

# EXPORT PROMOTION SCHEMES FOR COFFEE



## EXPORT PROMOTION SCHEMES FOR COFFEE

### QUALITY UPGRADATION:-

- ❖ Financial incentives will be provided to facilitate quality up-gradation activities by installation of pulping unit, construction of drying yard and store house/godown.
- ❖ Under installation of pulping unit, subsidy will be eligible for different items like procurement of pulper, washer and motive power machinery as well as for other civil works viz., construction of pulper shed, fruit receiving vat, siphon tank and fermentation tank. The eligible subsidy for different category of growers is determined based on the unit cost prescribed for type of machinery/equipment and other civil works.
- ❖ The eligible subsidy for construction of drying yard and godown is determined based on the dimension and unit cost prescribed for different sized holdings.
- ❖ The total amount of subsidy under quality up-gradation programme for different activities put together viz., installation of pulping unit, construction of drying yard and godown would be limited to 20% of the unit cost prescribed for the respective size of holding or Rs. 1.50 lakh, whichever is lower.

#### Details of Unit Cost & Subsidy for Pulping Unit for growers upto 2 Ha. Category

Sl. No.	Details of Pulping unit required for processing	Total Unit Cost (Rs.)	Subsidy Amount (Rs.)
(a)	Baby Pulper with Stand for mounting and other items like Barrels for storing water, washing etc.,	15,000/-	3,000/-

Note : Considering the quantum of coffee to be processed and the financial viability of tiny growers, only baby pulper is recommended.

#### Details of Unit Cost & Subsidy amount for Pulping Machinery/Civil Construction for > 2 upto 4 Ha. Category of Growers

Sl. No.	Details of Infrastructure required for processing	Total Unit Cost (Rs.)	Subsidy Amount (Rs.)
(a)	Single Disc Pulper	20,000/-	4,000/-
(b)	Washer	35,000/-	7,000/-
(c)	Motive Power - 10 HP	26,000/-	5,200/-
(d)	Cost of Construction of Pulper Shed 20' x 20'	40,000/-	8,000/-
(e)	Fruit receiving Vat Dimensions (2m <sup>b</sup> ) 2m(l) x 2m(b) x 0.5m(d) Cost @ Rs.4300/- per m <sup>3</sup>	8,500/-	1,700/-
(f)	Siphon Tank Dimensions 1.0m (l) x 1.0m(b) x 1.00m (d) 1.00m <sup>3</sup> Cap. Cost @ Rs. 4300/- per Cubic Meter	4,300/-	860/-
(g)	Fermentation Tank 2m(l)x 1.0m(b) x 0.5m (d) = 1.00m <sup>3</sup> No. of Tanks required 3 – 3.00m <sup>3</sup> Cost @ Rs. 4,300/- per Cubic Meter.	12,900/-	2,580/-
	<b>Total :</b>	<b>1,46,700/-</b>	<b>29,340/-</b>

**Details of Unit Cost & Subsidy amount for Pulping Machinery/Civil Construction  
for > 4 upto 10.00 Ha. Category of Growers**

Sl. No.	Details of Infrastructure required for processing	Total Unit Cost (Rs.)	Subsidy Amount (Rs.)
a.	Cost of double disc Pulper	36,500/-	7,300/-
b.	Suitable washer	56,000/-	11,200/-
c.	10 HP Motive Power	26,000/-	5,200/-
d.	Cost of Construction of Pulper shed - 25' x 25'	62,000/-	12,400/-
e.	Fruits receiving Vat dimensions 3m(l) x 2m(b) x 0.5m(d) = (3m <sup>3</sup> ) @ Rs. 4,300/- m <sup>3</sup>	12,900/-	2,580/-
f.	Siphon Tank - 1.25 m (l) x 1.25 m(b) x 1.25 m(d) = (2m <sup>3</sup> ) @ Rs. 4,300/- per m <sup>3</sup>	8,600/-	1,720/-
g.	Fermentation Tank - 2 m(l) x 1.5 m(b) x 0.5 m(d) = (1.5m <sup>3</sup> ), No. of Tanks required = 3 Nos. (4.5 m <sup>3</sup> ) @ Rs. 4,300/- m <sup>3</sup>	19,300/-	3,860/-
<b>Total :</b>		<b>2,21,300/-</b>	<b>44,260/-</b>

**Details of Unit Cost & Subsidy amount for Pulping Machinery/Civil Construction  
for > 10 upto 20.00 Ha. Category of Growers**

Sl. No.	Details of Infrastructure required for processing	Total Unit Cost (Rs.)	Subsidy Amount (Rs.)
a.	Cost of three disc Pulper	50,000/-	10,000/-
b.	Suitable washer	85,000/-	17,000/-
c.	16 HP Motive Power	52,000/-	10,400/-
d.	Cost of Construction of Pulper shed for the Pulper / Washer Machine 25' x 25'	62,000/-	12,400/-
e.	Fruits receiving Vat dimensions 3 m(l) x 2 m(b) x 0.50 m(d) = (3m <sup>3</sup> ) @ Rs. 4,300/- m <sup>3</sup>	12,900/-	2,580/-
f.	Siphon Tank - 1.25 m (l) x 1.25 m(b) x 1.25 m(d) = (2 m <sup>3</sup> ) @ Rs. 4,300/- per Cubic Meter.	8,600/-	1,720/-
g.	Fermentation Tank 2 m(l) x 1.50 m(b) x 0.50 m(d) = (1.50 m <sup>3</sup> ) No. of Tanks required 3 Nos. = 4.50 m <sup>3</sup> , @ Rs. 4,300/- m <sup>3</sup>	19,500	3,900/-
<b>Total :</b>		<b>2,90,000/-</b>	<b>58,000/-</b>

Size of Holdings	Dimension of Drying Yard	Total Unit Cost (Rs.)	Subsidy Amount (Rs.)
Upto 1.00 Ha.	20' L x 20' B	30,000/-	6,000/-
> 1 upto 2.00 Ha.	32' L x 25' B	60,000/-	12,000/-
> 2 upto 3.00 Ha.	40' L x 30' B	90,000/-	18,000/-
> 3 upto 4.00 Ha.	46' L x 35' B	1,20,000/-	24,000/-
> 4 upto 5.00 Ha.	50' L x 40' B	1,45,000/-	29,000/-
> 5 upto 6.00 Ha.	60' L x 40' B	1,70,000/-	34,000/-
> 6 upto 7.00 Ha.	70' L x 40' B	1,95,000/-	39,000/-
> 7 upto 8.00 Ha.	80' L x 40' B	2,20,000/-	44,000/-
> 8 upto 9.00 Ha.	80' L x 45' B	2,45,000/-	49,000/-
> 9 upto 10.00 Ha.	80' L x 50' B	2,70,000/-	54,000/-
>10 upto 11.00 Ha.	80' L x 53' B	2,80,000/-	56,000/-
>11 upto 12.00 Ha.	80' L x 57' B	3,00,000/-	60,000/-
>12 upto 13.00 Ha.	85' L x 57' B	3,20,000/-	64,000/-
>13 upto 14.00 Ha.	85' L x 60' B	3,40,000/-	68,000/-
>14 upto 15.00 Ha.	85' L x 63' B	3,60,000/-	72,000/-
>15 upto 16.00 Ha.	90' L x 63' B	3,80,000/-	76,000/-
>16 upto 17.00 Ha.	90' L x 66' B	4,00,000/-	80,000/-
>17 upto 18.00 Ha.	90' L x 69' B	4,20,000/-	84,000/-
>18 upto 19.00 Ha.	95' L x 68' B	4,40,000/-	88,000/-
>19 upto 20.00 Ha.	95' L x 70' B	4,50,000/-	90,000/-

- Note :
1. The dimension of drying yard for different sized holdings has been revised considering that majority of the coffee is processed as cherry by the growers at estate level.
  2. Though the dimension of drying yard for different sized holdings has been revised, the holding/area benefited under this activity during the earlier Plan periods is not eligible for subsidy.
  3. The dimension suggested and unit cost indicated for construction of drying yard against various size of coffee holding are only for the purpose of limiting subsidy under the scheme. The growers are at liberty to execute the drying yard of any dimension.
  4. Maximum amount of eligible subsidy is limited to Rs. 90,000/-.
  5. If the grower constructs drying yard smaller than the recommended capacity applicable to their holdings, the subsidy amount shall be determined based on the size of next lower category.

### Providing incentives under the Scheme on Export Promotion of Coffee during XI Five Year Plan period 2007-2012.

The Ministry of Commerce & Industry, Department of Commerce, New Delhi vide its communication No.4/12/2007-Plant-B dated 25.4.2008 have conveyed its approval for the implementation of the Scheme for the Export Promotion of coffee by the Coffee Board under the approved scheme among other activities. There are two components which has the objective of enhancing the export of value added coffees as India brands and high value coffees to far off markets viz., USA, Canada & Japan. The export incentives for these two components are as follows:

- 1 Incentive for export of Value Added Coffees as India brands 5000 @ Rs.2 per Kg. 1.00
- 2 Incentive to export of High Value Coffees to far off markets viz USA, Canada & Japan 15,000 @ Re.1 per Kg 1.50

Out of the export incentives, 5% of the export incentives is to exporters from Non-traditional areas The scheme is for coffee exports and any admixture will not be eligible under the scheme. Consequent to discussion in Exporters Meeting held on 08/07/2008 the Export Incentive scheme is to be implemented by following the procedure as detailed below:

## **I.Value Added Coffee :**

The following are the value added coffees identified for the benefit of Export Incentive.

- a) Roasted Coffee Seeds
- b) Roasted and Ground Coffee
- c) Instant/Soluble Coffee

Exporters are required to use a common logo / symbol depicting 'Coffees of India' on a retail consumer pack for claiming export incentives @ Rs.2/- per kilo for export of value added coffees to any of the countries. The logo is being circulated separately and soft copy may be obtained from the Deputy Director (P&C), Coffee Board or downloaded from the Coffee Board Website. The payment of export incentives is on the quantity of Green Bean Equivalent actually utilized for the manufacture/preparation of value added coffees subject to a maximum of the factor 1:2.6 in the case Instant/Soluble coffee and 1:1.9 for Roasted coffees as per ICO. The export incentive under this component would be available for all such exports made during the current financial year.

## **II. High Value Green Coffee:**

The following types and grades of Green coffee including Organic and Estate Branded coffees are classified as High Value Coffees:

The following types and grades of Green coffee including Organic and Estate Branded coffees are classified as High Value Coffees: Sl.No Exportable Type & Grade of green coffee

- 1 Plantation PB Bold
- 2 Plantation AA
- 3 Plantation PB
- 4 Plantation A
- 5 Plantation B
- 6 Plantation Bulk
- 7 Mysore Nuggets EB (Specialty Coffee)
- 8; Arabica Cherry PB Bold
- 9 Arabica Cherry AA
- 10 Arabica Cherry A
- 11 Arabica Cherry PB
- 12 Arabica Cherry AB
- 13 Arabica Cherry Bulk
- 14 Monsooned Malabar AA(Specialty Coffee)
- 15 Monsooned Malabar Basanally(Specialty Coffee)
- 16 Robusta Parchment PB Bold
- 17 Robusta Parchment PB
- 18 Robusta Parchment AB
- 19 Robusta Parchment Bulk

- 20 Robusta Kaapi Royale(Specialty Coffee)
- 21 Robusta Cherry PB Bold
- 22 Robusta Cherry AA
- 23 Robusta Cherry A
- 24 Robusta Cherry AB
- 25 Robusta Cherry PB
- 26 Robusta Cherry AB
- 27 Robusta Cherry Bulk
- 28 Robusta Cherry Clean Bulk
- 29 Monsooned Robusta AA(Specialty Coffee)

The High Value Green Coffees exported to far off markets of USA, Canada and Japan are eligible for the export incentive of Re.1/- (Rupee one only) per kilo.

**III. Terms and conditions for considering the claim are as follows:**

- The Exporter should be a Registered Exporter of Coffee with Coffee Board and should have exported the Coffees, listed above against Export Permit and ICO Certificate of Origin.
- The scheme is operational with effect from 1st April 2008. However, in respect of export of Value Added Coffees from 01.04.2008 till the date of circulation of a common logo, relaxation from the requirement of printing the logo will be granted, if the packing at least disclosed that was made in India or a product of India. Further, this is subject to availability of funds for the quantity mentioned in the above table and subsequent review for continuation of the scheme beyond 01/04/2009. The settlement of the claim will be on FIFO method (First in First Out).
- The payment of export incentive will be made only against claim.
- The exporters are submitting the post shipments documents against the export permits obtained, for confirmation. While claiming the export incentive, the exporters are required to submit self attested copies of the following documents for consideration of their claims:-
  - Claim Form in duplicate Export permit returned to the exporter by the Customs with their endorsement ICO certificate of origin having customs endorsement Bill of Lading Self declaration with sample of retail packing.
  - The claim should be preferred monthly/quarterly spreading throughout the year in a specified claim form submitted on or before 10th of each month addressed to the Dy. Director (P&C), Export Section, Coffee Board, No.1 Dr. Ambedker Veedhi, Bangalore- 560 001 by post or in person. An exporter may submit one claim in a month.
  - The date of export is the date mentioned by the Customs Authorities in their endorsement on Export Permit/ICO Certificate of Origin.
  - The consignment earmarked for the export incentive scheme may be inspected at random by the authorized officers of Coffee Board.
  - In case of rejected Coffee for which export incentive has already been received should be refunded within a month to the Board of such re-imports.

- Except the Coffee Growing States viz Karnataka, Tamilnadu & Kerala, all other Coffee Growing States are considered as Non-Traditional Areas for the purpose of this scheme.
- The Chairman, Coffee Board, Bangalore is the authority for taking final decision in admitting or rejecting or relaxation of above terms & conditions on any claim and the legal area of the jurisdiction is Bangalore, in case of any dispute that may arise in this regard.

SUPPORT FOR COFFEE PROCESSING  
MODALITIES FOR IMPLEMENTATION

For Eleventh Plan Period

[1.04.2007 to 31.03.2012]

**Introduction:**

In the world coffee chain hardly 40% of the coffee economy is in the producing countries while the remaining 60% is captured by consuming countries. Over the years they have improved the capabilities of processing, manufacturing and marketing coffee as an end product. Adoption of latest technologies in roasting grinding and packaging is critical for the sustained development of coffee value chain and the market. Processing, packaging and marketing of coffee in the domestic market would also provide ample opportunities for employment generation especially through small and medium enterprises. As the modern technologies in the areas of coffee roasting, grinding and packaging are capital intensive; it inhibits the Small and Medium Enterprises (SMES) to venture into taking up coffee value addition activities. Therefore, it is found necessary to extend appropriate support to the entrepreneurs to acquire the suitable technology to manufacture and package good quality coffee powder.

Objective of the scheme is to enhance quality of coffee product and achieve value addition through introduction of improved technologies in coffee roasting, grinding and packaging.

**Eligibility:**

Individuals, Self-Help-Groups and Grower's collectives, marketing co-operatives, firms, partnerships who are interested to establish coffee roasting and grinding units and also to modernize the existing units with new automated and energy savings machinery are eligible for the benefits under the scheme.

The subsidy under the scheme is not available in conjunction with any other scheme of the Coffee Board.

The applicant Unit should hold a valid licence for the business from the respective statutory authorities.

**Duration of the scheme:**

The scheme will be in operation during the 11th Five Year Plan unless discontinued by the Government prior to the closure of XI plan period. Date of filing application would determine priority in release of funds.

The rate of subsidy is limited to 25% of the total cost for individuals/ firms and 40% for Self-Help-Groups and other Grower's collectives. The total cost includes besides the basic cost of

the machinery items, admissible taxes, freight, insurance and cost of commissioning. Maximum subsidy is limited to Rs.25.00 lakhs per unit.

Items eligible for subsidy:

The roasting, grinding and packaging machinery in any of the following combination is eligible for subsidy:

- Roasting machine, grinding machine and packaging machine.
- Roasting machine and packaging machine.
- Grinding machine and packaging machine.
- However, in respect of the existing units, subsidy is eligible for any one type of machines viz., roasting and the grinding or packaging machines provided a grinding machine or roasting machine is considered only if a functional packaging machine is already existing or vice-versa.

**Priority:**

Applications shall be considered on first come first serve basis, provided the applications are complete in all respects.

**Procedure of application:**

The application for subsidy should be submitted in the prescribed format after installation/commissioning of coffee machinery to the Head, Divisional of Quality Control, Coffee Board Bangalore. Units are applying for subsidy after 01/04/2008 can apply in the form-I. The applications will be processed after the inspection by Officers of the Quality Control Division on first come first serve basis. The application will be cleared within 45 days from the date of submission. In case of delay/rejection of application reasons will be communicated to the applicants for further compliance.

Any unit established after 1.4.2007 is eligible for the subsidy under the scheme as per the scheme guidelines.

**Disbursement of subsidy :**

The subsidy shall be paid in a single installment after installation and commissioning of the machinery after post installation inspection report from Boards Quality control division subsidy shall be released to the bank account number.

The following supporting documents are to be submitted by the applicant for claiming subsidy after installation & commissioning the machinery covered under the Board's sanction order.

- Attested copy of Invoice/Bill submitted by the supplier.
- Attested copies of Bills in support of freight/installation/commissioning charges and insurance in case of claims (if included in the total cost).
- Copy of warranty certificate
- Copy of license from municipal authorities.
- Details of the Bank Account viz.
- Name of the Bank and Branch address
- Account Holder Name
- Account No.
- Photographs of the equipment installed.

#### **Amendment to the Scheme:**

The Coffee Board reserves the right to amend, amplify or abrogate in its discretion any of the terms and conditions of the scheme without notice as it may consider necessary for efficient execution of the scheme and fulfillment of its objectives. The following supporting documents are to be submitted by the applicant for claiming subsidy after installation & commissioning the machinery covered under the Board's sanction order. a)Attested copy of Invoice/Bill submitted by the supplier. b)Attested copies of Bills in support of freight/installation/commissioning charges and insurance in case of claims (if included in the total cost). c)Copy of warranty certificate d)Copy of license from municipal authorities. e)Details of the Bank Account viz. i)Name of the Bank and Branch address ii) Account Holder Name iii) Account No. f)Photographs of the equipment installed. Amendment to the Scheme : The Coffee Board reserves the right to amend, amplify or abrogate in its discretion any of the terms and conditions of the scheme without notice as it may consider necessary for efficient execution of the scheme and fulfillment of its objectives.

Coffee Roasting, Grinding and Packaging machinery specification of eligible items.

1 Roasting Unit 10 Kg per batch and above

2 Grinding Unit Commercial grinder over 15 Kg capacity per hour (stone mills are not eligible)

3 Packaging Unit Pedal sealing machine; Continuous sealing machine; Filling and sealing machine; Form fill and sealing machine; Automatic or semi automatic Nitrogen flushing and sealing machine; Vaccumising and sealing machine or Vaccumising & Nitrogen flushing and sealing machine (automatic or semi automatic) are eligible for subsidy.

#### **Note:-**

The grant of subsidy @ 25% / 40% of the unit cost shall include the basic price, all taxes, duties, Govt. levies, packing, transportation, transit insurance, octroi charges and installation and commissioning charges.

Items listed above would cover all types of machinery and equipment of different makes and specifications available in the market.

A coffee packaging unit may consist of roasting and or grinding unit / coffee blending unit and also all three types of packaging systems i.e. (a) bulk packing in coffee chests, gunny bags/paper sacks, (b) pouch packing machinery consisting of FFS machines (from-fill seal) in different sizes of poly packs or / and (c) coffee bagging machine (small scale or large scale) or alternatively it may consist of the blending unit and any one or two of the above stated packaging system.

#### **EXPORT REGISTRATION & ISSUE OF REGISTRATION - CUM - MEMBERSHIP - CERTIFICATE (RCMC)**

An exporter may, on application, register with Coffee Board as one of the members of Registered exporter of Coffee. On being registered, the applicant shall be granted a certificate of Registration & on request RCMC shall be issued which will be valid for 5 years ending 31st March of the licensing year, unless otherwise specified. Application for registration may be cancelled on payment of Rs 100 towards cost of Application.

#### **ISSUE OF EXPORT PERMITS & CERTIFICATE OF ORIGIN**

Coffee Board issues Export permits under Rule 44(2) Coffee Act 1942 amended from time to time along with Certificate of Origins to the registered exporter of coffee against application, for coffee export. The registered exporter can file application manually as well as through the Board's website [www.kar.nic.in/exportcoffee](http://www.kar.nic.in/exportcoffee) for details regarding filing EPA through the website circular dated 30/5/2001 may be referred.

#### **FURNISHING POST-SHIPMENT DOCUMENTS**

The registered exporter shall submit the post-shipment documents on export of coffee against each export permits obtained by them. The post-shipment documents viz., copies of export permits, bill of lading with on Board Date Seal and certificate of origin duly endorsed by the concerned Customs Authorities, along with other details viz FOB value etc, shall be submitted to the Coffee Board within 45 days from the date of issue of export permits.

#### **INTIMATION REGARDING CHANGE IN CONSTITUTION**

In case of change in ownership, constitution, name or address of an exporter shall be intimated voluntarily within one month from the date of such change.

## **DE-REGISTRATION**

The registering authority may de-register the registered exporter of coffee for violation of the terms & conditions of registration, after observing norms in this regard. However, the exporter may appeal against their de-registration with the registering authority.

## **OTHER INFORMATION**

- Providing commercially useful information & assistance to the registered exporter in their developing and increasing coffee exports
- Offer professional advice such as quality upgradation, standards & specifications of types & grades of coffee and its innovation etc.,
- Organize visits of delegations of its members abroad to explore overseas market opportunities
- Organize participation in Trade Fairs exhibitions & buyer - seller meets in India and abroad
- Other than the above, the Board implements the facilities extended under EXIM POLICY by the Govt. Of India on coffee

## **QMS**

- The QMS or Logo scheme has been framed in order to protect the Image and Quality of Indian Coffee in the International Market and to gain the confidence of the overseas buyers.
- The Board has framed the Quality Marking Scheme w.e.f. 24/11/2000 for issue of Logo Certificate for export of coffee to those who voluntarily opt for the Scheme, for the Coffee cured by the Certified Coffee Curing Works.

## **EPA**

Coffee exporters can file for application for Export Permits and Certificates of Origin on the Internet.

## **ICB Grading Standards**

Coffee Board issues Export Permits for export of coffee only to the Specified Types and Grades of coffee.

## Major Types and Grades of Coffee

### A. Arabica Coffee

#### I. Washed Arabica - 'Plantation'

1. Plantation PB
2. Plantation A
3. Plantation B
4. Plantation C
5. Plantation Blacks
6. Plantation Bits
7. Plantation Bulk

#### II. Unwashed Arabica - 'Arabica Cherry'

1. Arabica Cherry PB
2. Arabica Cherry AB
3. Arabica Cherry C
4. Arabica Cherry Blacks/Browns
5. Arabica Cherry Bits
6. Arabica Cherry Bulk

### B. Robusta Coffee

#### I. Washed Robusta 'Robusta Parchment'

1. Robusta Plantation PB
2. Robusta Plantation AB
3. Robusta Plantation C
4. Robusta Plantation Blacks/Browns
5. Robusta Plantation Bits
6. Robusta Plantation Bulk

#### II. Unwashed Robusta 'Robusta Cherry'

1. Robusta Cherry PB
2. Robusta Cherry AB
3. Robusta Cherry C
4. Robusta Cherry Blacks/Browns
5. Robusta Cherry Bits
6. Robusta Cherry Bulk

#### III. Monsooned Coffees

##### A. Arabica Monsooned Coffee

1. Monsooned Malabar AA
2. Monsooned Basanally
3. Monsooned Arabica Triage

##### B. Robusta Monsooned Coffee

1. Monsooned Robusta 'AA'
2. Monsooned Robusta Triage

IV. Instant Coffee

V. Ground Coffee

VI. Roasted Seeds

VII. Specialty Coffee

1. Monsooned Coffee
2. Mysore Nuggets EB (Extra Bold)
3. Robusta Kaapi Royale

### **Promotion - export awards**

In order to encourage coffee exporters the Board has instituted eight Export Awards every year commencing from 1999-2000 for the top most exporters of Indian Coffee in terms of quantity basing on their applications for the same.

Awards have been instituted for exports in the following categories:

- Green Coffee
- Specialty Coffee
- Instant Coffee

The remaining 5 awards have been instituted for region-wise exports viz.

- USA
- European Union
- Russia and CIS Countries
- Far East Region
- Middle East Countries