



# Export Promotion Council status for the Coconut Development Board

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## Introduction

India has been placed in the first and foremost place by APCC based on India's coconut production of 15,840 million nuts holding 27.04% of the world's share of coconut production, sending Indonesia (25.58% share) and Philippines (21.51%) reeling to the 2<sup>nd</sup> and 3<sup>rd</sup> positions. Coconut Development Board which is a Commodity Board set up under an Act of Parliament has been in the forefront rendering plethora of fiscal schemes and facilitation support which resulted in the development and promotion of coconut based value-added products to garner Rs. 8100 crore of the GDP excluding exports which was to the tune of around Rs. 300 crore in 2007-08. Coconut which provides livelihood security to around 10 million people has made rapid strides; thanks to the indefatigable supports extended by the CDB.

## EPC Status and new Responsibilities

Coconut Development Board having conceived many plans to accelerate the growth in the domestic market has simultaneously taken a number of steps to improve its presence in the world export markets which has been glowing owing to the globalization of trade which has grown in geometrical proportions in

the first decade of the third millennium. Director General of Foreign Trade, Ministry of Commerce & Industry, Govt of India, vide Public Notice 169 (RE-2008)/2004-9 dated 1-4-2009, has granted 'Export Promotion Council' (EPC) status to Coconut Development Board by amending Appendix 2, Handbook of Procedures, Vol I by inserting the Board under Sl No 36. All coconut products other than those made from coconut husk and fiber is brought under the jurisdiction of CDB (Para 2.64 of the HBP, Vol I). As per the provisions of Para 2.43 of Foreign Trade Policy and 2.67 of HBP Vol 1, "the basic objective of the EPC is to promote and develop Indian exports. Each council is responsible for promotion of a particular group of products, projects and services". By virtue of CDB becoming an EPC, it can issue RCMC (Registration cum Membership Certificate) (Application given in Appendix 19A of HBP, Vol 1) and the Certificate format is described in Appendix 19 B of *ibid*. The Registration cum Membership Certificate is valid for 5 years from the 1<sup>st</sup> of April of the licensing year to the 31<sup>st</sup> March of the 5<sup>th</sup> Year. That means, irrespective of the fact whether the Certificate is taken in any month of the year, it is valid from 1<sup>st</sup> April of that year, and ends on 31<sup>st</sup> March of the end period

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(5 years). Each exporter who has registered as a member of CDB, can opt for registration as a manufacturer exporter (9.38 FTP) or merchant exporter (9.40 of FTP), as the case may be. The manufacturer exporter manufactures the exported product in his name, while the merchant exporter only exports a product made by another manufacturer who may be an exporter or a manufacturer who does job works or manufactures goods on the basis of specifications for another person/ Company. There is also another category of exports known as 'Third Party Exports' which would mean that the exports is done by a third party who will indicate the name of the manufacturer and the third party exporter except in GR Form (Exchange Control Declaration Form), the Export order shall be made in the name of the third party and the invoice will be that of the third Party.

Only the recipient RCMC holder, who obtains the membership with CDB, would be eligible to avail the benefit of the promotional schemes for coconut products specified in the FTP/ Scheme bills.

### Products Exported

Presently, in the absence of clear data, as the coconut based products are arrayed against different categories in the Harmonized Code, we can only estimate that coconut based exports may yield approximately around Rs 300 crore- Rs 325 crore presently based on the Input/Output analysis. The products exported in raw or value added form include, copra, coconut oil, desiccated coconut, coconut shell crafts, coconut hookah, activated

carbon, oil cake, coconut chips, raw coconut, etc. Since the Director General of Commercial Intelligence & Statistics, would go by classification only, there may not be a clear idea in the Commerce Ministry as to how much of coconut based products are exported through various ports of India. We need to subscribe to Customs Daily list of various ports, at least of important ports like Kochi, Tuticorin, Mangalore, Chennai, Vishakapatnam, Mumbai and Nhava Sheva, and reclassify the items coming under coconut based products and estimate exports, both in terms of quantity and value. This would take time, as we need to collect, collate and generate information to estimate the export turnover of coconut based products from India.

### In a new role with emphasis on export related activities

The EPC will be responsible for issuing Preferential Certificate of Origin (GSP), chalk out promotional activities based on export strategy to enhance competitiveness in the global scenario, undertake market studies, sector specific, market specific, product specific studies, mount trade delegations, conduct product promotion programmes, Catalog shows, organize buyer-seller meets, hold reverse buyer seller meet, interaction with promotional / statutory agencies like Commerce and Finance Ministries, both at the Central as well as State levels, Banks, Customs & Central Excise, Ports, Certification authorities (phyto sanitary, Food & Drugs etc) Standardization authority (BIS), and bring coconut products under the various promotional schemes of the Foreign Trade Policy. EPC would

strive to bring coconut value added products under the Standard Input/ Output Norms (SION) by following the procedure laid down in the FTP.

Under 3.5.2 of the FTP, exporters are eligible to apply for declaring various statuses like Export House (Rs 20 crore), Star Export House (Rs 100 crore), Trading House (Rs 500 crore), Star Trading House (Rs 2,500 crore), and Premier Trading House (Rs 10,000 crore). For this, the current year's and the last three years' turnover in exports should match what is given in brackets. The application for declaration as a 'status holder' should be made to the jurisdictional JDGFT.

### Various Schemes of the Policy and Procedures:

There are various Schemes which appear in the Foreign Trade Policy, under Chapter III with the heading "Promotional Schemes". These include Focus Product and Focus Market Scheme, Vishesh Krishi Gram Udyog Yojana, Market Access Initiative (which include MAI Scheme: Market study, setting up showrooms/warehouse abroad, sales promotional campaigns, participation in trade fairs, brand promotion, reverse buyer-seller meet etc; and Market Development Assistance (assistance for Export Promotional activities, export promotion seminars, trade fairs, buyer seller meets etc). The Assistance to States for Infrastructure Development for Exports (ASIDE) Scheme provides support to set up export infrastructure facilities like setting up ICD/ICD, filling critical gap in infrastructure, setting up of Common Effluent treatment plants, etc). Duty



Entitlement Pass Book Scheme and Duty Drawback Schemes are duty neutralization Schemes. There are also Advance licence Scheme, EPCG Scheme and Duty Free Import Authorization Scheme. Those who avail these schemes will have an export obligation which would include commitment to meet the annual export obligation and cumulative export obligation, depending upon the value of exports and tax waiver obtained.

**ITC (HS) Classification:**

Vol III of the FTP lists detailed ITC (HS) classifications. This is framed by the Customs Department of the Finance Ministry. The 4 digit and 6 digit codes are compiled by the International Customs Organizations at Brussels. A product or a sub product should have a minimum turnover of more than Rs 250 crore for getting a code under 4 digit/6 digits. The seventh and eight digits are allotted to products by the Indian Customs Department. Unless each product has a clear cut descriptive ITC (HS) Code number, there is a possibility that when a particular product is sent under a particular ITC HS eight code number is not accepted by customs for want of classification. Even the benefits entitled to, are subject to question if there is any ambiguity. A classic example of this is the activated carbon made from coconut shell charcoal which is more competitive than activated carbon made from other sources of raw materials like forest wood, peat, coal and animal bone, as activated carbon from coconut shell charcoal is placed in Chapter 38 which covers the Miscellaneous Chemical Products (3802 10 00). If it has to beget concessions like any other

agricultural product, it should be placed in the Chapter which covers agriculture & agricultural products. Presently coconut products are in various chapters of the Harmonized Code of Nomenclature under headings like Agriculture, Chemicals, Handicrafts etc. Coconut shell crafts of Kerala which has been accepted as a Geographical Indication is cited as a handicraft product.

Presently, coconut oil packed in HDPE bottles, coconut oil in edible grade in HDPE drums, tankers, flexi tankers and jerry cans are eligible for a DEPB of 1.5%. Duty Drawback is available for copra, coconut oil packed in HDPE bottles, coconut hookah and activated carbon are entitled to 1%. CDB had organized an Exporters' Meet at Kochi on 18<sup>th</sup> June 2009, when the various segments of exporters agreed to the fixation of export targets for various coconut products, as under:

Year	% of suggested Growth	Export targeted
2009-10	8%	Rs. 350.00 Cr
2010-11	8%	Rs. 378.00 cr
2011-12		
(terminal year of the XI Five Year Plan)	8%	Rs. 408.24 Cr

As part of the Trade Facilitation Measures, in order to take advantage of the new Five Year Foreign Trade Policy (2009-14) which is on the anvil (to be released in end August 2009), CDB has proposed a list of suggestions pertaining to coconut exports segment for inclusion in the FTP. It is also taking up with the Directorate of Customs the need for amending the ITC (HS) Codes by allotting eight digit codes through a line describing different coconut products.

**Facilitation Measures**

There is a large population of Keralities in various countries abroad, spread over different continents. We need to use them as Brand Ambassadors and as no Keralite would prefer to cook any dish without using coconut oil. We need to take advantage of this trait. There are many multiplexes and big malls, across the world manned by Indians especially Keralities. A strategy need to be devised to exploit the preference of tastes of Malayalees who are described as 'Mallus', and who have large presence in the various regions of India and abroad, so that large scale coconut based products could be marketed successfully. With the least effort, maximum advantage could be derived by working out a clear methodology and strategy to use the Pravasi Malayalees in this endeavour. A consortium of manufacturers can come under one

umbrella and brand their product, so that it could be easy to sell a brand instead of products made by diversified companies.

**Conclusion:**

Coconut products are agri products, which have a fulsome future as products of tomorrow. It being a natural agriculture product, the various products in the coconut segment having export potential must be brought under the tag of 'Environnement Products' to enable



it to come under the preview of Kyoto Protocol for availing carbon credits. For this, the Environment Ministry of the Govt. of India should classify coconut products as environment friendly products. We should also look at nascent markets and new markets. We need to publicize that by using coconut products there is no harm to health as there is fair level of consumer skepticism that some products are harmful for consumption when they are not! We need to put under the spotlight that coconut oil and other coconut edibles do not affect the cardiovascular health. We also feel

that the Mill Gate Scheme which provides 'transport subsidy' to the Jute and Handloom sectors should also be made available to coconut sector. We need to devise schemes in tandem with the schemes in the Foreign Trade Policy and Handbook of Procedures, to enable coconut based exported products to get the benefits of such schemes. We should move ahead with the times, if we need to catch up with our competitors who are far ahead in the field occupying considerable space of the growing, developing and developed markets. In the present era of borderless trade, we need to be

competitive and only through far sighted strategies, we can hope to capture the big markets.

[The author is a well known Foreign Trade Consultant who has served diversified segments like Textiles, Engineering, Coir, etc. He is a qualified expert in Foreign Trade Policy. He has authored three books, compiled the 'Coir Export Manual' for the Coir Board, and made massive contribution to the Viswa Vijanana Kosh, Malayalam Encyclopedia published by National Book Stall in 1970. His articles have been published in various newspapers. He has also contributed to the bilateral trade growth between India and USA during his stint with Indo American Chamber of Commerce. He was responsible for getting a number of Schemes included in the Five Year Plans for the Textiles, Coir, industry segments.]

## NOTICE

It is hereby informed that vide Public Notice No.169(RE-2008)/2004-2009 New Delhi dated the 1<sup>st</sup> April 2009 of the Department of Commerce, Ministry of Commerce and Industry, Government of India has notified Coconut Development Board as an Export Promotion Council (EPC) **for all coconut products other than those made from coconut husk and fibre**. In pursuance of the above notification coconut products such as coconut water based products, raw coconuts, coconut oil, dry coconuts, ball copra, cut copra, medicated coconut oil, coconut oil based hair/massage oils, virgin coconut oil, coconut based convenience foods, coconut shell, coconut shell powder, coconut shell charcoal, coconut shell based activated carbon, coconut shell buttons, handicrafts made out of coconut shell and parts of coconut tree, coconut wood furniture etc. fall within the jurisdiction of the Coconut Development Board.

Exporters/prospective exporters of coconut products (**other than those made from coconut husk and fibre**) are requested to register with the Coconut Development Board immediately.

The application form for Registration-cum-Membership Certificate is available at Coconut Development Boards web site at [www.coconutboard.gov.in](http://www.coconutboard.gov.in).

*Chairman*

## RETIREMENT

S h r i . K . V .  
J a y a p r a k a s h ,  
A d m i n i s t r a t i v e  
O f f i c e r , C o c o n u t  
D e v e l o p m e n t



Board retired from the services of the Coconut Development Board on 30<sup>th</sup> June 2009 on superannuation. He has rendered more than 27 years of service in the Board.



S h r i . T . K . C h a n d r a n ,  
A s s i s t a n t  
A d m i n i s t r a t i v e  
O f f i c e r , C o c o n u t  
D e v e l o p m e n t

Board retired from the services of the Coconut Development Board on 30<sup>th</sup> June 2009 on superannuation. He has rendered more than 26 years of service in the Board.