Problems And Prospects Of Cashew Based Industry In Kerala

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Abstract
Cashew industry is considered as an important agro based industry in the sense that it uses primary product like cashew for processing. The Cashew nut processing industries are playing an imperative role in the Indian food processing industry. Cashew is considered as the poor man’s crop and rich man’s food. The cashew processing industry is a major source of livelihood for a large number people. Cashew processing is a labour intensive industry more than three lakh persons are directly employed of whom 95 percent are women from socially and economically backward communities in rural areas. The present paper examines as an agro based industry the position with which cashew attain and also look into the major problems and prospects of cashew industry.
Key words: cashew, agro based industry, labour intensive industry.

INTRODUCTION
Cashew plays a vibrant position among the traditional crops like coffee, pepper, cardamom etc. From these traditional crops cashew stands as a royal crop and it is referred to as goldmine of waste land. Cashew is also considered as wonder nut, as it is one of the most valuable processed nuts traded on the global commodity markets. Even then the value, importance and popularity of cashew tree and cashew kernel, cashew nut shell liquid are now known throughout the world. Cashew industry is considered as an important agro based industry in the sense that it uses primary product like cashew for processing. The Cashew nut processing
industries are playing an imperative role in the Indian food processing industry.

Cashew is considered as the poor man’s crop and rich man’s food. The uninterrupted use of cashew would facilitate to sustain a good health and it pours for accomplish a balanced diet. Cash in cashew seems to reveal that cashews are commercially very valuable processed nuts in the world. The cashew processing industry is a major source of livelihood for a large number of people. Cashew processing is a labour intensive industry more than three lakh persons are directly employed of whom 95 percent are women from socially and economically backward communities in rural areas. The main cashew growing states are Kerala, Andhra Pradesh, Orissa, Maharashtra, Karnataka, Goa and Tamil Nadu. Tripura, Meghalaya and Madhya Pradesh produce small quantities. The processing and exporting activities are concentrated in Kerala followed by Tamil Nadu, Karnataka and Andhra Pradesh. Cashew is one of the most valuable and most nutritious, processed kernel in the global commodity markets and has the potential to generate employment and revenue at national and international level.

**Present Status of Cashew Industry**

Cashew Processing Industry is a traditional agro-based industry in India. Cashew is one of the most important Commercial Crops of India that helps to earn considerable amount of foreign exchange through export of its kernels. During the year 1999 - 2000 India exported 96,805 metric tonnes of Cashew Kernels valuing Rs.2569 crores and during 1999-2000 Kerala exported 49874 metric tonnes of cashew kernels valuing Rs. 1152crores. During the year 2013-14 India exported increased to 1,08,120 metric tonnes of Cashew Kernels valuing also increased to Rs. 3105.82 crores and during 2015-16 Kerala exported increased to 63,729 metric tonnes of cashew kernels valuing also increased to Rs. 1716.52crores. It reveals that the export of processed kernels both in India and Kerala shows an increasing trend and there by foreign exchange also increases. Presently, India's share in cashew export averaged 60 per cent in the total world export. To minimize the drain of foreign exchange through import of raw nuts and to sustain the cashew
industry, it is essential to enhance the production of cashew in the country.

India exported almost 132,000 tonnes of shelled cashew nuts, as against 106,000 in the previous year. In fact, India’s cashew nut exports increased from 82,000 tonnes in 2000 to 132,000 in 2015–16, which represented an annual growth of 4.45%; the exports witnessed ups and downs during the intervening years, though. What’s more disturbing is that even though India ranks second globally in cashew exports, a small country like Vietnam, whose production is less than half of India, exports twice as much as India ships abroad. Vietnam has thus emerged as India’s major competitor in global cashew export trade. Worse still, India even imports, albeit small quantities from Vietnam, of late. Although Nigeria is the leading producer of cashew in the world, it seems that neither does it export cashew nuts in shell, nor cashew kernels in meaningful quantities. It appears that it consumes most of its output of cashew in shell as well as cashew kernels as snack food domestically. Very small quantities of cashew nuts with shell are exported to mainly India. The cashew processing industry in Nigeria is still not well developed, and caters mostly to the domestic market. Quite a few of the Nigerian processors have joint venture partnerships with Indians and use Italian (Oltremare), or Indian technology. Overall, not being a major exporter of cashew kernels, Nigeria, despite its predominance in production, is hardly as yet a threat to the Indian cashew industry in the global cashew kernel market.

Among other nations, Brazil ranks third major exporter of cashew kernels. It exported 42,000 tonnes of shelled cashew nuts in 2016. But its exports have been hovering erratically between 30,000 tonnes and 50,000 tonnes through the first decade of the New Millennium. They had peaked at 51,500 tonnes in 2007, but have fallen thereafter. Though official statistics are not available yet, it seems that Brazil’s cashew kernel exports have probably dropped further in 2016. Its production of cashews in shell has more than halved from 220,000 tonnes in 2009 to as low as 104,000 tonnes in 2015, with a dismal per hectare yield of barely 140 kg—the lowest among all cashew producing countries in the world.
In fact, Joy Business of Ghana recently reported that Brazilian investors were seeking to set up cashew nut processing plant in Ghana, probably owing to Brazilian farmers moving away from cashew cultivation to other crops like coffee and cocoa.

Overall, it appears that the Indian cashew processing industry and cashew export trade may not face a severe competitive menace from Brazil. The real threat to India is from Vietnam only. As domestic supplies of raw cashew nuts in both countries are falling short of the requirements of their processing industries, both countries are importing mainly from Cote d’Ivoirie, Tanzania, Guinea, Ghana, and to some extent from Benin, Indonesia, and Mozambique. No doubt, Vietnam’s exports have been growing at almost 17% per annum through the past over a decade, thanks to its low base, compared with just about 1.25% growth witnessed in India’s cashew exports. Yet, Vietnam is perhaps not so much competing with India in the international cashew export trade as in the global markets for importing raw cashews with shell.

In Indian cashew processing factories, over 95 per cent of the workers are women. (Umesh, 2002) Today, the major cashew producing States in India is Kerala, Karnataka, Tamil Nadu, Andhra Pradesh, Goa, Maharashtra and Orissa. India produced 5.35 lakh tones of cashew nut from an area of 7.80 lakh hectares (2015-16). The average yield in India is around 1.5 kg nuts per tree. The productivity is below national average (800 Kg/ha) in many states such as Karnataka, Andhra Pradesh, Tamil Nadu and West Bengal. Maharashtra had the highest cashew nut acreage (1.48,000 hectares) and also ranks first in production, with 1,20,000 MT in 2015-16. Andhra Pradesh accounted for 17.44 per cent of the area and 18.00 per cent of the production.

Orissa ranked third with respect to area and ranked fourth with respect to production of raw cashew nut in 2015-16. The output of raw cashew nut in Kerala during 2015-16 was 98,000 MT. Maharashtra and Kerala states had the higher yield levels compared to other states. The processing and exporting activities are largely concentrated in Kerala followed by Tamil Nadu and Karnataka.
Status of Area, Production and Productivity Cashew in Kerala

Kerala, which used to be the leading producer of cashew nuts in the 1960s and 1970s, witnessed a decline in production, area under cultivation and even in yield per hectare during the last two decades. The area under cultivation and production in Kerala almost halved during the last 20 years while the productivity declined marginally. Currently, Kerala accounts for 11 per cent of cashew production in India. This relationship between area, production and productivity in India and Kerala is presented in the following table:

Table: Trends in Area, Production and Productivity in Kerala

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Year (000 hectares)</th>
<th>Area (000 tonnes)</th>
<th>Production (000 tonnes)</th>
<th>Productivity (kg/ thousand hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1993-94</td>
<td>156</td>
<td>140</td>
<td>925</td>
</tr>
<tr>
<td>2</td>
<td>1999-00</td>
<td>122</td>
<td>100</td>
<td>850</td>
</tr>
<tr>
<td>3</td>
<td>2005-06</td>
<td>80</td>
<td>67</td>
<td>900</td>
</tr>
<tr>
<td>4</td>
<td>2011-12</td>
<td>83</td>
<td>74</td>
<td>845</td>
</tr>
<tr>
<td>5</td>
<td>2013-14</td>
<td>85</td>
<td>77</td>
<td>898</td>
</tr>
<tr>
<td>6</td>
<td>2015-16</td>
<td>84</td>
<td>75</td>
<td>896</td>
</tr>
</tbody>
</table>

Source: DCCD 2015

From the table 1, it is clear that the area and production and productivity in Kerala show in a deteriorating trend. From the table it can be concluded that during 1993-94 the area of cultivation of cashew was 156 thousand hectares but in 2015-16 it shows a decreasing trend of 84 thousand hectares, it means about half of the area of cultivation of cashew shifted to the other purposes. The production of cashew during 1993-94 was 140 thousand tonnes and it also decreased to 75 thousand tonnes, it reveals that about half of the output decreased due to the lack of high yielding variety of crops and senility of the trees.

The productivity shows a decreasing trend from 925 kg per thousand hectares in 1993-94 to 896 kg per thousand hectares in 2015-16. The area, production and productivity of cashew in Kerala shows a deteriorating trend mainly because the farmers shifted the cashew cultivation to more lucrative crops like rubber and other plantations.
Problems and Prospects of Cashew Industry
The problems faced by the cashew industry are distressing chiefly as the lack of innovations to congregate the emerging demands and ineptitude to update systematic and scientific development programmes in cashew sector. The major problems related to cashew industry are shortage of labour, shortage of raw nuts, government policies etc. These are thrashing out briefly as follows:

(1) Insufficient Domestic Raw nuts
Non-availability of raw nuts was a major problem faced by the industry during the last quarter of the 20th century. While domestic production was not sufficient to meet the increasing processing capacity, imports of raw cashew continued to be irregular and insufficient. Fluctuation in the price of raw cashew in the international market also negatively affected the industry.

(2) Poor quality of Raw Cashew nuts
Incidence of pests and diseases like tea mosquito, cashew stem and root borer, unsatisfactory drying of raw nuts and inadequate storage of dried nuts have resulted into poor quality of raw nuts produced. The yield loss due to tea mosquito bug infestation ranged between 30 and 50 percent in different years, while the stem and root borer infestation in neglected plantations ranged around 8 to 10 percent (NRCC, Puttur). Poor quality of raw nuts in turn leads to inferior quality of processed kernels.

(3) Low Productivity
Large area under cashew is covered with non-descript genetically inferior seedling progenies. Compared to other plantation crops, cashew is still confined mostly to marginal and poor fertile lands and is considered as a wasteland crop. Moreover, cashew has been considered as 'maintenance free' crop and the recommended package of practices are not followed. All these factors lead to low yield.

(4) Scarcity of high yielding variety of cashew
Cashew sector is providing sustainable employment to more than one million people and the country is earning well through its export and import. There is a need to increase the domestic production. This is
possible through scientific and systematic methods to bring more area under the crop, apart from growing high-yielding varieties.

(5) **Inadequate Skilled labour for Processing**
Shortage of power supply and inadequate skilled labour for processing activities like shelling, drying, etc. becomes a constraint for the processing units. Main difficulties in shelling cashew nuts are the irregular shape of the nut and the CNSL within the shell, which must not contaminate the kernel during the process. Drying of shelled kernels is necessary to avoid pest and fungal attack and to facilitate peeling. Kernels are dried to moisture content of 3 percent and should not be excessively dried resulting in high breakage percentage.

(6) **Problems related to cultivation, processing and marketing**
Farmers complained not so much about the prices they receive for their crop, but more about what we concluded as the inefficiencies in the marketing system that deprives them of the fair share of the farm gate price for their raw cashew-nut. Farmers generally receive the minimum indicative price less deductions made by cooperative unions, primary cooperatives and warehouse keepers. Farmers have also indicated that they could have better prices had it not been for the high marketing costs that are deducted from the farm gate price by the Cooperative Unions as is demonstrated in this study. Farmers have also complained that other forms of farmers’ organization are unfairly banned from competing with primary cooperative societies and unions in supporting farmers to market their crop. They are completely barred from participating in the marketing systems despite the fact they are legally qualified in accordance with law that regulates the warehouse operating system to collect cashew nuts on behalf of farmers and sell them on behalf of farmers through the warehouse receipt system.

(7) **Problems of cashew workers**
The high financial indebtedness may be a reflection of the low earnings of the workers. Many of the workers depend on more than one source to raise the money when they need it. For the social upliftment of cashew workers proper laws should be formulated, service rules should be
improved. The activities of labour welfare fund board should be improved to see that the employees are benefited by the labour laws; Retirement benefits should be disbursed in time.

(8) Problems of cashew trade
Individual farmers who are members of primary cooperative societies interviewed are very negative on the system. Farmers’ difficulties with the input system lie in three areas: Cost of inputs and cost of administration, Access to inputs in a timely manner. It is clear that there are too few companies supplying inputs to engender real competition and choice for farmers as buyers. It is also clear that some of the companies involved work together to support prices.

(9) Health problems.
The cashew workers are exposed to health risks due to the characteristics of the job. Exposure to smoke from furnaces, contact with the cashew nut shell liquid, unhealthy sitting posture, avoidance of rest intervals to maximize output, unhygienic environment in a section of the factories and the chances of accidents make the workers in the cashew sector vulnerable to health issues.

(10) Absence of research and development activities
Problems due to major pests of cashew and the supply of quality planting material require attentions of research and development departments. Massive area expansion programme and rejuvenation of old cashew orchards of seedling origin, coupled with supply of quality planting material may have the potential to alter the cashew production, processing in the whole country. The policy initiatives towards promotion of cashew growers’ cooperatives (for procurement of raw nuts, supply of inputs, credit and infrastructure, small scale processing, value addition and marketing), and cashew apple processing will definitely widen the perspective of cashew growers.

With participation of Central and State Governments, representatives of the industries, a research and development centre should immediately be set up for the modernization, development, diversification, marketing etc of cashew industry. In this emphasis should be given to development of
high yielding varieties of planting materials, efficient storing of raw nuts, and new technology in processing, introducing value added products with cashew etc.

**Prospects of Cashew Industry**

There is a need to protect the cashew industry in a sustained manner. So the diversified and value oriented policies are inevitable for the rapid development of cashew processing industries. The cashew processing industry plays a significant role in Kerala’s rural development in terms of foreign exchange earnings and as an employment provider. Rural development is process of stimulating the development of rural economy via improving the quality of life and economic well being of people. As one of the major rural and small scale industries like cashew industry in which most of them are women workers from rural marginalised areas in the society. This in turn helps to the overall development of the traditional industries especially to empower the women in such industries because majority of workers are women like cashew industry. The government will have to initiate the policies and programmes for the upliftment of the women workers especially in cashew industry. In the contemporary era of neo liberal mechanisms have to implement the holistic livelihood approach that helps to achieve the parameters of rural development.

**Conclusion**

Cashew Processing Industry is a traditional agro-based industry in Kerala. Cashew is one of the most important Commercial Crops of Kerala that helps to earn considerable amount of foreign exchange through export of its kernels. The problems faced by the cashew industry are distressing chiefly as the lack of innovations to congregate the emerging demands and ineptitude to update systematic and scientific development programmes in cashew sector. Thereby the protective policies and programmes adopted by the government which reducing the problems in cashew industry and protect it as a dominant position for creating maximum employment opportunities via attaining women
empowerment and rural development in Kerala in the present globalised scenario.

References


