

**MINUTES OF THE 64TH MEETING OF THE SPICES BOARD HELD ON
31ST OCTOBER 2008**

The 64th meeting of the Spices Board was held at 2.30 p.m. on 31st October 2008 at Board's Head Office, Cochin.

Shri V.J.Kurian, IAS, Chairman, Spices Board presided over the meeting.

The following members were present:

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| 1. Shri Kathir Anand, | Vice Chairman |
| 2. Shri K.Jayakumar, IAS, | Member |
| 3. Shri K.George Joseph IAS, | “” |
| 4. Shri S.S.Kumar | “” |
| representing Director(Fin), MOC | |
| 5. Shri K.Zia-Ud-Din Ahmed | “” |
| 6. Shri Ravi Babu Seelam | “” |
| 7. Shri Chowde Gowde | “” |
| 8. Shri Sajan Kurian | “” |
| 9. Shri Mahendra Parmar | “” |
| 10. Dr.K.V.Peter | “” |
| 11. Shri H.Vishwanath | “” |
| 12. Shri K.S.R.J.Rajkumar | “” |
| 13. Shri N.Jahangir | “” |

Leave of absence was granted to the following members:

1. Shri Tiruchi Siva, MP(RS)
2. Shri Mangat Ram Sharma, IAS
3. Dr. M.L. Choudhury
4. Shri V.D. Alam
5. Shri T. Asokkumar

6. Dr.G.S.G. Ayyangar
7. Member from Planning Commission
8. Shri Rajiv Dhar
9. Dr.V. Prakash
10. Dr.V.A. Parthasarathy
11. Shri Prakash Uttamchand Wadhvani

Absent

1. Shri Vishvanath Okte
2. Shri Balkaran Patel
3. Shri J.V. Narayanaswamy
4. Shri K.N. Hazarika - Special Invitee

The following officers of the Board were present:

1. Shri.V.K.K.Nair, Secretary
2. Shri.S.Kannan, Director[Mktg]
3. Dr.Charles J Kithu, Director[Fin]
4. Dr.J.Thomas, Director[Res]
5. Shri.R.Chandrasekhar, Director (Dev)

Chairman welcomed the members, particularly the new members Shri K. Zia-Ud-Din Ahamed, Shri Mahendra Parmar, Mr. Ravibabu Seelam and Mr. K.S.R.J. Rajkumar. He also welcomed Shri K. Jayakumar, IAS, Agriculture Production Commissioner, Govt. of Kerala to the meeting and then the Agenda items were taken up for consideration.

Item No.1 : Confirmation of the minutes of the Board meeting of the Spices Board held on 29.5.2008

It was informed that the modification suggested by Shri V.D. Alam, Director (Fin), Department of Commerce in respect of minutes on the additional item pertaining to appointment on compassionate grounds etc., has been incorporated in the minutes of the concerned item. The modified minutes are placed below, which may be considered for confirmation.

The Board confirmed the minutes of the last Board meeting.

Item No.2 : Action Taken Report on the Decisions of 63rd Meeting held on 29.5.2008

Noted.

During the discussion, to a query about the progress of implementation of vanilla procuring scheme by STCL, Chairman clarified that so far, STCL has not purchased any quantity of vanilla from growers as the market price for cured vanilla is higher than the price fixed by STCL for procurement. The intention of the Government is to ensure minimum price of Rs.450/- per kg of cured vanilla.

There was a request to reconsider levying of user fee from the Auctioneers. It was clarified that only a nominal fee of 20 paise/kg is being levied as user fee, which is basically intended to meet the recurring expenses like running generator, electrical charges etc., at the auction centres. Hence it was informed that the status-co on user fee will continue.

Chairman requested the members to suggest name of a member representing Spice growers to include in the MD Committee, which is still lying vacant. As no suggestion came up, it was deferred for the time being.

Item No.3 : Pilot Programme for Supply of Turmeric Steam Boiling Units for Community Use under Post-harvest Improvement of Turmeric

It was informed that presently, farm waste is used as fuel. There was a suggestion for utilizing solar energy for running the boilers, which will reduce the expenses. Chairman welcomed the suggestion for using this non-conventional energy for the purpose.

The Board approved the proposal.

Item No.4 : Training Programme on Quality improvement of Spices for the year 2008-09

Shri K.Jayakumar, Agriculture Production Commissioner, Government of Kerala, wanted to know whether any evaluation of the training programmes is done to assess the impact and reach of the programmes. Since State Government officers are also given training under these programmes and the State Agriculture department is also organizing similar programmes, lot of duplication of efforts is taking place. There is need to avoid this and bring in some kind of synergy by coordinating with State Government. He felt that there should be a little bit of more interaction with the State Government. This might also enable the Government to utilize the services of the trained personnel optimally.

Dr.K.V.Peter suggested to ensure that the syllabus of the training programme is scientifically authenticated and it should be based on the approved package of practices, which was agreed to.

To a query from the members Chairman informed that new drying system for small cardamom will be introduced in Karnakata and including the E-Auction centre to be opened in the State.

The Board approved the training programmes.

Item No.5 : Opening of Overseas Offices of the Spices Board

The Board noted that the proposal to open offices abroad is being made in the context of the potential for further increase in export of spices and spice products and the plans to establish India as a processing hub of spices.

It was also considered necessary in view of the increasing competition posed by other countries to Indian spices exports.

Board recommended that this proposal may be taken up with the Government for approval.

Item No.6 : Award for Excellence in Export of Spices for the year 2007-08

There was a suggestion for separate awards for whole spice items and its powder forms like Turmeric whole and Turmeric powder. It was clarified that awards for value-added/powdered items are considered separately under one category in view of the difficulty in instituting separate awards for each spice powder forms, which will make the number of awards too many. Chairman, however, informed that we will have a look at the whole issue before we take a decision. We will try to have more details about it in the next meeting.

The Board approved the list of award winners.

Item No.7: Review of Export Performance of Spices during September 2008 and April-September 2008 compared with September 2007 and April-September 2007

The Board noted.

While appreciating the record export performance of pepper last year, one of the members enquired about the reasons for the decline in export of pepper during the current year, Chairman replied that the reported decline was compared to the higher export of the previous year and because of the high domestic prices as compared to Vietnam. In addition to the above, the recession in USA and European markets may stagger exports, which may result in delay in export. However, it is expected that there won't be substantial reduction in pepper and other spices exports during the current year.

During the discussion members also expressed concern over the decline in the production of pepper, especially in Kerala and wanted to take steps to increase the production. In this connection it was informed that in view of the problems on the production front, which has an impact on exports also, Spices Board has made a proposal to the Ministry for rejuvenation and replantation of pepper. However, the Government of India informed the Board that pepper was a State subject and hence the Board had no mandate on the production aspects of pepper. Hence, they have requested to send the proposal through State Government. It was also informed that the Board is not in a position to do much on the same except associating with some organizations like Panniyur Station of Kerala Agricultural University, offering technical help, giving out any required material etc. Shri K.Jayakumar, Agriculture Production Commissioner, Government of Kerala requested to send the proposal to State Government for sending the same to National Horticulture Mission. He also stressed the need for a convergent approach.

**Item No.8: Review of Import of Spices during September 2008 and April
-September 2008 compared with April-September 2007**

A suggestion was made for fixing tariff value for spices based on average prices instead of having an ad-valorem rate so that under valuation and other malpractices can be avoided to a great extent. However, it was informed that when the Board had taken up the fixation of tariff value for cardamom as a first step, the Ministry had informed that being an agricultural commodity, there would

be wide fluctuations in the prices very frequently and hence the fixation of tariff value based on prices of agricultural commodities was not found practical. However, it was agreed to examine the possibility for appropriate action.

The Board noted.

Item No.9: Status Note on Spices Parks

The Board noted.

Regarding Spices Park at Guntur, Shri Ravi Babu Seelam enquired about the delay in starting construction of Spices park in Guntur even though the Government has allotted the land. Chairman explained that after laying the foundation stone, the Government of Andhra Pradesh demanded Rs.5 lakhs per acre for the land. The Board has requested the Government to reduce the price to Rs.50,000/- per acre. A decision on reducing the price is expected from the Government of Andhra Pradesh in the next fortnight or so.

Regarding the land at Brahmanvada Village in Unjha Taluk, Mehsana District, Shri George Joseph, IAS strongly advocated the need for purchasing the land @ Rs.810/- per sq. mtr., which worked out to Rs.9.72 crores for an area of 12 ha. (excluding registration charge, stamp duty etc.). Considering the prime locality and the convenience of the trade, it was also suggested to charge a higher lease value from the participating exporters. He has assured that the purchase of the land at the proposed price would give a better return in future. Since the land is on the highway and closer to Unjha APMC, many exporters have evinced keen interest in setting up the processing and value-addition units. The land value in this area is also skyrocketing. Hence, Shri George Joseph urged the Board to immediately accept the offer of the Government of Gujarat and take possession of the land without any further delay.

After a detailed deliberations, the Board decided to immediately take steps to purchase the land at the proposed price and establish the Spices Park on priority for the benefit of the seed spice farmers of Gujarat State.

On a query by a Member regarding the position of spice park at Dharward, Chairman replied that the Board had written to the Government of Karnataka. However, no concrete reply has been received from the State Government in this regard.

Item No.10: Status Note on Quality Evaluation Laboratories under the ASIDE Scheme

Shri Mahendra Parmer emphasized the need for collaborating with the NCDX and MCX or getting accreditation for the Board's Laboratories from the above agencies. He suggested a tie up with the agencies mentioned above so as to help the traders.

Chairman stated that six months back, the Board had only one laboratory i.e., in Cochin. It has already opened a Quality Evaluation Lab at Mumbai, which has started functioning from June 2008 onwards. The Board is also in the process of establishing its own laboratories at major centres like Delhi, Guntur, Chennai etc., and with all these set ups, the Board will be in a position to get the required accreditation to ensure that the quality assurance needs are fully met.

Noted.

**Item No.11: Promotion of Indian Spice Brands Abroad – Guidelines/
Working procedure**

Approved.

**Item No.12: Comparative statement of samples received/tested under the
Mandatory Sampling of Spices/Spice Products since 1.4.2005
to 30.9.2008**

Noted.

**Item No.13: Establishment of Bioagent Production Unit at ICRI,
Myladumpara**

Approved.

Item No.14: Organic Vanilla Award for 2007-08

Approved.

Item No.15: Vanilla Productivity Award for 2007-08

Approved.

Item No.16: Small Cardamom Productivity Award for 2007-08

Approved.

There was a suggestion to enhance the prize money for cardamom productivity award to Rs.1 lakh on par with the award of Kerala Government. Chairman informed that the suggestion will be examined.

Other Items:

1. Shri KSRJ Rajkumar Informed that the Cardamom Registration Certificates issued by the Tahsildars have been stopped by the State Government. He requested the Board to make some alternate arrangements to relieve the growers of the hardships being faced by them at present. He also suggested that the Board might issue Cardamom Registration certifications or atleast an identity card for the present. Chairman replied that the State Government or Central Government are helpless in the matter as the issue has been taken up in the Supreme Court of India. We have no options other than waiting for the decisions of the Court in the matter.

2. Shri Kathir Anand, Vice Chairman informed the Board that Tamil Nadu Government has started procuring spices for distribution through ration shops. They are facing shortage in the suppliers for pepper. He requested the Board to pursue with the traders or the members to take part in the tender hosted in the website. Chairman suggested to ask the pepper traders themselves to participate.

3. Shri H. Vishwanath informed that for the last 2-3 years, production of vanilla is incredibly low in the northern belt in Karnataka. In spite of this, the Government of Karnataka is charging 4% VAT for the green beans from the growers notwithstanding the representations made to the Government. The Government is not considering it as green beans. This is creating difficulties for the growers and hence he requested the Board to issue a letter to the Government of Karnataka, confirming the produce as fresh beans and not liable for levying 4% VAT. Chairman suggested to send a letter detailing the issue and the Board will take up the matter with the Government of Karnataka.

4. Annual Report 2007-08

Annual Report for 2007-08 was placed before the Board, which was taken note of.

Dr. K.V. Peter pointed out that the productivity of cardamom as per details given in the report is going down in spite of the research and development and extension activities. He wanted a clarification on this point. It was clarified that in the year 2006-07, there was a severe drought, which had an impact on the productivity of cardamom and hence the production had gone down. But in the next year, it had picked up considerably.

The meeting came to a close at 5.00 p.m.