

KARNATAKA CASHEW SECTOR DEVELOPMENT POLICY [2020-2025]

The Government of Karnataka has announced an Industrial Policy - 2020 - 2025. The cashew industry in Karnataka have members who export cashews to the extent of approximately Rs 500 crores a year. It is required to have an objective target to have an export growth of 20% per annum for the next 4 years. Karnataka government is hereby requested to make a sector specific policy component called Karnataka Cashew Sector Development Policy. The first part of the policy should be to address the growth of raw cashew nut production in Karnataka from an estimated 50,000 metric tonnes to 400,000 metric tons by the year 2030. Karnataka is in the forefront in cashews, and it supports some of the best institutional arrangements in coastal Karnataka for cashew.

Karnataka has developed unique hybrids at the Regional Research Centers at Ullal and Bhamavar in coastal Karnataka. The Directorate of Cashew Research is in Puttur, Karnataka, which supports the research activity under ICAR all over India. Karnataka's cashew industry has been a pioneer in organised cashew manufacture since 1926. Currently Karnataka is hosting about 225 cashew manufacturing plants, with an employment of over 40,000 labourers.

The Karnataka policy should address the following:

1. Exporters who are currently exporting abroad need to be supported with a specific policy based on the criteria as follows:
 - a) Employment - number of women employed
 - b) Total growth in performance in domestic and international turnover over the previous years in specific parameters
 - c) Non exporters should turn exporters with an objective target of about 70 manufacturers
 - d) Support to byproducts - cashewnut shells, shell liquid, shell cake by incorporating the biomass project into the cashew sector. This could mean additional values realised from the entire value chain within the state.
 - e) Encouraging the platform for raw cashew traders and raw cashew growers all over India

The recent changes in the agricultural marketing policy of the Central Government and State Government are very progressive to make Karnataka the cashew hub of India. Efforts on industrial research and development can be incorporated into the policy with industry - institute interaction, as mentioned in the policy.

The following objective achievements can be promoted with the help of the sector specific policy.

- Each exporter can be given an incentive of Rs 10 lakhs each for exporting two containers per year to destinations of their choice with an intention to create future markets.
- The total value of one container of cashew kernels is approximately Rs 1.05 crores.
- The promotion amount can be restricted to, Rs 5 lakhs per container × 2 = Rs 10 lakhs.
- The exporters, in addition to above incentives can be offered an incremental export incentive of approximately 4% of the FOB value.

The following also needs to be compatible with WTO regulations so that it does not attract future complications.

There can be a provision that the raw cashews purchased within the State of Karnataka can be deployed for the purposes of exports and hence the state agricultural production is encouraged for the next 15 years.

The specific components in a policy will be addressed and outled for the purposes of the sector specific policy.

Further details will be discussed during the interaction that we request the Government to initiate in.

Year	Rate of Growth	Annual Growth (in Crores)
2019-20		500.00
2020-21	20%	600.00
2021-22	20%	720.00
2022-23	20%	864.00
2023-24	20%	1036.80
2024-25	20%	1244.16
4 YEAR CAGR		25.60%

9.4 Additional Package of Incentives and Concessions

Eligible Industrial Enterprises in the below mentioned sectors shall be granted incentives and concessions over and above the standard package of incentives /concessions mentioned in the policy.

Table 9.4.1

Export Industries	
Type of Support	For all Categories
Electricity Tax Exemption	100% Electricity Tax exemption for new MSME Export Enterprises (<i>Minimum 50% of the turnover should be in exports</i>) for an initial period of 5 year in Zone-3.
Performance Subsidy	MSME Enterprises who double their exports in subsequent years will be paid 1% of FOB value to the tune of maximum of INR 10.00 lakh per unit in all Zones.
Bank Charges	Reimbursement of Bank charges on production of EBRC for all exports from MSME sector in all Zones subject to maximum of INR 1.00 lakh per unit.
ECGC Charges	Reimbursement of ECGC charges for MSMEs to an extent of 100% maximum of INR 1.00 lakh per unit per year in all Zones.
Certification Charges	Refund of certification charges incurred for obtaining statutory certifications like CE, China compulsory certificate (CCC), GMP, Phytosanitary certificates, IFS-BRC-FSSC 22000 Certification to the extent of 50% of expenses subject to maximum of INR 1.00 Lakh per unit in all Zones.
Fees for Acquiring Certification	Refund of fees for individual entrepreneurs for acquiring certification on EXPORT-IMPORT Management course conducted by IIT, New Delhi or any other recognized institutions for a minimum duration of 4 months shall be reimbursed to the extent of 50% of fees subject to a ceiling of INR 25,000 per candidate per course. The incentive will be available only for one time and for one course in the policy period in all Zones subject to a maximum of INR 1.00 lakh per unit.