

MINUTES OF THE 94TH BOARD MEETING HELD ON HYBRID MODE AT SPICES BOARD HEAD OFFICE KOCHI ON 30TH JANUARY 2024

The 94th Board Meeting was conducted in hybrid mode on 30th January 2024. Some of the members of the Board participated physically at the Board Room of Spices Board, Kochi. The meeting commenced at 10.30 am. Shri Amardeep Singh Bhatia IAS, Additional Secretary, Ministry of Commerce & Industry and Chairman, Spices Board, chaired the meeting.

Out of the 17 members of the Board at present, the following participated:

1. Shri Amardeep Singh Bhatia IAS - Chairman (attended online)
2. Shri S. K. Sathyanarayana - Vice Chairman (attended online)
3. Shri D. Sathiyar IAS, Secretary, Spices Board - Member
4. Dr. Vanlalramsanga IES, Economic Advisor, Ministry of Commerce & Industry - Member (attended online)
5. Dr. R. Dinesh, Director, ICAR-IISR - Member
6. Shri S. Thirumurugan - Member
7. Shri Chandrasekhar Singh Raguvanshi - Member
8. Dr. Atya Nand, Director, Ministry of Labour and Employment - Member (attended online)
9. Shri Gautam Ghosh - Member (attended online)
10. Shri AkkiSeti Babu Rao - Member

In addition, the following Directors of the Board attended the meeting with the permission of the Chair:

1. Dr. Remashree A B, Director (Research & Finance i/c)
2. Shri Jijesh T Das, Director (Administration) i/c
3. Shri B N Jha, Director (Marketing) i/c
4. Shri Dharmendra Das, Director (Development) i/c

At the outset, Secretary Spices Board welcomed the Chairman and all Members to the 94th Board Meeting. After a round of introduction by the members, the agenda items were taken up for discussion, with the permission of the Chairman.

ITEM NO.1: CONFIRMATION OF THE MINUTES OF THE 93RD BOARD MEETING HELD IN HYBRID MODE ON 20.10.23 AT KOCHI

As no comments were received for the minutes of 93rd Board Meeting circulated among Board Members, the Board confirmed the minutes.

ITEM NO.2: ACTION TAKEN REPORT

The Board noted the ATR circulated.

During discussion, with regard to establishing Spices Incubation Centre at CFTRI, Secretary informed that the Board received two proposals for incubation support, through EOI, and the same were evaluated by the Committee concerned, consisting members from CFTRI and Board; that the Committee sought clarifications from both applicants, which would be available in 15 days. Based on their clarifications, decisions would be taken in accordance with the tender

conditions to finalize the incubatees and if need be, EoI would be issued again inviting fresh proposals. Further Secretary proposed that the Board would approach expert institutions viz. Tamil Nadu Agriculture University, the National Institute of Food Technology, Entrepreneurship and Management, NITTT, Haryana, IIT Guwahati for the North Eastern Region and National Institute of Nutrition, Hyderabad to set up Spice Incubation Centres; and that the Board would enter into similar MoUs with the identified national agencies to set up incubation centres and support their establishment through the Board's scheme. Shri. Vanlalramsanga, Economic Advisor informed that Department of Science and Technology, Government of India have set up incubation centres in many of the Universities in NER including Mizoram, Nagaland, Sikkim etc. and suggested that the Board may explore tie up with the existing incubation centres in the Central University. Chairman endorsed the suggestion, and stated that the Board should not only limit the plan with the institutions identified, but try to also cover other feasible collaborative options such as other Central Universities or other institutions where incubation centres exist.

With regard to re-vamping the firefighting system in Guntur Spices Park, Chairman advised to follow up with CPWD for expeditious completion of the work.

In regard to strengthening the QELs of Mumbai, Guntur and Cochin, Chairman suggested to prepare a comprehensive plan covering all testing facilities of the Board for the next 5-6 years, and also to collaborate with other Boards to establish testing facilities jointly. The plan should be presented to the Board in its next meeting.

With regard to the project on soil fertility assessment in the cardamom tracks, Director (Res.) clarified the queries raised by Director, IISR related to soil sample collection and testing.

With regard to renovation of office building at ICRI, Sakleshpur and erection of pre fabrication structure at ICRI Farm at Pangthang, the Chairman suggested to follow up with CPWD to complete the works within a defined timeline. With regard to renovation of farm building at ICRI Pangthang to start bio agents' production, Dir (Res.) clarified that quotations were collected and works would be completed by 31.03.24. All works with defined milestones and milestones for completion should be presented in the next Board meeting.

With regard to the issue of export of chilli to Mexico, Director (Mktg.) informed that this issue was consistently followed up with the Indian embassy in Mexico and that the embassy is in the process of arranging a joint meeting of the Spices Board, the Department of Plant Protection, Quarantine and Storage, with M/s SENASICA, the phyto-sanitary agency of Mexico, during February 2024 for reaching a solution.

ITEM No.3: STATUS OF ESTABLISHMENT OF SPICE COMPLEX AT NAMCHEYBONG, PAKYONG, SIKKIM

Director (Marketing) informed that the tender for the building construction would be finalized by CPWD and the cost quoted by L1 was Rs.17.35 crores which was 27.77% less than the detailed estimate and hence the projected cost escalation by CPWD from Rs.26.51 crore to 31.38 crores might not be warranted.

In this connection, Chairman suggested the Board to ask CPWD to make a brief presentation covering milestones and timelines linked with milestones, and progress of the project in the next board meeting.

ITEM No.4: STATUS OF APPLICATIONS RECEIVED FOR ISSUANCE OF CARDAMOM AUCTIONEER LICENSE FOR THE BLOCK PERIOD 2023-26

Director (Mktg.) briefed the status of applications received for issuance of Cardamom Auctioneer License for the block period 2023-26 and also the status of court cases filed in this matter. Secretary added that one of the applicants who conducted online auction without the permission of the Board earlier had now applied for an auctioneer license under the ambit of the Cardamom Marketing Rules, which could be seen as a positive sign.

Chairman suggested to explore extending e-auctions also to those areas where manual actions were conducted.

After detailed deliberations,

- (a) The Board ratified the action taken by the Secretary to extend the validity of cardamom auction licenses issued for the block period 2020-23 up to 26th February 2024.
- (b) The Board approved for issue of licenses to three applicants to conduct manual auctions.

With regard to Bank Guarantee, after discussing Agenda Item No.5 and its supplementary notes, the Board decided the following:

- (a) The Board, approved to collect the BG amount from the applicants for issue of licence to conduct e-auction as given below as an interim arrangement, till approval of the final recommendations of the Committee constituted in this regard, by the Board / the Ministry, as the case may be.
 - Fixation of fixing BG amount, in case of renewal applicants, equivalent to the average auction sale value in one auction, of that auctioneer during the preceding block period. For new applicants, the BG amount should be equivalent to the average auction sale value in one auction, of all auctioneers during the preceding block period.
 - The Board should reassess and modify the BG amount as per requirement.
 - Additionally, the Board should immediately put in place a safeguard mechanism whereby an auctioneer would not be allowed to trade beyond a fixed upper limit in an auction (for example, equivalent to BG amount or not more than 125% of the BG amount), which may be fixed by the Secretary, Spices Board after assessing impact of the same on e-auctions.
- b) Subject to the above, the Board approved for issue of licence to 14 applications received as on 31.7.2023 to conduct e-auctions and also for issue of licence to the 3 applications received after 31.7.2023 subject to satisfying the eligibility and inspection of infrastructural facility.

ITEM No.5: FIXATION OF BANK GUARANTEE AMOUNT FOR THE CARDAMOM AUCTIONER LICENSE (E-AUCTION) FOR THE BLOCK PERIOD 2023-26

Director (Marketing) informed that as suggested in the 93rd Board Meeting, Secretary Spices Board constituted Committee with members from IIPM and from the Board to make recommendations regarding the BG to be fixed for the block period 2023-26. Secretary approved the recommendations of the Committee for fixing security deposit in the form of BG, equivalent to the average auction sale value in one auction, of that auctioneer during the preceding block period and also added a clause that the Board would have the right to reassess and modify the BG amount as and when deemed fit. Accordingly BG was collected from the applicants. Director (Marketing) added that, as per the directions of the Hon'ble High Court filed by Shri VP Rajendran, (16324 of 2021 in hon'ble High Court of Kerala) related to the BG, Secretary gave a personal hearing to the petitioner on 02.01.2024. Pursuant to the submissions received during the hearing, Secretary tasked the same committee to examine some additional aspects including whether or not to increase/double the BG or to reduce the number of days for payment to the sellers and submit its recommendations.

Secretary informed that the second set of recommendations from the same committee were received three days before the 94th Board meeting and hence the same were placed in the form of supplementary note to this agenda.

The Members deliberated on the recommendation of the Committee to reduce the time period for payment to the sellers to six days and felt that this would help the farmers to get his payment at an earlier date.

Shri Thirumurugan, Member, pointed out that dealers/buyers of cardamom do not settle the sale amount to the auctioneers even after 10 days period and hence the cardamom auction companies faced problems in settling the farmers' dues. He stated that reducing the payment period to six days would be a welcome move for the farmers, but the cardamom auctioneers may face problem in receiving the payments from the dealers/buyers in time, upon reduction to 6 days.

It was, therefore agreed that though the time period for settlement of payment to the sellers should be reduced to six days, in order to have such payment mechanism function smoothly, Secretary Spices Board should also work out modalities to ensure that buyers make payments to the auctioneer before that.

Chairman pointed out that the BG was meant to cover the risk on default and the fixing the BG amount based on previous year's averages may not provide adequate coverage for the current auction in cases where the auctioneer starts participating in larger auctions. Further, the BG fixed should not be a barrier for new entrants, and a few entities/people controlling the entire trade. Hence, the Board has to put in place a system where the BGs would be linked to the risk associated with that specific auctioneer in the current period, and not linked to historical high or historical low. The system being followed in the commodity markets, regulations of the regulator SEBI in this regard should be studied and alternatives to BG if available also examined. Alternatives such as wallets wherefrom payment could be deducted immediately may also be explored.

The committee which was constituted to study the BG clause, where experts from IIPM were already a part, may be expanded by including a member of the Board from the cardamom sector to look into the issues. Secretary added that the recommendations of the committee would be placed before the Market Development Committee headed by the Secretary, before placing before the Board. The Chairman desired that this matter should be resolved within March 2024, including for the needed amendments in the existing CML rules, and modifications that may be required to be made in the existing software.

Secretary requested for a decision on an interim BG amount, applicable for the interim period before the modifications would be approved and taking effect, to facilitate the Board issuing the licenses for the new block period, which were pending because of BG issue.

The decisions taken, in summary, are as follows:

- The Board decided to introduce progressive changes in the existing e-auction system, to be completed before March 2024. In this regard, the committee already constituted by Secretary to study the BG matter, comprising 5 officials of the Spices Board and 2 experts from IIPM, was expanded by including Shri Thirumurugan, a member of the Board from the cardamom sector and the Committee was tasked to study the regulations of SEBI and the settlement systems of commodity exchanges to safeguard the interest of the stakeholders (farmers) from the risk of non-payment, the alternatives to BG, and submit recommendations to the Board.
- The Board decided to reduce the payment due period for the auctioneers to clear the payment dues to the sellers/growers from the existing 10 days to 6 days from the date of auction. Secretary, Spices Board should put in place a mechanism to ensure that payments are made by Buyers/Dealers to the auctioneers within a sufficiently shorter period from the date of payment.
- With regard to implementing the modifications, it was decided that the Board would re-assess the requirements based on the recommendations received from the Committee, consult the stakeholders, pursue for amendment of the CLM Rules and modify the e-auction software.
- Till the time the recommendations were approved for implementation and modifications were effected in the existing software, as an interim measure, the Board approved to collect from the auctioneer applicants, the BG amount as follows:
 - ✓ Fixation of BG amount, in case of renewal applicants, equivalent to the average auction sale value in one auction, of that auctioneer during the preceding block period. For new applicants, the BG amount should be equivalent to the average auction sale value in one auction, of all auctioneers during the preceding block period.
 - ✓ Additionally, the Board should introduce a system whereby an auctioneer would not be allowed to pool/trade beyond a fixed upper limit in an auction (for example, equivalent to BG amount or not more than 125% of the BG amount), as might be fixed by the Board. The Secretary, Spices Board should reassess and modify the BG amount as

per requirement to ensure minimising risk and ensuring smooth functioning of the e-auction system.

- Subject to the above, the Board approved for issuance of license to 14 applications received as on 31.7.2023 to conduct e-auctions and also for issue of license to the 3 applications received after 31.7.2023 subject to satisfying the eligibility and inspection of infrastructural facility.

ITEM No.6: PROJECT TITLE “DEVELOPMENT OF PACKAGING STANDARDS FOR BULK AND CONSUMER PACKAGES OF SPICES” SUBMITTED BY IIP-MUMBAI - REQUEST FROM IIP TO RELEASE 2ND INSTALMENT GRANT

The Board approved the proposal.

ITEM No.7: CONDUCTING CARDAMOM AUCTIONS WITHOUT OBTAINING LICENSE FROM SPICES BOARD - ACTION TAKEN BY THE BOARD

Secretary informed that two of the firms which conducted cardamom auctions without obtaining license from the Board had taken dealer license from the Spices Board recently. The Board is the process of issuing show cause notice to these two firms.

The Board noted.

ITEM No.8: ISSUANCE OF CARDAMOM DEALER LICENSE FOR THE BLOCK PERIOD 2023-26

The Board noted.

ITEM No.9: ISSUANCE / RENEWAL OF CRES THROUGH DGFT PORTAL

The Board noted. The Chairman suggested to do an analysis highlighting the number of new licenses/old licenses in the merchant and manufacturing category for the period.

ITEM No.10: EXPORT OF SPICES FROM THE COUNTRY DURING APR-DEC 2023 IN COMPARISON WITH CORRESPONDING PERIOD OF LAST YEAR

The Economic Advisor conveyed appreciation on the increase in spices exports particularly during the month of December 2023 wherein spices exports registered 28% increase. During discussion, Director (Mktg.) informed that with this increasing trend, the exports this year would surpass the exports during the previous year.

The Board noted.

ITEM No.11: IMPORT OF SPICES INTO INDIA DURING APR-NOV 2023 IN COMPARISION WITH CORRESPONDING PERIOD OF LAST YEAR.

Director (Mktg.) explained that the reasons for increase in imports of Cumin, Garlic etc., during this year, citing lower production and higher domestic price in general.

The Board noted.

ITEM No.12: STATUS OF PLOTS ALLOTTED AT SPICES PARKS

Director (Marketing) briefed regarding the status of plots allotted to exporters in various Spices Parks, grouping them into various stages of development, viz., plots already surrendered, plots already surrendered but subsequently request received for continuation, plots in which construction was started but subsequently no further progress was seen/ plots in which construction was nearing completion, plots in which construction was not started, plots allotment of which were already cancelled by the Board, and also the cases of plot holders requesting for revocation of cancellation orders and permission to commence construction. He also highlighted the request of plot holders for extension of time to complete construction, etc.

With regard to refund in lieu of surrendered plots, Chairman directed to effect the pending payments immediately and issue EoI for these surrendered plots immediately.

Shri Akki Sethi Babu Rao, Member asked about the possibility of allotment of plots to pharma companies. Secretary clarified that plots were meant to be allotted to registered spice exporters to set up their spice processing units. Secretary also clarified that an EOI would be invited for vacant plots at Guntur after receipt of surrender deed from AP State Warehousing Corporation for the few plots surrendered by them.

After detailed deliberations, the Board decided the following;

- a) With regard to plots that were cancelled or already surrendered, it was decided that there was no need to re-open such cases and the entrepreneurs concerned could be advised to apply again against the new EOI, if interested.
- b) The Board should examine the remaining cases, on a case to case basis, for grant of time extension for a maximum of 6 months, assessing the progress made on- site, genuineness of the reasons for delay, his commitment related to investment plan and execution timeline, and the steps taken so far by him towards that.
- c) To issue show cause notices/cancellation letters to the plot holders who failed to show progress / who did not commence construction as per the agreement and plot holders who had not signed / registered the agreement after issuance of the allotment letter.

ITEM No. 13: QUALITY EVALUATION LABORATORY, KOCHI AS REFERRAL LAB FOR FSSAI

The Board noted.

ITEM No.14: SETTING UP OF QUALITY EVALUATION LABORATORY CUM TRAINING CENTER WITH AN ADMINISTRATIVE OFFICE AT GUWAHATI

Secretary informed that it was recently learnt that the Government of Assam had taken a decision in file to allot 3 katha (800 square meter) of land in the agricultural campus in Ulubari in Guwahati; was in the process of finalizing an MOU in this regard; and that a formal order from Govt of Assam was awaited. He informed that the Board would soon send a proposal to the Ministry to consider the project for funding support under TIES.

The Board noted.

ITEM No.15: PROPOSAL FOR ESTABLISHMENT OF QUALITY IMPROVEMENT FACILITATION CENTRES (QIFC) AT JODHPUR AND GUWAHATI

The Board approved the proposal.

ITEM No.16: APPROVAL FOR RELEASE OF NEW SMALL CARDAMOM VARIETY (ICRI-10)

The Director, IISR informed that the new variety having the potential yield of 3000 kg per ha was good and hence could be considered for approval for release of the above variety.

As recommended by the Members, the Board approved the proposal to release new variety as ICRI-10.

ITEM No.17: IMPLENTATION OF EXTERNALLY FUNDED PROJECTS BY ICRI

The Director, IISR enquired about the varieties selected for multiplication through the high tech nursery and Director (RES.) clarified that pest & disease tolerant as well as climate resilient varieties in cardamom including IISR varieties and pepper would be considered for multiplication.

The Board noted.

ITEM No.18: RATIONALIZATION OF STAFF AND RESTRUCTURING OF THE BOARD-ACUTE STAFF SHORTAGE

The Board noted.


General Discussions:

Shri Thirumurugan, Member informed that applications for Board's assistance for replanting, were not received at some of the Board's offices and requested to increase allocation under cardamom re-planting scheme. Director (Development) clarified that additional funds and targets under the scheme were subsequently conveyed to the field units and they started collecting applications accordingly.

Shri Thirumurugan informed that few auctioneers were collecting samples at the pooling centres, in higher than the prescribed quantity, and that there was no clarity on the sale value that was being paid to the growers in lieu of the samples. After deliberations, it was decided that the Director Marketing would issue a circular to the auctioneers in this regard and also monitor the display of the same at the pooling centres.

Shri Thirumurugan mentioned another grievance that, when an auction of a particular auctioneer got cancelled due to some technical issues, he had requested for an auction slot on the very next day by altering the auction schedule, but the same was denied by the Board. It was clarified that re-scheduling of auction for the entire cycle would affect all other auctioneers. It was informed that, in case an auction of any auctioneer got cancelled due to certain unforeseen reasons, the Board would strive to facilitate his auction in the subsequent days to the extent possible, accommodating it with auctions with lower arrivals or by extending the time after a scheduled auction.

The meeting came to an end by 2.00 pm with a vote of thanks to the Chair and the Members.


29/02/2024

Amardeep Singh Bhatia
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