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Geographical indication (GI) tag

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Why is in news? What the GI tag can mean for the cashew industry in Goa

About:

Goan cashew (kernel) got the geographical indication (GI) tag.

Cashew manufacturers and processors in Goa said they hoped the GI tag would help consumers differentiate between authentic Goan cashews and cashews sourced from outside the state, which are often marketed as ‘**Goan cashews**’.

The application for the GI tag for the Goan cashew — derived from the Portuguese name ‘caju’ or ‘kaju’ in Konkani — was filed by the Goa Cashew Manufacturers’ Association (GCMA), with the Department of Science, Technology and Waste Management, Government of Goa, acting as facilitator.

The nodal officer of the patent facilitation centre at the State Council for Science and Technology said, “Goan cashew will come with the GI logo. **Traders cannot use Goa cashew logo on the packets without registration.** The government will take steps to promote it.”

The influx of cheaper cashews has meant that several processing units and manufacturers in Goa have been unable to sell all their produce within the state, and have had to find markets outside, curtail production, or shut factories.

Higher minimum wages and compliance norms than in states like Maharashtra, Tamil Nadu, Gujarat and Andhra Pradesh have also contributed to the decline in sales for traditional Goan cashew processors.

The Goan cashew is sweeter in taste than the other imported cashews.

Benin cashews have had a better yield than Goan cashews in the past two years, and are being sold at lower prices.

Typically, the **Goan cashew is organic and better in taste** and it has a unique flavour. The problem is that the **compliance is poor.**

Big producers, who have volumes and economies of scale, can compete, but since the **cashew market is unorganised to a large extent**, the relatively smaller producers in Goa are struggling.

How did cashew come to Goa and become a contributor to the economy?

Cashew was **native to northeast Brazil in Latin America** and was introduced to Goa by the Portuguese in the 16th century (1570).

At the time of its introduction on Indian coasts, cashew was known mainly as a crop for afforestation and soil conservation.

Historical records cited by the GCMA in its GI application state that **Christian missionaries imported high yielding varieties from Latin American countries** and cultivated them extensively in Goa.

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However, the economic value of cashew nuts became known about a century after its introduction.

The story goes that the edible value of cashew nut was discovered by Goan prisoners exiled to the Portuguese territory of Africa (Mozambique) during **Goa's freedom movement** in the mid-18th century.

According to a research titled 'History of Trade and Commerce in Goa 1878-1961', the **first cashew factory in Goa started operations in 1926** and the first consignment of cashew kernels was exported in 1930.

Cashew production gradually evolved from a cottage industry to a large-scale one, facilitating foreign trade because of demand, mainly in the USA.

According to the research, in the 10 years before Goa was liberated in 1961, it exported on average over Rs 20 lakh worth of processed cashew nuts, some of which were locally grown and others imported and processed in seven units.

In 1959-60, the **Board of External Trade granted loans to cashew-nut factory owners** to advance the industry by importing raw material from Mozambique.

It also sought to create a demand for Gaon products in foreign markets by promoting participation of local industries in international fairs.

The import of nuts from Portuguese East Africa induced foreigners to establish factories in Goa due to the **lower import duty, favourable port dues, shipping and clearing expenses, lower rents, wages, and salaries.**

By 1961, the cashew processing industry accounted for about 60 per cent of industrial production in Goa, a bulk of which was exported.

Cashew production in India:

India is among the largest cashew-producing countries in the world.

The cashew industry has large economic significance as it employs more than 10 lakh people on farms and factories in rural areas.

The cultivation of cashew in India **covers a total of 0.7 million hectares of land**, and the country produces over 0.8 million tonnes (MT) annually.

Between 2019-20 and 2021-22, India's cashew nut production grew from 0.70 million tonnes (MT) to 0.77 million tonnes (MT).

In India, cashew cultivation **spread along the coastal regions of the peninsula.**

Cashew is mainly grown in states like **Maharashtra, Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Goa, Orissa, West Bengal**, and **some parts of the North-Eastern region.**

According to data published by the **National Horticulture Board (NHB)**, **Maharashtra stands first** in annual cashew nut production during 2021-22 at 0.20 million tonnes (MT), growing from 0.19 million tonnes cashew nut produced in 2020-21.

Besides the vast scale of cashew production, **India is also known for pioneering cashew processing and exporting cashew kernels** across the globe.

The **cashew processing industry** was earlier concentrated in Kollam (Kerala), Mangalore (Karnataka), Goa, and Vettapalam (Andhra Pradesh), but now it is spread across many states of India.

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Over the years, India has **emerged as the global processing hub for the cashew industry.**

India primarily **exports Cashew Kernels and very small quantities of Cashewnut shell liquid.**

During 2021-22, the cashew exports by value grew from US\$ 420 million in 2020-21 to US\$ 453.1 million in 2021-22, witnessing a growth of 7%.

India exports cashews to **over 60 countries** spread across different parts of the world.

The **key export destinations for India** are UAE, Japan, Netherlands, Saudi Arabia, the USA, the UK, Canada, France, Israel, and Italy.

As per the APEDA statistics on the exports of cashew kernels and cashew nut shell liquid, **UAE is the largest importer of Indian cashews**, valued at US\$ 131.5 million, accounting for 29% of overall exports during 2021-22 as compared to US\$ 98.5 million in the previous year.

Government Initiatives:

The Government of India and the **cashew export promotion council** have undertaken several initiatives for the ease of exports and growth of the cashew industry.

As **non-financial assistance to exporters**, many trade delegations, buyer-seller meets, fairs, development workshops, and research and development data are provided.

Additionally, in 2018, the **Basic Customs Duty on raw cashew nut was reduced to 2.5%** from the previous 5%, and the **Goods and Services Tax (GST) on the same was reduced to 5%** from 12%.

As the cashew industry's domestic demand and exports are heavily dependent on imported raw cashew nuts, the Government of India has taken several steps to support efficient sourcing. These include:

Changes in import policy for cashew kernel (both broken and whole)

Revision of the **standard inputs output norms (SION)** for cashew exports

Approval of **Medium Term Framework scheme** for process mechanization and automation of cashew processing units with a financial outlay of Rs. 60 crore (US\$ 8 million)

Allowing **duty-free import of raw cashew nuts** under **Duty-Free Tariff Preference (DFTP)** Scheme from least developed countries (LDCs)

The government has also **extended financial assistance to the Cashew Export Promotion Council of India (CEPCI)** for organizing buyer-seller meet (BSM) and participation in international fairs under Market Access Initiative (MAI) scheme, which supports tapping new markets.

The **Cashew Export Promotion Council of India (CEPCI)** was established in 1955 with the objective of promoting cashew kernels and cashew nut shell liquid in India.

The council provides trade information and statistics to its members and is operating the government's five-year plan scheme for providing financial assistance to the member exporters.

About:

A GI tag is conferred upon products originating from a specific geographical region, signifying unique characteristics and qualities.

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Essentially, it serves as a trademark in the international market.

It is given by the **Geographical Indications Registry in Chennai**.

GI can be applied to **agricultural, handicraft, industrial, or food products**. For example, Darjeeling tea, Basmati rice, Kanchipuram silk, and Champagne are some of the well-known GI products in the world.

Geographical Indication tags in India are **valid for 10 years**, and after this period, they can be **renewed to continue safeguarding the product's unique identity and reputation**.

The nodal agency is **Department for Promotion of Industry and Internal Trade (DPIIT)**, Ministry of Commerce and Industry.

Legal measures:

The **Geographical Indications of Goods (Registration and Protection) Act, 1999** seeks to provide for the registration and protection of Geographical Indications relating to goods in India.

It was governed by **under Articles 1 (2) and 10 of the Paris Convention for the Protection of Industrial Property**, geographical indications are covered as an element of IPRs.

It is also covered **under the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement** of WTO.

Benefits of GI tag:

It can **enhance the market value and competitiveness** of the products by **creating a brand identity and recognition** among consumers.

It can **promote the local culture, tradition, and heritage** of the region and foster a sense of pride and belonging among the producers and communities.

It can **contribute to the socio-economic development** of the region by generating employment, income, and livelihood opportunities for the producers and related stakeholders.

It can also **support the conservation** of biodiversity, natural resources, and traditional knowledge of the region by encouraging sustainable production practices and quality standards.

Challenges associated with GI Tag:

Counterfeiting & Imitation: Businesses need to implement robust measures to combat infringements related to GI Violation.

Documentation and legal procedures to **achieve international recognition for GIs** is a complex process.

Enforcing GI protection **requires a strong legal framework and effective enforcement** mechanisms. Regions lacking robust legal systems or with limited resources can inhibit the ability to enforce GI rights.

Many **consumers still do not fully understand** the added value and distinct characteristics associated with GIs.

Climate change, pollution, and unsustainable practices pose threats to the ecosystem that support the production of GI tagged products, **necessitating sustainable farming and production techniques**.

Navigating the GI system **due to limited resources**, lack of knowledge or difficulties in meeting regulatory requirements, **limits the small-scale producers** from participating in GI tagging.

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Way Forward:

Governments should **establish robust legal frameworks** that clearly define the criteria for obtaining and maintaining a GI tag.

Adequate resources and dedicated teams should be allocated to enforce and monitor the proper use of GI tags.

Proactive **marketing strategies and branding initiatives** can enhance the visibility and market access of GI products.

International cooperation is crucial for the **recognition and protection of GI products across borders**.

Encouraging innovation within the framework of traditional practices can help **address the challenge of balancing tradition and market demands**.