taken on the decisions of the Board meeting held on 22.3.2011. The Board noted.

Item No.3: Training programme on Quality Improvement of Spices for the year 2011-12

Dr. J. Thomas, Director(Research) gave a detailed account of various training programmes conducted by the Board towards the quality improvement of spices. The programme is generally a half-day programme and the farmers are appreciative of the exposure visit programme for learning the cultivation methods prevalent elsewhere. Last year, we conducted the programme for the Kerala and Karnataka farmers. The Board has been receiving several requests from the North Eastern region for such programmes.

Shri George Vally felt that considering the volume of the programme, the amount provided for is insufficient. Shri Philip Kuruvilla opined that we have to enhance the outlay for the quality improvement training programme at the farmers' level, especially when we are preparing the XII Five-year plan approach

paper. We should also give wide publicity about the training programme. Director(Res.) explained that the Board is giving publicity through our publications, website and field offices.

After detailed discussion, the Board approved the training programme being conducted during 2011-12 at a total cost of Rs. 20.00 lakhs.

Item No.4: Conduct of Mobile Spice Clinic

Director(Res.) briefed on the features of the programme.

Shri Anant Kumar Hegde wanted to know the logic of fixing Rs. 5,000/- as expenditure per clinic. Director(Res.) replied that the expenditure is for the field visit and last year we have spent about Rs. 4,300 per clinic. This year, the amount was rounded off to Rs. 5,000.

The Board approved the proposal.

Item No.5: Status of consignment samples analysed by the Quality Evaluation Laboratories

Shri K.R.K.Menon, Scientist 'C' (Quality) outlined the status of the spice sample testing as per the mandatory inspection of the spice consignments exported.

Smt. Sutapa Majumdar wanted to know the position of the samples being detected with adulterants. Chairman clarified that such samples are destroyed, otherwise they may find their way to the domestic market.

Shri Ajay J Mariwala opined that the quality inspection entails profitable revenue for the Board. To this, Scientist explained that the Board is incurring a lot of money in the form of both fixed and variable cost. In order to arrive at the correct profit, we may have to consider depreciation on the equipments used in the Laboratory as well. It is also necessary to replace all machineries and equipments after their economic life. Considering the above, the fees charged by the Board is not exorbitant.

The Board noted the status.

Item No.6: Approach paper to be taken up with the Government for finalizing the XII Five-Year Plan

Shri B.Sreekumar, Dy. Director(Mktg.) detailed the measures initiated by the Board for preparation of approach paper for the XII Five-year plan. Consultations were held with the grower representatives on 19th May and with the exporter representatives on 25th May, 2011. 42 recommendations emerged during the meeting of spice growers. The growers recommended that priority should be given to Irrigation mainly because the Cardamom is grown in a very sensitive region. Afforestation is another area where due attention has to be given. When the cardamom is grown, the ecology should not be disturbed. The shortage of labour also needs to be addressed for which mechanized farming operation has to be adopted. Organic farming has to be promoted. Post harvest improvement measures should be undertaken more vigorously.

The exporters' meeting made 12 recommendations during the deliberations. They have identified six spices as focus products and in the XIIth Plan, efforts should be made to integrate production, processing and export development. The spices identified are pepper, cardamom, chilli, turmeric, cumin and nutmeg.

The Board noted the recommendations made during the Growers and Exporters meetings. The Members were of the view that more spices have to be included under focus products. The Hon'ble MPs Shri P.T.Thomas and Shri Anant Kumar Hegde suggested for a change in the mandate of the Board so that production aspect of all the spices shall be brought under Spices Board. According to Shri Anant Kumar Hegde, atleast 10 spices could be covered under the focused products. He suggested that Cinnamon is another potential spice, which has enormous anti-cancerous medicinal value and this property can be used for its export promotion. Shri Philip Kuruvilla drew the attention to the situation that although the production of spices like chillies is going up, the exportable surplus is coming down. For Nutmeg, aflatoxin has become a major

issue especially in Europe. Shri Jojo George felt that the importance given to cardamom should not be reduced even as other spices are considered for production development. We should not undermine the importance of domestic market and Cardamom, said Shri Jojo George.

Dr.Parthasarathy suggested that the area expansion of Nutmeg need a cautious approach. Shri Anant Kumar Hegde opined that there is no integrated market for Nutmeg. Dr.V.A.Parthasarathy suggested that priority should be given to Turmeric, Ginger, Cardamom, Pepper, Fennel and Garlic. Shri Ajay J Mariwala suggested for a study to find out the supply demand situation of the focus products.

Chairman explained that production of Nutmeg is picking up in Maharashtra and Tamil Nadu. It takes about 7-10 years for the plant to stabilize the yield. Nutmeg is least labour intensive crop and can be promoted if there is sufficient demand. The exporters will get enough to export, Shri George Vally suggested that our concerns should be communicated to the farmers.

It was decided that the Board will be preparing the strategy paper and sending it to the Government by July this year. For the present, the above-mentioned six crops can be taken as focused ones. Chairman assured that the approach/strategy paper shall be put up to the Board again in the next meeting for final approval.

Item No.7: Review on Export of Spices during 2010-11

The Board noted the export performance during 2010-11.

Item No.8: Review on Import of Spices into India during 2010-11 compared with 2009-10

The Board noted with happiness that the import of spices into the country is coming down.

Item No.9: Performance of Spices Board in the past 5 years

Shri B.Sreekumar, Dy. Director(Mktg.) elaborated on the performance of the Spices Board and achievements in the spice industry since 2005. The major achievements are:

i) Export performance: The exports of spices have shown substantial growth year after year. The export has increased from 350,363 tons valued at Rs. 2628 crores in 2005-06 to 525,750 tons valued at Rs. 6842 crores in 2010-11. Value added products have contributed significantly to the export performance with a 55% share;

ii) Spices Parks: A major initiative undertaken by the Board for the development of the spice industry in the country in the last 5 years was the setting up crop-specific Spices Parks in the chief spice growing regions. Two Spices Parks have already started functioning – one at Chhindwara in Madhya Pradesh and the other at Puttady in Kerala. The other 9 Spices Parks at Guntur, Shivagangai, Jodhpur, Mehsana, Kota, Jhalawarpatan, Guna, Hamirpur and Rae Bareli are under various stages of implementation.

iii) Quality Evaluation Laboratory: Emphasizing the importance of **Quality** in the export of spices from the country, the Board has been setting up regional Quality Evaluation Laboratories across the country. It was 19 years after establishing the first Quality Laboratory at Kochi in 1989 that the second laboratory started functioning at Mumbai in 2008. The third Laboratory has started functioning at Guntur in 2010. Sooner, the Board will be having 5 more Quality Evaluation Laboratories at Gummidipoondi and Tuticorin in Tamil Nadu, Baruipur near Kolkata, Narela in Delhi and Kandla in Gujarat. The Laboratory at Kochi has started functioning in a new building which is built to international standards.

iv) E-auction in Cardamom and other e-governance initiatives: The auction system for Cardamom (small) was revolutionized with the introduction of e-auction system at Bodinayakannur and Puttady. The e-auction system has ensured transparency and better price realization to the farmers. Another noteworthy performance was the E-Governance Initiatives introduced by the Board in the activities of the Board, such as e-payment of subsidies to the beneficiaries, online processing of subsidy, real time auction price updation, online intimation on sampling/stuffing, online trade enquiries, etc.

v) Office Manuals: The Board has brought out 5 Office Manuals last year – Manual of General Procedures, Office Administration Manual, Delegation of Powers Manual, RTI Manual and Internal Audit Manual. These manuals are helpful to the Board staff in the efficient discharge of their duties.

vi) Replantation & Rejuvenation programme: In order to increase the production and productivity of Cardamom and Pepper, the Board has undertaken two ambitious projects of Replantation & Rejuvenation of these crops. While the Cardamom Replantation & Rejuvenation programme is implemented in the States of Kerala and Tamil Nadu, the Pepper Replantation & Rejuvenation programme is being implemented in Idukki with the assistance from NHM and in Wayanad, with the assistance from Ministry of Commerce.

vii) Geographical Indication Registration: The Board has obtained GI Registration for Malabar Garbled Pepper, Alleppey Green Cardamom, Coorg Green Cardamom, Guntur Sannam Chilli and Byadagi Chilli. This will definitely give a boost to the export of these spices from the country.

viii) Prices of Spices: Because of the promotional schemes and intervention of the Board, the spice farmers, especially cardamom and pepper farmers, were getting higher prices for their produces. While the pepper price has gone up to Rs. 285/- a kilo, the cardamom price is ruling at around Rs. 1,000/-.

ix) Strengthening the offices: In order to strengthen the offices of the Board and to reach out better services to the beneficiaries, the Board has made recruitment of personnel in different vacant posts. Accordingly, about 100 persons were given new appointment and posted in various offices located throughout the country.

x) IPC & WSC: For the first time in the history of International Pepper Community Session, 100 farmers from different States participated in the 38th International Pepper Community meeting held at Kochi during November 8-12, 2010. World Spice Congresses were also organized during 2008 in Goa and 2010 in New Delhi with record turnouts of the delegates.

xi) Hall of Spices: In order to appraise the current generation about the ancient trade of spices, a 'Hall of Spices" was established in the Headquarters of the Board at Kochi in May this year. Audio-Video presentation through interactive kiosks is a major attraction of the Hall of Spices.

xii) FSTL: The Flavourit Spices Trading Limited was formed under the Spices Board in 2007 under the Companies Act, 1956 with the main object of carrying on the business of processing, trading, branding, warehousing and marketing spices and spice products for domestic and international markets. Recently, a retail outlet of FSTL was opened in the HQ premises which will sell quality spices at reasonable price.

xiii) Knowledge Repository: A detailed database regarding spice and food industry of various countries was compiled which would provide the stakeholders with a better understanding of the international market scenario. Three newly recruited Assistant Directors were entrusted with the preparation of the database specific to different continents.

The Board took note of the performance of the Spices Board during the last 5 years.

Initiating the discussion, Shri Mathavan informed the Board that the export demand for cardamom especially from Saudi Arabia is very good. It now fetches US\$ 21 a kilo. Guatemalan cardamom is not in the market now. He wanted the Government to restore the subsidy scheme for the cardamom including DEPB, available for special focused product.

Shri George Vally suggested that we can give a public statement that the farmers shall not resort to distress or panic sale of cardamom since the position will improve shortly. Chairman explained that the present low prices are temporary. There will be more demand for cardamom during Ramdan, which is in August. Cardamom (Large) is also now priced at Rs. 1,000 a kilo. People now use Cardamom (Large) as substitute for Cardamom (Small).

As regards the strengthening of the offices of the Board, Chairman informed that about 100 persons were newly appointed to various posts. As approved in the Board meeting, we have prescribed higher educational qualifications for different posts so that highly technical and skilled personnel could be recruited. For example, for Sr. Fieldman, we have made the qualification as B.Sc. Botany or Agriculture against the earlier qualification of 7th class pass. This conveys a new message to the farmers about the functioning of the Board.

Item No.10: Flavourit Spices Trading Limited (FSTL)

The functioning of the FSTL was discussed by the Board.

Chairman informed that the Spices Board at its meetings held on 13.12.2003 and on 4.12.2004 had decided to create and promote a premium brand of authentic Indian spices to cater to the needs of the domestic market and eventually of the international market to increase the generic demand for Indian spices in general and certain recognized varieties and grades in particular. To facilitate the above, the Board had registered a brand namely '**Flavourit**' with the Trade Mark Registry.

The Flavourit brand was officially launched in March, 2005 at Kochi by the then Chief Minister of Kerala. In September, 2005, the Flavourit brand was launched at Fremont, California, USA by Shri Rahul Khullar, IAS, the then Joint Secretary, Ministry of Commerce and presently the Union Commerce Secretary. FSTL as a trading company was incorporated under the Companies Act, 1956 in May, 2007. Chairman explained that the share capital of the FSTL of Rs. 50.00 lakhs came from the excess amount available through the conduct of World Spice Congress and International Pepper Community Annual Meet.

All the products produced in the Spices Parks will be marketed through the FSTL or franchisee outlets. The quality of the FSTL brand is assured by the Spices Board. FSTL is expected to work on the lines of the renowned 'AMUL'. It was agreed that at the same time of selling the good quality products at reasonable prices, traceability is coming up as another important factor. With the setting up of Spices Parks in different regions of the country by the Spices Board, it is advantageous for the FSTL to procure spices directly from the growers and process, pack, store and market quality products at competitive price through their outlets. The operation of the company thus ensures regular supply of quality spice products, traceability, sustainability and the all-important 'connect' between producer and consumer.

Chairman also informed that two godowns, one of which is puf, built in the Spices Park at Puttady were leased out to the Central Warehousing Corporation

issue of stock receipts by the CWC for the produce, the farmers can avail themselves of loan from any nationalized bank.

Item No.11: Status of Establishment of Spices Parks – April, 2011

The Board noted the latest status of the Spices Parks under construction.

Item No.12: Status of Establishment of Quality Evaluation Laboratories-cum-Training Centres – April, 2011

The Board noted the latest status of the Laboratories under construction.

GENERAL:

i) Tenure of the present Chairman, Shri V.J.Kurian

Shri V.J.Kurian informed the members that he would be leaving the service of the Board on completion of his 5-year tenure as Chairman on 31st May, 2011. He would be going back to his parent organization, Government of Kerala for further posting. He thanked the Board members for all the support and guidance extended to him for the discharge of his duties and responsibilities. To work in the Board over the last 5 years to the entire satisfaction of the spice industry was excellent and great for him. He hoped to see and interact with them in future.

Smt. Sushama Srikandath made a particular mention of the service of Shri V.J.Kurian to the growth of Indian spice industry. In the last 5 years, Shri Kurian has given sufficient opportunity to entire stakeholders for interaction. He used to give everyone patient hearing in all the matters. On behalf of the past Chairmen of AISEF and the exporting companies, Smt. Sushama Srikandath expressed deep gratitude towards Shri V.J.Kurian.

ii) Guna Spices Park

Shri Devender Singh Raghuwanshi thanked the Government and the Spices Board for sanctioning Spices Park at Guna. He also wanted that the Group D official posted at the Guna office of the Board may be paid a salary as provided for in the Minimum Wages Act.

Chairman assured that the matter will be looked into.

The meeting to a close at 5.00 PM with a Vote of Thanks to the Chair.

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