

Study of Cuddalore under DGFT's "District as Export Hub" initiative



STUDY OF CUDDALORE DISTRICT UNDER THE DGFT'S

DISTRICT EXPORT HUB INITIATIVE

INCLUDING THE DISTRICT EXPORT ACTION STRATEGY

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Note:

Draft Copy of the document was received from FIEO.

The Draft copy was revised by DIC-Cuddalore, based on the comments/ observations received from the Industry Associations at Cuddalore District based on the Stakeholder Discussion.

The same has been highlighted in the document, with a Triangle Mark bearing the numeral 1, to denote that this is the First Revision of the Document.

FEDERATION OF INDIAN EXPORT ORGANISATIONS

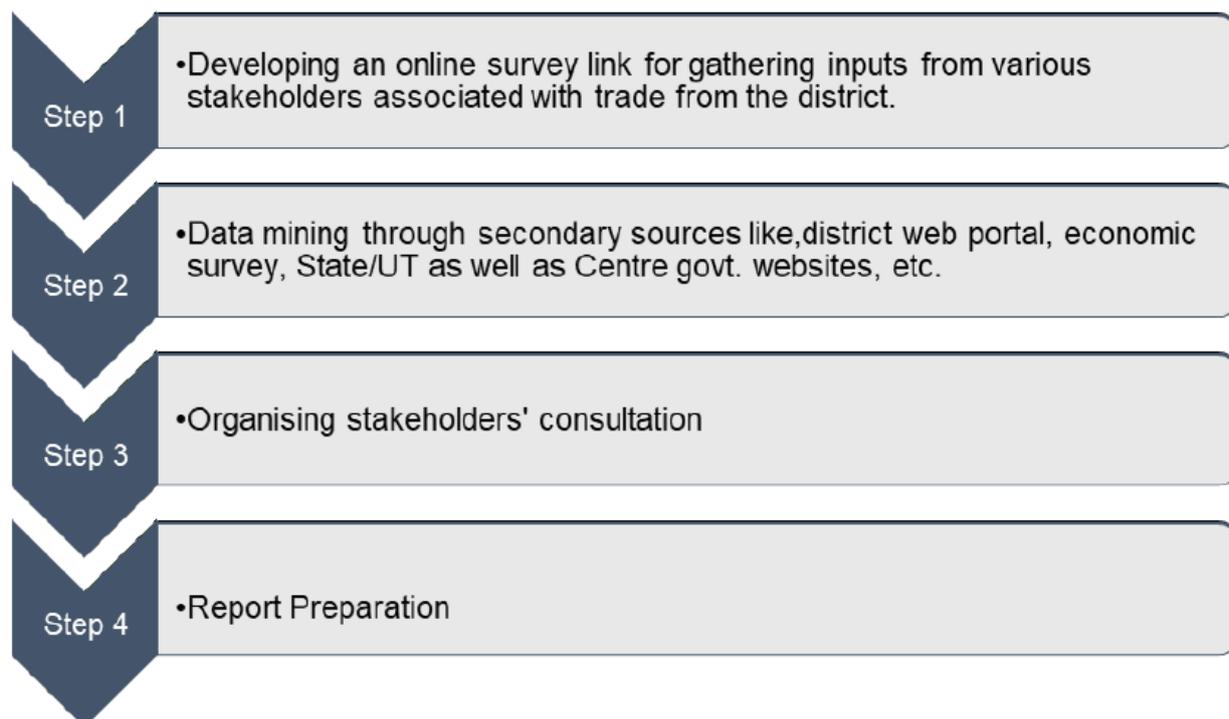
1.0

Objective

The Study overall aims towards facilitating exporters in the district through various measures pertaining to policy, infrastructure, logistics, ease of doing business, promotion, skill development, cluster development, etc.

1.1

Methodology



1.2

Stakeholder's Consultation

FIEO organized an Interactive Video Conference with Stakeholders from Cuddalore District, Tamil Nadu under DGFT's District as Export Hub Initiative. The objective of the session was to identify key issues and challenges and also to find out the potential especially from the agricultural sector from the District.

The meeting was attended by Dy DGFT, GM DIC, representatives from Cuddalore Chamber of Commerce, Cashew Export Promotion Council, Tamil Nadu Cashew Exporters and Processors Association, **Micro and Small Enterprises Association of Cuddalore District**, Peanuts Processors Association, MPEDA and exporters.



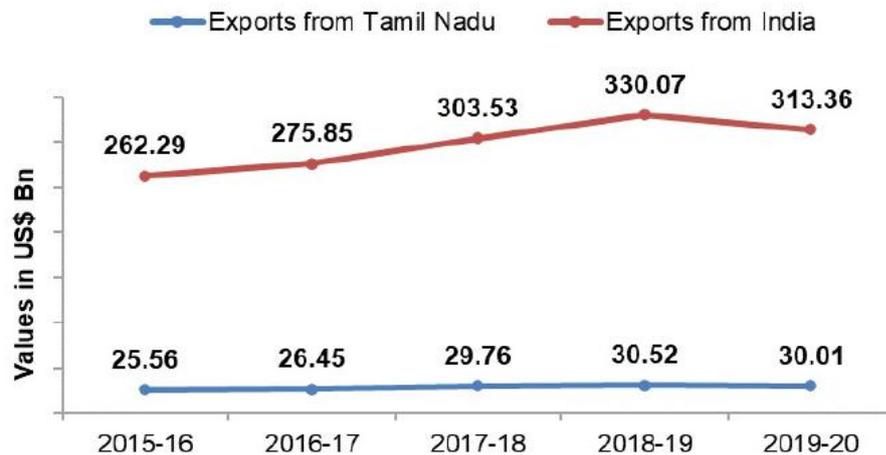
PROFILE

- Tamil Nadu is the fourth largest state of India. Located on the southern coast of India, Tamil Nadu is surrounded by Andhra Pradesh on the north, Karnataka and Kerala on the west, Indian Ocean on the south, and Bay of Bengal on the east.
- Tamil Nadu is one of the most advanced states in India contributing around 8.55% of India's GDP. Between 2015-16 and 2020-21, Gross State Domestic Product (GSDP) will expand at a Compound Annual Growth Rate (CAGR) of 12.20% to reach Rs. 20.92 trillion (US\$ 299.32 billion). Net State Domestic Product (NSDP) expanded at a CAGR of 11.93% to touch Rs. 16.59 trillion (US\$ 231.49 billion) during same period. In 2019-20, the tertiary sector contributed 53.67% to state's Gross State Value Added (GSVA) at current prices, followed by the secondary sector at 33.44%.
- Tamil Nadu has 37,220 factories employing over 24 lakhs persons, which is the highest in the country. Tamil Nadu ranks third in the amount of invested capital (₹4,02,55,907 lakhs) in the Industrial sector. Tamil Nadu ranks third in terms of total industrial output (₹7,65,52,431 lakhs).
- Tamil Nadu has a highly developed industrial eco-system and is very strong in sectors like automobiles and auto-components, textiles, leather products, light and heavy engineering, pumps and motors, electronic software and hardware. Tamil Nadu has strong Micro, Small and Medium Enterprises (MSME) Sector. Sugar Industry being the second largest agroindustry in Tamil Nadu, contributes to the socio-economic development of rural population. State nurtures 21 Industrial Parks/Growth Centres including 7 sector-specific Special Economic Zones (SEZ) with basic amenities in a total extent of 32,004 acres spread over 12 districts.
- Tamil Nadu Industrial Development Corporation Ltd (TIDCO), State Industries Promotion Corporation of Tamil Nadu (SIPCOT), Tamil Nadu Industrial Investment Corporation Limited (TIIC), and Tamil Nadu Small Industries Development Corporation Limited (TANSIDCO) are jointly developing industrial infrastructure in the state.
- According to Department for Promotion of Industry and Internal Trade (DPIIT), cumulative Foreign Direct Investment (FDI) inflow in Tamil Nadu and Puducherry stood at US\$ 32.20 billion between April 2000 to March 2020.
- Tamil Nadu has a well-developed infrastructure with an excellent road and rail network, three major ports, 15 minor ports, and eight airports across the state providing excellent connectivity. As of July 2020, the state had a total installed power generation capacity of 32.62 gigawatt (GW).
- Tamil Nadu is the largest producer of cotton yarn, accounting for 41% of India's production. During October-September 2019-20(E), the state was estimated to produce 600,000 bales of cotton.

- As of March 2019, IT & ITeS export from Tamil Nadu increased to Rs. 1.39 lakh crore (US\$ 19.9 billion) in 2018-19 at a growth rate of 10% y-o-y. The State economy is predominantly service sector based with 53% of Gross State Domestic Product (GSDP) contributed by this sector. Chennai is the largest software exporter in India next to Bangalore. It is also a hub for e-publishing in the State. India's largest IT Park is housed near Chennai. GoTN has promoted numerous industrial parks like Rubber Park, Apparel Park, Floriculture Park and Agro Export Zones. This sector has been recording impressive growth over the years. Transport, real estate, banking & insurance continue to be the major contributors under service sector in the State.
- Tamil Nadu has some of the most remarkable temple architecture in the country and a living tradition of music, dance, folk arts and fine arts. Tamil Nadu is well renowned for its temple towns and heritage sites, monuments, forts, hill stations, waterfalls, national parks, beaches, local cuisine, natural environment and wildlife. Tamil Nadu has five UNESCO declared World Heritage sites, viz. Shore Temple, Five Rathas and Arjuna's Penance in Mamallapuram, Brahadeeswarar Temple in Thanjavur, Iravatheeswarar Temple in Darasuram, Brahadeeswarar Temple in Gangaikonda Cholapuram and Nilgiri Mountain Railways. Tamil Nadu ranked first in terms of domestic tourist arrival and second in terms of foreign tourist arrival in 2018(P). In 2018, foreign tourist arrival reached 6.07 million, while domestic tourist arrival reached 385.90 million.
- Tamil Nadu has a well-established transportation system that connects all parts of the State. The State is served by an extensive road network in terms of its spread and quality, providing links between urban centres, agricultural market-places and rural habitations in the countryside. The State has 29 national highways covering a total distance of more than 5000 kms. The State has a total road length network (surface and unsurfaced) of 2.49 lakh kms. The State has a well-developed rail network with a total track length of 5150 kms and 532 railway stations. This system connects it with all the major cities of the country. Tamil Nadu has 4 international airports at Chennai, Coimbatore, Madurai and Tiruchirapalli. The other domestic airports are in Tuticorin and Salem. Tamil Nadu with a long coastline has 3 major ports in Chennai, Ennore and Tuticorin. The 15 minor ports are in Cuddalore, Nagapattinam, Rameswaram, Pamban, Colachel, Kanyakumari, Valinokkam, Ennore, PY-3Oil Field, Thirukkadaiyur, Kudankulam, Thiruchopuram, Punnakkaya, Manappad and Kattupalli.
- Tamil Nadu has been ranked as the 5th largest performing State in terms of mobility of goods and efficiency of logistics chain, according to the Logistics Ease Across Different States (LEADS) index 2019 of the Ministry of Commerce & Industry.
- According to NITI Aayog's Export Preparedness Index 2020, Tamil Nadu stood at 3rd position both among all Indian States/UT's as well as under the category of Coastal States. The report acknowledges Tamil Nadu as a perfect example for strong export promotion policies. The state provides land allotment for companies with a clear roadmap for Export based business. Along with this, there are sector-specific export plans for industries such as

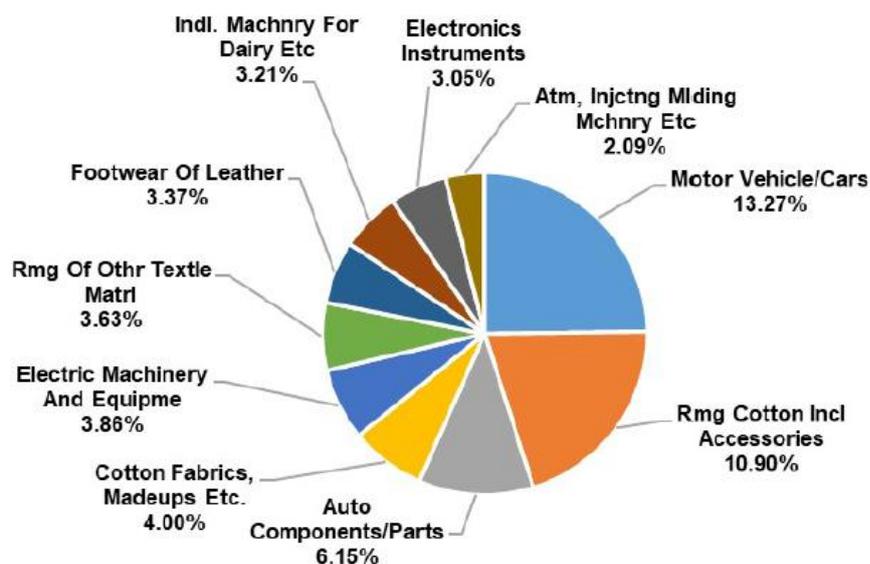
Automobiles, IT and Marine products. Finally, the state government provides financial aid to deserving exporters on the recommendation of Export Promotion Councils, to meet legal costs and other associated expenses.

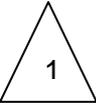
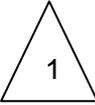
- In 2019-20, Tamil Nadu registered an export value worth US\$ 30.01 Bn, occupying a share of 9.58 per cent in India's total exports. In the last five years, Tamil Nadu has maintained its position as the 3rd largest exporting State in the country.



- During 2015-16 to 2019-20, Tamil Nadu's exports witnessed a positive CAGR of 4.10 per cent along with a positive growth of 4.55 per cent in India's overall exports.
- Out of 168, the State deals in 162 commodities. The top 10 commodities comprised a share of 53.53 per cent in Tamil Nadu's total exports in 2019-20.

Major Composition of Tamil Nadu's Exports



- Cuddalore District is located in the southern Indian state of Tamil Nadu. It is one of the ancient, historic district. Present Cuddalore district was newly bifurcated from South Arcot district on 30Th September 1993. Cuddalore a fast-growing industrial town and Headquarters of the Cuddalore Taluk and District. It is located at the estuary of river Gadilam and Pennaiyar with Bay of Bengal. The town is at a distance of 200 Kms from Chennai and 22 Kms from Pondicherry.
- Cuddalore District has 13 Blocks (sub taluk), they are: Annagramam, Bhuvanagiri, Cuddalore, Kammapuram, Kattumannarkoil, Keerapalayam, Komaratchi, Kurinjipadi, Mangalur, Nallur, Panruti, Parangipettai and Vriddhachalam Blocks.
- Main Rivers of Cuddalore District are Kollidam (Coleroon), **Gadilam**, Pennar and Vellar. The Lakes of Cuddalore District are: Perumal Eri, Veeranam Lake and Wellington Lake. 
- The district has a total area of 3703 Sq.Kms, with a population of Total: 26,05,91. The population density of the district is 707 sq m.
- **The district has a huge pool of trained and educated manpower for deployment to various MSMEs. Renowned universities and educational/ training institutions/ testing labs impart quality education and enhance the employment potential in the District.** 
- **The electric power generated in the district is mainly from the NLCIL's thermal power plants located at Neyveli, which caters to the consumption needs of various sectors namely agriculture, industry apart from public lighting, domestic and commercial consumption. Rural electrification is rigorously carried out to support the agriculture sector. Laying of underground cable work has been completed in Cuddalore Town. The same can be carried out across the district especially where the industrial activity is concentrated viz. towns like Panruti, Chidambaram, Vridhachalam etc. which can reduce the interuption in power supply during natural calamities.** 

Geographical/ Topographical characteristics of the district

- **Forest area:** The total area covered under the Forest in the district is 4116.05 hectares. Reserve Forest covers 3689.05 Hectares hectares and Reserve land 427 hectares. Most of the forest areas lie in Panruti, Chidambaram Kattumannarkoil, Vridhachalam and Titakudi Taluks.

- **Soil:** The soil of the district is classified as the black, red, ferruginous and arenaceous. They are again subdivided into clays, loam and sands. Black soils are observed in the Chidambaram and Vridhachalam Taluks. The sandy soils are seen along the coast in Cuddalore and Chidambaram Taluks. The younger alluvial soils are found as small patches along the stream and river courses in the district.

Agriculture and Industrial profile of the district

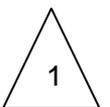
- **Agriculture:** In Cuddalore District agriculture continues to be the dominate sector in the economic development sustaining 80% of population. It also prides employment opportunities to rural population. About 75% of the total geographical areas of this District is under circulation among which 60% are irrigated and 40% rain fed. The cashews are ground in red soils in the areas around panruti, Vadalur, Neyveli and Virdhachalam and 60% of the state's production of cashews is accounted for by the District. The Chief crops of the District are Paddy, Cumbu, Ragi, Choram, Redgram , Gingelly, Tapiaco, Greengram, Cashewnet and Black gram. The major cash crops viz, Sugarcane, Coconut, Groundnut and Banana are also cultivated in considerable area. **Vetiver is also being cultivated at selected pockets in the coastal blocks.** Panruti a famous place for Jack fruit in Tamilnadu. The Cashew and Jack fruit earns considerable foreign exchange to the fames. In addition vegetables such as brinjal , ladies finger, onion, tomatoto,etc. are also grown in the District.
- **Fisheries:** Cuddalore district is one of the most potential districts, not only for marine, but also for land and brackish water resources. The district has a coast line of 57.5 Kms. There is 27,966 hectare of inland water resources namely major irrigation and long seasonal tanks, Fish Farmer's Development Agency (FFDA) tanks, derelict water and aquaculture farms.
- **Livestock:** The fertile soil and good water potential provide ample scope for livestock rearing in the district. There are 3.50 lakh cattle, 3.56 lakh goat, 0.60 lakh sheep and poultry population is 11.00 Lakhs. The livestock rearing provides ample employment and income generating activities to small farmers, marginal farmers and agriculture labourers. More than hundred veterinary institutions are present in this district to take care of the health of the livestock population.
- Major potential exists for ceramic and refractory products, bio-ceramics, textile-based rubber and plastic products, rice-based industries, coir-based units, fish processing and organic chemical products.
- Cashew, minor millets, and maize being the major crops of some blocks – there is scope for setting up of food processing and poultry feed industry in those blocks. Paddy and groundnut being the other major crops of the district, modern rice and oil mills could be set up.



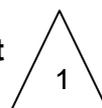
- TIDCO with the assistance of APEDA and the State Agriculture Department is setting up an Agri Export Zone for cashew at Cuddalore district covering Cuddalore, Thanjavur, Perambalur, Pudukottai and Sivaganga districts at a project cost of ₹16.54 cr.

Connectivity

- **Road:** Cuddalore is connected to other parts of Tamil Nadu through a very good rail and road Network. National Highways covered 194.80 Kms. National Highway NH45A Road links Villupuram and Nagapattinam district, NH45C Road connects the district with Trichy district. The state Highways links the various parts of the district with the nearby urban areas and they cover 1899.10 Kms.
- **Rail:** Three railways lines are diverging from Cuddalore junction connecting 27 railway stations in the district. They are Cuddalore-Villupuram-Chennai, Cuddalore – Mayiladuthurai - Tiruchirappalli, Cuddalore – Mayiladuthurai – Velankanni and Cuddalore-Vridhachalam-Salem. The length of broad-gauge line is 188 Kms.
- **Ports:** The District has two ports, one being Cuddalore Old Town (O.T.) and the other at Parangipettai. While there is no activity at Parangipettai port, limited imports and exports being carried out at Cuddalore O.T port. The exports of iron ore and imports of chemicals and fertilizers. In 17th Century the Parangipettai port was associated with the Portuguese, Dutch and the British.
- **Airport:** The district has one air-strip at Neyveli Township. The airport is owned by the Neyveli Lignite Corporation (NLC) and is located at National Highway 45C, adjacent to the NLC township. The airport is spread over 220 acres. The Airports Authority of India is upgrading the airport to enable commencement of commercial flights under the Regional Connectivity Scheme (RCS).



Top industries in Cuddalore district



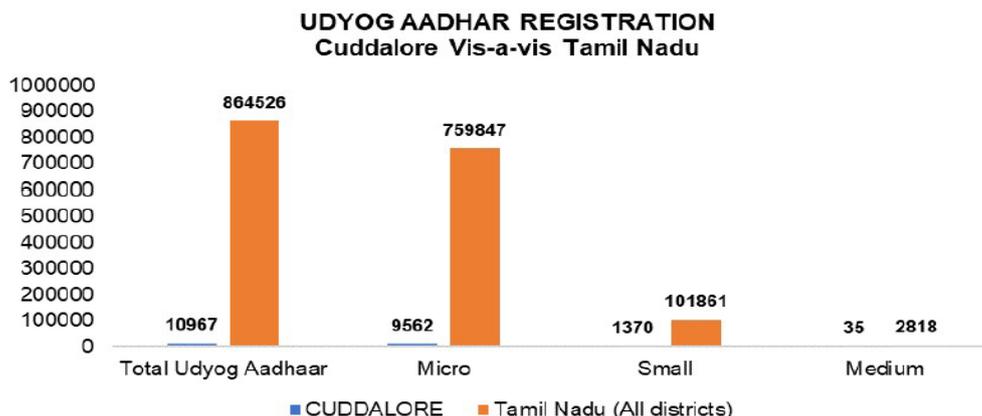
Cashew Processing

Chemicals

Manufacturing of Ceramics, Refr. Bricks

Paddy Hulling

Manuf. of Food Products Packaged Drinking Water



The Cuddalore district has a coastal Length of 57.5 Km. comprising of 49 fishing villages with total marine fishermen population of 47000. Among them 23840 are active fishermen and nearly 15000 fisherwomen are engaged in fishing related activities. There are 235 Mechanized fishing boats and 2345 FRP boats, Non-motorised boats 1906 are operating in this district. There are 36 Marine Fishermen Coop Societies, and 41 Marine Fisherwomen Coop societies, 22 Inland Fishermen Co-op. Societies and 6 Inland Fisherwomen Co-op. Societies are functioning in Cuddalore District. Various welfare schemes are being implemented through the coop societies. Fishing boats are berthed at Cuddalore fishing harbour, Mudasalodai Fish landing centre, Samiyarpettai Fish Landing Centre, MGR Thittu Fish Landing Centre, Parangipettai-Annankoil Fish landing centre and Pettodai Fish Landing Centre doing fishing. The annual total Marine fish production is 25,000 tons. The fishes caught are being sold in local market and also to nearby Districts and to Kerala State.

The total estimation of marine fish production is around 40,000 tons, the fishery resources of Cuddalore District such as Skates & Rays, Cat fishes, Lesser Sardines, Silver bellies, Anchovy, Thriassocles, Saurida & Saurus, Flying fish, Perches, Red Mulletts, Polynemids, Sciaenids, Ribbon fish, Caranx, Chironemus, Trachynotus, Ceryph aena, Oil Sardines, Pomfrets, Mackerel, Seerfish, Tunnies, Sphyreana, Mulletts, Soles, Prawns, Lobsters, Crabs, Cephalopods, Drepane, Lethrinus, Sillago. Mainly export the following varieties of fish likes shrimp, crab, seer fish, groupers, cephalopods, tuna etc. Exporters from Tamil Nadu, Pondicherry, Karnataka and Kerala are regularly purchasing fishes from Cuddalore and transporting it to their units for processing and exporting. Estimation of inland fish production is around 1600 tons, in this 50 % of total production comes from brackish water farms (around 135 farms)

❖ Strategy

Facilitating infrastructure

- Cold storages can be set up in Cuddalore area. There are few cold storages in or nearby district but it is not serving the purpose of much to the exports due to quality parameters. Cold Storage facility (upto 500 Metric Tons) is required for sea food items.
- In cuddalore, there are more farmers involved in shrimp culture prawns but they are giving to the vendors in unorganized manner, which is usually sold in nearby markets. Marine exports including shrimps can be promoted by adopting new technologies like bio flock cultivation. In Bhubaneshwar, it is getting promoted and cultivation is being done as it is creates revenue for the farmers. Cuddalore has potential for shrimp cultivation; promoting bio flock technology with the help of fisheries department can be done.
- Modernization of fishing harbour needs to be done, taking into consideration the following:-

- Establishment of Processing plant and common pre-processing center at fishing harbours, will further augment exports.
- There is a need for establishment of a solar drier for hygienic dry fish production. At present, the fishermen are drying sea food items on floor which is unhygienic in itself. For maintaining proper quality and standards, scientific drying techniques need to be adopted.
- Need to adopt better handling, processing and transportation practices.
- Sea food processing park may also be set up at industrial places, near to the harbours like Cuddalore fishing harbour and Parangipettai Annankoil Fish Landing Centre where high volume of fish is getting caught.

Encouraging product diversification

- Cuddalore district, Tamil Nadu is famous for Molluscan and Bivalve fisheries apart from fin fishes and cephalopods fishery. Due to availability of highly nutrients mud banks nearby the fishing landing centre such as Samiyarpettai, MGR Thittu, Parangipettai - Annankoil etc.
- There is ample scope of renewal of Molluscan fisheries such as Baigai (Short shell & Long Shell), which can be exported in live form through Air cargo. Further Green mussel, blood clam, ark shell etc. other potential item can be improved through sustainable fishing

Scientific institutes such as CIBA, CMFRI and MPEDA RGCA in this area of expertise for cultivation and demo farming may be approached for the same.

Institutional mechanism

- Identification of potential brackish water areas for aquaculture by Dept. of Fisheries , Tamil Nadu
- Identification of potential freshwater areas for aquaculture by Dept. of Fisheries, Tamil Nadu

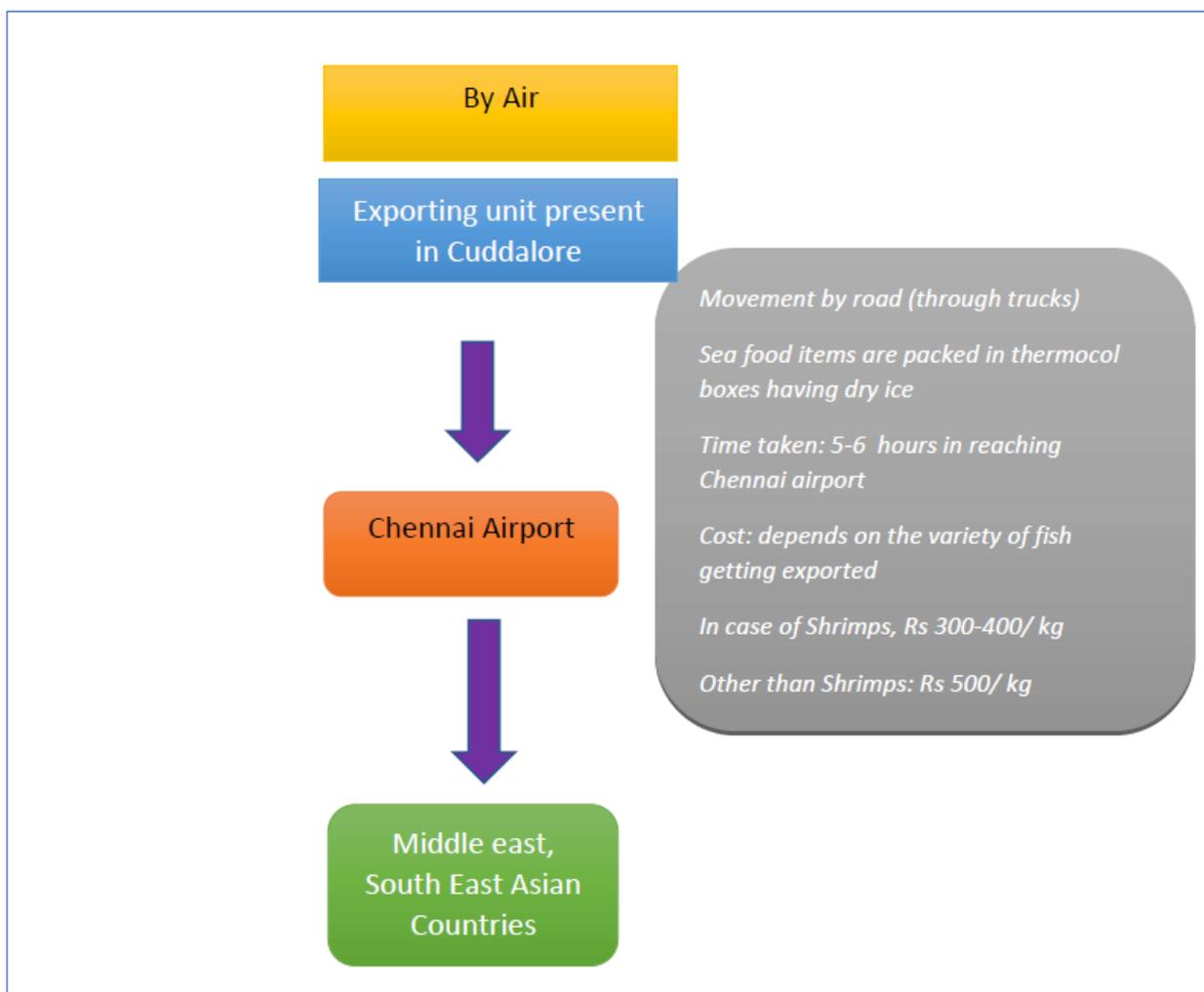
Training and Capacity building

- Technical guidance for the development of identified aquaculture areas by MPEDA. Training can also be given to selected prospective aquaculture famers on export oriented species by MPEDA.
- Encourage fisherman/farmer for diversified aquaculture/fishing(tuna fishing for fisherman) and cage culture, crab culture, GIFT Tilapia Culture, Sea bass Culture, Ornamental fish etc.
- Capacity building on sustainable fisheries i.e. Square mesh cod end implementation and hands on training on hook line fishing methods, Onboard preservation technique may improve the quality of fishes landed and enhance the unit value of fishes for export and increase the revenue of fishers.
- Pilot scale demonstration of bivalve mariculture may be carried out to enhance and diversify molluscan raw material supply for export

Policy interventions needed

- Modernization of fishing harbour with international standards may be undertaken with funds from PMMSY, FIDF
- Potential vacant lands available in District for aquaculture needs to be identified by Department of Fisheries and may be given on lease to interested new entrepreneurs for aquaculture activities for increasing fish production for export.

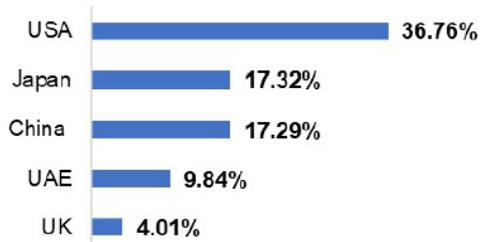
Logistic Mapping



Exports of Other Shrimps and Prawns (HS code 03061790) from Tamil Nadu in 2019-20

Exports from Tamil Nadu	:	US\$ 263.23 Mn
Exports from India	:	US\$ 3,704.32 Mn
Share of Tamil Nadu	:	7.11%

Major Export Destinations of Tamil Nadu for Other Shrimps and Prawns



These five markets occupied a share of 85.23% in Tamil Nadu's total exports of the item.

India needs to process at least 2 million tonnes of cashew a year if it wants to become a global leader in this commodity. India processed around 1.4 million tonnes of cashew in 2019, whereas Vietnam processed around 1.9 million tonnes.

A raw cashewnut yields four products – cashewnut shell liquid (CNSL), broken cashews, lower grade cashews, and main exportable cashews. In many African countries, shells are just wasted. Broken cashews have no demand in most of the countries; it is only India where it is sold. The lower cashew grades again have no demand in most of the countries. That is why India has tremendous strength in processing. There is a need to increase the base price of raw cashew nuts to at least ₹120 a kg, as a price below that is not remunerative to a grower.

Scenario of cashew production in Cuddalore: Agriculture continues to be the most predominant sector of the Cuddalore District economy, as some percent of the 80% population is engaged in Agriculture and allied activities for their livelihood. About 75% of the total geographical area of this District is under circulation among which 60% are irrigated and 40% rain fed. Presence of hilly areas (of about 300 ft height) i.e., Capper hills and two rivers adjoining the sea makes more fertile area for the agriculture sector

Cashew is the major and focused product in the district. Cashew is in red soils in the areas around Panruti, Vadalur, Neyveli and Virdhachalam and 60% of the state's production of cashews is accounted for by the District. Panruti has identified itself with production of cashews, but the farmers are adopting virtually outdated, traditional and unscientific methods of cultivation. Out of the total 1,42,000 hectares under cashew cultivation in Tamil Nadu, Panruti accounts for about 35,000 hectares. There are around 32 export-oriented cashew production units in Panruti besides 250 processing units and more than 500 cottage industries. In Cuddalore, there are more than 1000 units which are unorganized and into processing of cashews and further they are supplying to exporters. It has been further informed during interaction that a major portion of land producing cashews was acquired by navy lignite corporation.

Besides Cashew, other Chief crops of the District are Paddy, Cumbu, Ragi, Cholam, Redgram, Gingelly, Tapiaco, Greengram, Cashewnet and Black gram. The major cash crops viz, Sugarcane, Coconut, Groundnut and Banana are also cultivated in considerable area.

❖ **Strategy**

- **Production:** There is a need to increase the production of Cashew nut as Tamil Nadu is 5th largest producing state, preceded by Maharashtra, Andhra Pradesh, Odisha and Karnataka. Raw cashew nut production stood at 20 per cent of the global production. India's share in global cashew processing stood at 39 per cent. However, Vietnam led the cashew processing sector at 52 per cent in 2019. India needs to take its crop from the existing 7 lakh tonnes per annum to at least 12 lakh tonnes per annum in the next five years to become Aatmanirbhar in crop production. Currently, India is importing around 9 lakh metric from other African countries. So, there is a need to increase area of production of raw cashew

production. The same can be done under the active support and guidance from department under Agriculture.

- **Infrastructure:** The industry also lacks a full-fledged warehousing facility including cold & dry storage facility. It was informed from the interaction that private warehouse turns out to be expensive affair because of their high rental charges. So, capacity enhancement of warehouses needs to be done. In this regard, a proposal has been submitted by Tamil Nadu cashew processors and exporters associations for the following:-
 - Rural Godown (Establishment of Dry and Cold warehouse): There are three public warehouses at present in Cuddalore district- Panruti, Vridhachalam and Cuddalore Port. At present, there is no rural godown in Cuddalore district. Farmers sell their products in the market at a price available in the market, whether favourable or unfavourable to them since they cannot store the produce. Availability of rural godown will be helpful for the farmers as they can keep stock of the produce immediately after cultivation and sell the same when good prices are there in the market. The beneficiaries of creating this infrastructure include farmers, cashew processors, cashew exporters and traders. It may be located in panruti to Kadampuliyar road (NH 45C) as it will be easily accessible by all segments of the trade. The capacity of dry warehouse may be 48,000 sq feet and Cold warehouse may be 12,000 sq feet. Both types of warehouses can store maximum of 1500 MT of cashew nuts.
 - Testing laboratory is also required to be set up in Cuddalore for cashew as samples are being sent to Cochin and Kollam and it takes around 15 days for the testing. Geo Chem Laboratories (SGS) is being used by the exporting community, but it has turn out to be expensive.
 - Thousands of farmers in the region are cultivating cashews on a large scale and they are supplying the raw nuts to the market. While the demand is on the rise, value realisation of cashew is very meagre. The establishment of a cluster would not only benefit farmers but also those involved in the production, processing and marketing of cashews in the region.
- **Facilitating Logistics**
 - Exporting community uses ports like Chennai and Tuticorin as only limited operations are taking place at Cuddalore port. In August 2020, the State's plan to expand Cuddalore port has got environment and CRZ clearance from the Centre. The plan will cost Rs.1.35 bn and enhance the cargo handling capacity by constructing two additional berths, with the necessary modifications to the existing breakwaters. The same needs to be expedited.
 - It has been further informed that custom clearance at Chennai takes a longer time than Tuticorin port due to delay in services by Custom officer. This needs attention.

- **Facilitating production and processing techniques**

On comparing the production patterns of Cashew production in Vietnam and India, it is understood that Vietnam is a small country and has a limited space to increase the crop. On the other hand, India has a great potential in cashew cultivation as it has a huge cultivable area.

- The old system of cultivation, hesitation on the part of farmers to switch over to cultivate hybrid varieties and adopt mechanization, has been contributing to poor value realisation of produce. Most of the crops in Panruti are over 50 years old resulting in low yield. As informed during interaction, the Processing units are also facing problem related to mechanization and automation in the processing of Cashew in the units. It is an important area to focus for competing in the International Market. All senile plantations must be replaced with the latest hybrid variety that can yield over 15 kg per tree, and there is also a need to focus on high density plantations
- Value addition in cashew industry is limited; hence, apart from mechanized techniques involved in value added products made from cashew, customized farmer-centric training programmes needs to be organized on frequent basis for shorter durations. In Maharashtra, the same is taking place under active involvement of Council of Scientific and industrial research (CSIR), Central food technological research institute (CFTRI) and Maharashtra State government, wherein the focus was primarily on value-added products from cashew nuts, packaging requirements, cashew apple juice, regulatory and safety issues.

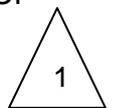
- **Policy Interventions: Cashew**

- Under 12th Plan scheme related to assistance to cashew exporters for upgrading their processing, packaging and quality control facilities, it has been informed that most of the exporters have got approval for subsidies for going ahead with machinery upgradation. Since Cashew export promotion council is the implementing agency, only 50% of the amount has been approved from Centre, rest is still pending.
- Lack of subsidies for purchase of machinery is also a deterrent factor affecting production of cashews. Under Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of the Small Scale Industries, subsidies can be availed up to 25% of the amount for particular machinery. Since only seven machineries have been listed, it is acting as a hurdle for cashew processors and exporters as there are various machineries involved which may also be considered to be included under the said scheme.
- Advance Authorization is not fulfilled due to covid which needs to be addressed on urgent basis.
- From Jan 2021, it is suggested by the exporting fraternity that the rate may be fixed to 7% for cashews under RoDTEP scheme.
- Cashew industry demands GI tag for Cashews produced in Cuddalore district. After GI status, the same can be marketed at various platforms like GI store, which is already functioning at Goa airport.

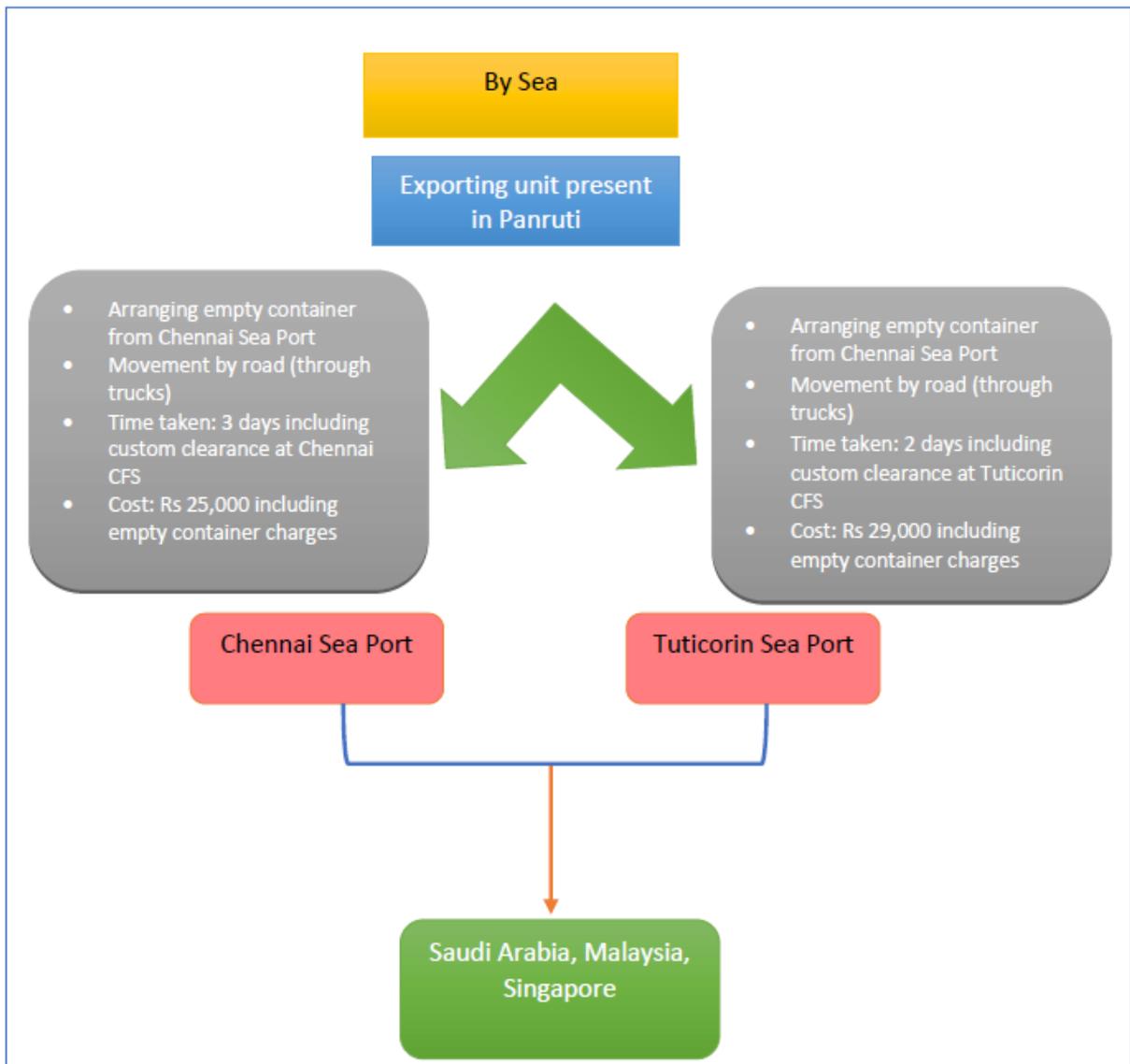
- The cashew nut Agricultural Export Zone (AEZ) in Kadampuliyur near Panruti does not suit the needs of the industry and is now virtually under the control of a monopoly. The AEZ, a joint venture between the Government and a private player has now been leased and most of the export units have been using their own packaging and grading facilities. There is a need to revive the AEZ set up for Cashew in Panruti to include cashew fruit juice concentration unit, cashew processing units, cold storage, godown and lab facilities.
- It is understood from the discussion that Government has allocated 10,000 crores fund for creating FPO's. On the similar lines, State has a role to play for increasing the production and also in terms of value addition. Mangalore is producing low cholesterol cashews. Organic Cashew can also be produced as it has greater market value than the raw material imported from African Countries.
- Exporting community also faces tough getting competition from countries like Vietnam as they are equipped with automation; hence their export price is lower than that of India. There is a need for price consciousness while competing with the International markets. It is understood that factors like organic cashews, production, and automation may increase the cost of production but price variation should be at par with the other exporting countries. Model of Kerala may be adopted as there are more mechanized machines.
- Cashew feni, being alcohol based, comes under the category of agro based sector, so if distillery license is being given for the sector, more investors and producers can be attracted in this sector in an organized manner.

Following are few of the additional policy interventions requested by the Tamilnadu Cashew Exporters and Processors Association (TNPCEA), Panruti-Cuddalore District for the Cashew Export Industry:

1. Restoration of export incentive to previous 5% from the present reduced 2.5%.
2. Removal of the Cap of Rs. 8.5 per Kg in the export incentive.
3. Need to Fix Rate for RoDTEP Scheme for Exports against AA
4. Additional volume-based incentive for higher threshold exporters, e.g., ₹10 Cr per annum.
5. Restoration of interest equalization to 5% from the present reduced 3%.
6. Mechanization incentive to be increased to 50% from the present 25%.
7. Need Waiver from FSSAI for Raw cashew nuts clearance
8. To add Cashew Product in PLI Scheme
9. Request to have special scheme under PM Kisan SAMPADA Yojana for cashew Industry



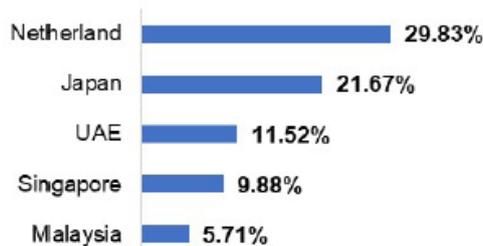
Logistics mapping: Cashew



Exports of Cashew Kernal, Whole (HS code 08013220) from Tamil Nadu in 2019-20

Exports from Tamil Nadu	:	US\$ 81.92 Mn
Exports from India	:	US\$ 527.59 Mn
Share of Tamil Nadu	:	15.53%

Major Export Destinations of Tamil Nadu for Cashew Kernal, Whole



❖ Peanuts

In India, Groundnut industry is flourishing day by day. In Tamil Nadu, Peanut production is favorable as it is grown in Chidambaram and Kattumannarkudi. Peanut has a good export potential as there is huge gap between demand and supply for Cashew nut.

Strategy

Facilitating Infrastructure

- Groundnut is being cultivated in Cuddalore District in Kurinjipadi, Panruti, Cuddalore, Kullanchavadi, and Vridhachalam. In these regions, a lot of micro-peanut processing Industries are located which can be upgraded and modernized to meet the export standards/ requirements.
- Value addition needs to be encouraged in peanut for export purpose. There is huge demand of value added products like peanut butter.
- It has been informed that farmers require space for adequate drying yard and godown/ warehousing facilities. The same can be provided at a subsidized purchase rate from the Govt.
- Farmers also require adequate familiarization/ training on the export related documentation procedures for exports augmentation.
- There is a requirement of an accredited central testing lab at Cuddalore District. Export samples are currently being sent to labs in Pondicherry for testing.
- Agricultural Export Zone (AEZ) in Kadampuliyur near Panruti needs to be revived, as once set up it will cater products like cashew and peanuts along with various agricultural commodities.

Policy interventions

- Cuddalore District is severely affected by heavy rains, cyclone during every monsoon, and also by droughts. Thus, the government may consider to provide subsidized and quality groundnut seeds like G7, G9, W44, etc., during these periods.

Scenario of Handicrafts industry of Cuddalore district

Cuddalore has many manufacturers in handicraft sector but many are not doing direct exports. There is paper mache and toy industry and orders are sold in US markets through merchant exporters only. Orders are also being sent to other countries on Christmas. Products like sea shells and other handicrafts items have good export potential. **There are units which export sea shells, Bronze idols, toys, ceramic items from the district.**



In Chidambaram, there more than 100 numbers of Imitation jewelry manufacturers and they are also doing exports through merchant exporters only. Around 50 people are involved in making idols made of Brass.

Strategy

- For Handicrafts, there exist a separate village in the district working on handicrafts like **Golu dolls** since ages and generations, in spite of having knowledge and art but they lack on having enough skills to develop handicrafts for the International Market.
- Skill development centre needs to be established in order to uplift artisans and enhance their skills to develop products for the international markets in terms of packaging, presentation etc.
- There is a need to create helpdesk in the state level export promotion cell for the handicraft sector with the help of EPCH for creating awareness for encouraging youth in export busines of handicrafts.
- For exporting through merchant exporter, marketing is one of the major issues being faced.
- An authorization centre in Cuddalore as per international standards may be set up. It was further informed by the stakeholders that the district witnessed high number of school drop outs in the last 4-5 years. Hence, authorization centre with training for handicrafts and toys will indeed flourish and livelihood will be better, as it will provide skill and training.



ANNEXURE

PRESENCE OF TRADE RELATED ORGANISATIONS**District: Cuddalore**

DGFT	Office of the Zonal Additional DGFT, Chennai Phone: 044-28283400 Email: chennai-dgft@nic.in
State Government	District Industries Centre Nellikuppam Main Road Semmandalam, Cuddalore-607 001 Tel: 04142 - 290116, 290192, 225717 Email: diccud@gmail.com
Export Promotion Councils	CHEMEXCIL Manipal Centre, 6th Floor, Unit No S-610, #47, Dickenson Road, Bangalore - 560042 Phone: +91 80 25580447 Email: robengaluru@chemexcil.gov.in & mem_roblr@chemexcil.net The Cashew Export Promotion Council of India Cashew Bhavan, Mundakkal West, Kollam 691001, Kerala, India Tel: +91 474 2742704 Email: cepci@cashewindia.org Export Promotion Council For Handicrafts 302, 3rd Floor, Cears Plaza, No. 136, Residency Road, Bangalore - 560025 (KARNATAKA) Tel: 91-80-22107367 E-Mail: bangalore@epch.com
FIEO	Southern Region Unit No.706, Spencer Plaza, 7th Floor, 769, Anna Salai, Chennai-600 002 Phone: +91-44-28497766/ 28497755/28493333, Email: fieosr@fieo.org
Development Authority	The Marine Products Export Development Authority Regional Division, No.167, First Floor, Interpretation Building TNFDC, ECOPARK Poonamallee High Road, Chetpet, Kilpauk Chennai – 600 010, Tamil Nadu Tel: 044 28365152 E-mail: ro.che@mpeda.gov.in
Industrial Association/Chambers	The Cuddalore District Chamber of Commerce 90, Beach Road, Cuddalore, India – 607001 Tel:044- 934-444-1617 Email: cuddalorevanigarsangam@gmail.com Tamil Nadu Cashew Exporters & Processors Association Tel: 09842344940 Email: crpcashews@gmail.com Cuddalore Peanut Traders Association Tel: 09842367891 Cuddalore District MSME Association Tiny Industries Association, Dp-25-A, SIDCO Ind. Estate, Semmandalam, Cuddalore Tel: 9367616350 Email: premsenengg@gmail.com