



“Growth of the Cashew Industry in India in relation to its Current Status and Future Opportunities”rpita Tinani

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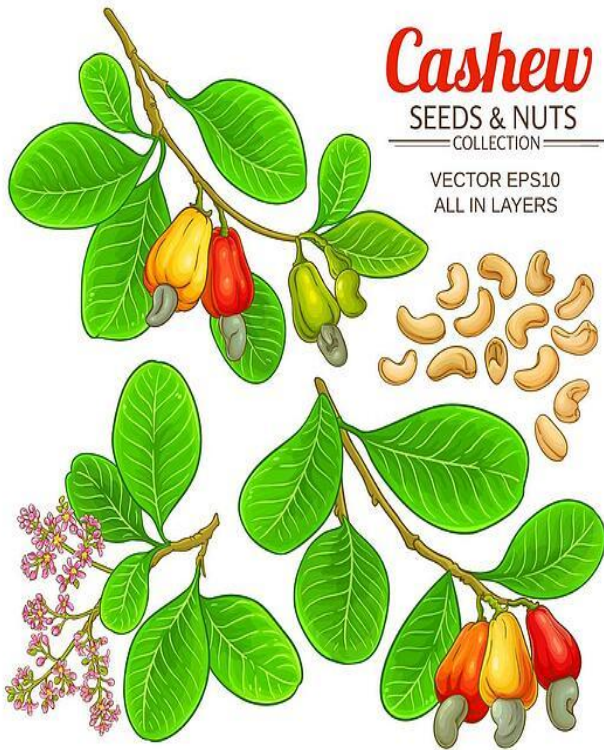
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ABSTRACT

Cashew, after its introduction from Brazil during the 16th Century, has established very well in India. India has been importing raw nuts to the tune of 6.5 lakh tons annually to cater the demand of established processing factories, research priorities have been identified to meet the challenges of enhancing production and productivity of cashew in the country.



1: Introduction Cashew (*Anacardium occidentale*) a native of Eastern Brazil introduced to India just as other commercial crops like Rubber, Coffee, Tea etc. by the Portuguese nearly five centuries back. The first introduction of cashew in India was made in Goa from where it spread to other parts of the country. In the beginning it was mainly considered as a crop for afforestation and soil binding to check erosions. The nuts, apple and other by products of this crop are of commercial importance.

In the international market, Indian cashew is known for its consistency, colour, and flavour. Cashews from India are consumed in more than 60 countries around the world. As a result of the market, it is a successful project to invest in

for entrepreneurs. Cashew is a cash crop and a widely prized nut in the global economy. It is also referred to as the "poor man's crop and rich man's food." Cashew farming covers the largest region in India. In terms of efficiency, processing, and pricing, however, this is not the case. In fact, the Indian cashew industry has significant untapped potential to help cashew farmers' livelihoods, create multiple job opportunities, and increase returns through global trade.

Cashew processing is a collection of unit operations used to make the edible nut available. Differences in cashew, availability of equipment-type, human capital, and fuel supply are all factors that contribute to differences in processing technique between manufacturers. The majority of cashew processing units in India are located in rural areas. Unit processes such as roasting, shell liquid separation, and shelling were mechanised after 1960. The majority of other processing phases, on the other hand, are still as time-consuming as manual operations.

2. Growth and Evolution of Cashew Industry in India

The Directorate of Cashewnut & Cocoa Development (DCCD) is a national agency primarily engaged in the overall development of Cashew and Cocoa in India.

India was one of the first nations to join the cashew trade on a global scale. In 3650 cashew processing plants, the country produced around 11.4 Lakh MTs of cashew. From 170 in 1959 to over 3500 in 2008, the number of cashew processing plants has increased dramatically. Around 500,000 employees are employed in the industry, with a big majority all of them being women. The organised sector accounts for 46% of cashew processing, while the unorganised sector accounts for 54%.

The Indian cashew processing industry has an annual demand of 15 Lakh MTs, of which only half is covered by current supply. In order to keep up with the growing demand, the rest of the supply is fulfilled through imports of the Raw Cashew Nuts in Shell through other countries.

During the forecast period, the processed cashew market in India is expected to develop at a CAGR of 9.33 percent (2020-2025). In recent years, the cashew kernel industry has seen a rapid change in consumption patterns across India, owing to the growing popularity of flavoured assorted cashew items in the retail market.

The cashew industry in India is almost entirely export-oriented. According to the Directorate of Cashew and Cocoa Development India, more than 3,900 processing units in the organised and unorganised sectors are operating in India as of March 2020, with a cashew processing capability of 16.43 lakh MT per year. The RCN for the year 2020 - 21 through import into India was 8,31,231 lakh MT.

3. Indian Government and Indian Cashew Industry Scenario

It has come to the notice of the Government that due to supply situation of raw cashew nut in the international market, certain section of the cashew industry is having issues in operation. The Government has taken several steps to address the issues in the cashew industry.

Import policy for cashew kernel, broken and cashew kernel, whole has been revised from “free” to “prohibited” with the condition that “import is free if CIF value is above Rs.680/- per kg import of cashew kernel, broken” and “import is free if CIF value is above Rs.720/- per kg import cashew kernel, whole” vide DGFT notification dated 12.06.2019.

Basic Custom Duty on import of raw cashew nut in shell has been reduced from 5% to 2.5% w.e.f 01.02.2018. Goods and Service Tax (GST) has been reduced to 5% from 12% for Cashew nuts.

Under Mid Term Review of Foreign Trade Policy (FTP), Merchandise Export from India Scheme (MEIS) for cashew was increased to 5% (from 3%) for cashew kernel and 7% (from 5%) for salted/roasted cashew, respectively.

The Standard Inputs Output Norms (SION) was revised to 1 kg kernel from 5.04 kg of raw cashew nuts as against earlier norms of 1 kg from 4 kg of raw cashew nut for export of Cashew Kernel, from imported raw cashew nut under Advance Authorization Scheme.

Approved Medium Term Framework (2017-2020) Scheme for Process Mechanization and Automation of Cashew Processing Units with financial outlay of Rs.60.00 crore. A sum of Rs.5.00 crore has been released to Cashew Export Promotion Council till March,2019 as grant-in-aid under MTF (2017-20).

Duty free import of raw cashew nuts is allowed under Duty Free Tariff Preference (DFTP) Scheme from Least Developed Countries (LDCs).

Extended financial assistance to Cashew Export Promotion Council of India (CEPCI) for organizing Buyer Seller Meet (BSM) and participation in International fair under Market Access Initiative (MAI) scheme, in order to tap new markets and branding.

Indian cashew industry is heavily dependent on the imported raw cashew nuts (about 50% of requirement) for fulfilling domestic and export demand for cashew kernels.

Department of Agriculture, Cooperation and Farmers Welfare (DAC&FW), under Mission for Integrated Development of Horticulture (MIDH) and Rashtriya Krishi Vikas Yojana (RKVY), has drawn up strategies to increase domestic production by massive area expansion of cashew and replacing of senile cashew plantations with high yielding varieties in traditional and non-traditional states.

DAC&FW has approved the roadmap programme of Directorate of Cashew nut & Cocoa Development (DCCD) to extend the area of cashew cultivation by 1.20 lakh hectare.

Production of raw cashew nut during 2017-18 has increased by 4.83 % to 8,17,045 Metric Tons as compared to production of 7,79,335 Metric Tons during 2016-17 and 21.89% increase compared to the production of 6,70,300 Metric Tons during 2015-16

4. Cashew Products and By-Products

There are three main cashew products that are traded in the international market

- Raw Cashew Nuts in Shell (RCN)
- Cashew Kernels and
- Cashew Nut Shell Liquid (CNSL).

A fourth product –the cashew apple is generally processed and consumed locally.

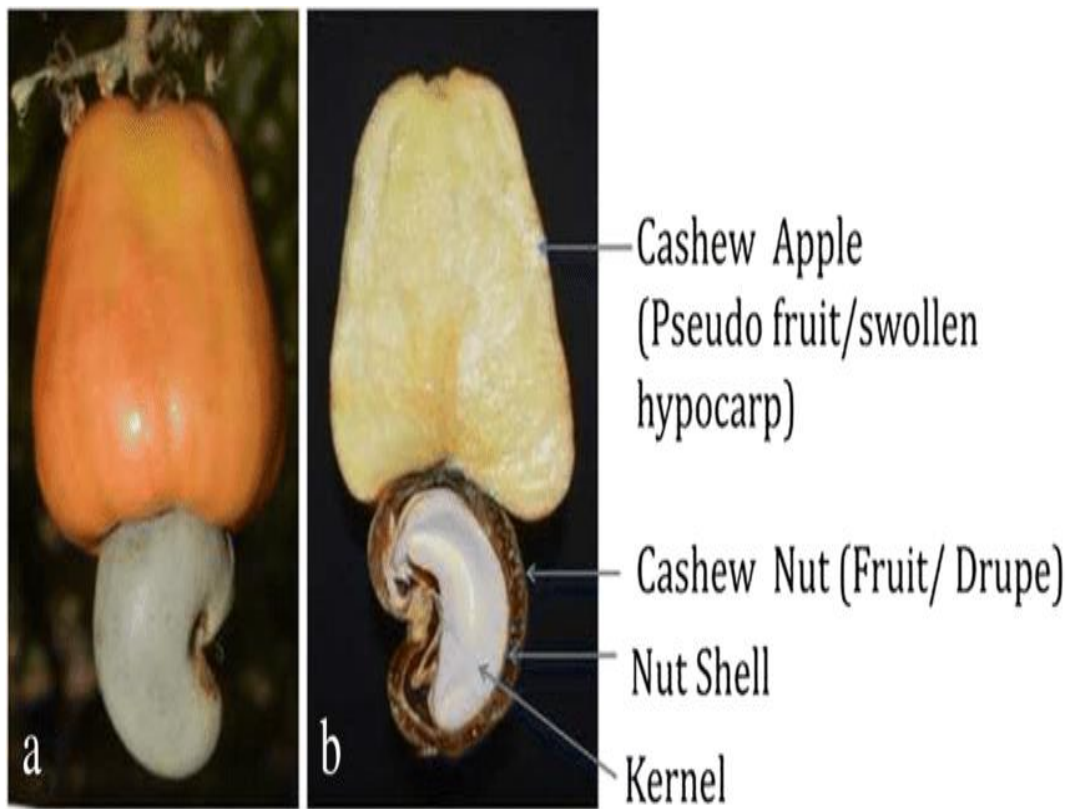


Figure: Cashew Apple with Nut showing Kernel

- **Raw Cashew Nuts in Shell (RCN)**

The Raw cashew nuts in shell are processed. Processing of raw cashew nut releases the by-product CNSL that has industrial and medicinal application

- **Cashew kernels**

It is estimated that 60 percentage of cashew kernels are consumed in the form of snacks and the remaining is processed in confectionery

- **Cashew nut shell liquid-CNSL**

CNSL the natural resin found as layer between cashew shell and parchment found over the nut. The liquid is highly heat resistant and is used in braking systems and in paint manufacture, the main component in CNSL is Anacardium.

- **Cashew apple**

The cashew apple as such is not consumed much, there are certain by-products of cashew apple like Squash, Syrup, RTS, fermented beverages, candied fruit etc.

Cashew kernels, which is a unique combination of fat, carbohydrates and protein, and a source of high energy, are mostly misconceived as not good for health due to the high level of fat contents. Cashew nuts have relatively high fat content (12 g per ounce and 2 g saturated fat), but it is considered “good fat”.

Like all plant products, they are cholesterol free, Cashew Nuts are sodium free and contain 7 per cent of recommended daily value for dietary protein per serving. They contain small amounts of thiamine, riboflavin, niacin and folic acid. They are good source of iron, phosphorous and magnesium. (cashew, the millennium Nut, 2000). Cashew is well balanced in their dietary composition.

The major constituents in cashew kernel are Moisture 6.9% - 87.9%, Protein 21.0%, Fat 47.0%, Carbohydrates 22.0 Fibre 1.3 Minerals 2.4 Phosphorous 0.45 Calcium 0.55 Iron 5 mg/100g, Carotene 100 I.U/100g, Vitamin B1 630 mg/100g, Riboflavin 190 mg/100g, Vitamin C – 170 - 350 mg/100g.

There are various recommendations for use of cashew nut consumption for diet and weight loss. Cashew nuts have a high energy density and high number of dietary fibres, both of which have been credited as having a beneficial effect on weight control, but only when eaten in moderation.

Constituents	Kernel (%)	Apple (%)
Moisture	6.9	87.9
Protein		0.2
Fat	47.0	0.1
Carbohydrate	22.0	11.6
Fibre	1.3	0.9
Minerals	2.4	0.2
Phosphorous	0.45	0.01
Calcium	0.55	0.01
Iron	5 mg/100g	0.2 mg/100g
Source: http://dccd.gov.in/stat.htm		

Figure: Nutrients in Kernel and Cashew Apple

5. Cashew Kernel Grade Information

CASHEW KERNELS: WHITE WHOLES

- W-180
- W-210
- W-240

- W-320
- W-450

CASHEW KERNELS – SCORCHED WHOLES

- Scorched Wholes SW
- Scorched Wholes SW – 180
- Scorched Wholes SW – 210
- Scorched Wholes SW – 240
- Scorched Wholes SW – 320
- Scorched Wholes SW – 450
- Scorched Wholes SW – 500

CASHEW KERNELS – DESSERT WHOLES

- Scorched Wholes Seconds
- Dessert Wholes DW

CASHEW KERNELS – WHITE PIECES

- Butts (B)
- Splits (S)
- Large White Pieces (LWP)
- Small White Pieces (SWP)
- Baby Bits (BB)

CASHEW KERNELS – SCORCHED PIECES

- Scorched Butts (SB)
- Scorched Splits (SS)
- Scorched Pieces (SP)
- Scorched Small Pieces (SSP)

CASHEW KERNELS – DESSERT PIECES

- Scorched Pieces Seconds (SPS)
- Dessert Pieces (DP)



6. Literature Reviews

K. Harish Kumar and B. Chinnappa (2010) have made a study on “Economic Analysis of cashew processing in Karnataka.” They investigated on the processing aspects of the cashew nut in Karnataka. The Investment feasibility of Cashewnut processing units were done using discounted cash flow techniques, such as Net Present Value, Benefit cost ratio and Internal Rate of Return.

T.K.Shahal and Hassan Mussaliar, (2009) in their research work on “Challenges and opportunities for Indian cashews in Global Market,” discussed on history of cashew nut industry in India, domestic production and imports of raw cashew nuts, health in a nut shell, global cashew co-operation, need for upgrading to value added exports, need for diversifying our markets and utilization of other product of the cashew tree.

S.A.Chavan and M.S.Gawankar (2009), in a study on “Prospect of on form processing in cashew,” gave an overview of history of Indian cashew processing industry, Indian cashew production scenario, production scenario of Maharashtra, on form level cashew nut processing and they also makes a study on performance of house hold level cashew processing units against large scale cashew processing unit.

S.S. Guledgudda, B.L.Patil and S. Basavaraj (2009) “Growth and performance of Indian cashew industry under pre and post liberalized regime” The present paper identifies that, India has achieved a significant higher growth in export of cashew kernels during pre-liberalization period compared to post liberalization period in terms of export value and export unit value. Whereas export of cashew nut shell liquid from India has observed positive and favourable impact on export front because of liberalization policies coupled with opening up of markets are probably main reasons for this growth.

Luis, Artur (2007) in an article “Cashew processing in Mozambique” finds that, national processing capacity of cashew nut is low and the factories face many financial and organizational problems. The factory workers and women in particular had difficulty in finding other source of income. The new factories pay low salaries and offer poor working conditions and women workers work for long hours and tend to earn less than the men. The trade unions are non- existent or weak and women are poorly represented in them.

7. Present Scenario of Cashew Industry in India:

The Portuguese introduced the cashew tree, which is native to eastern Brazil, to India, about 500 years ago. Cashew was first bought in India, in the state of Goa, from where it quickly expanded throughout the country.

In FY 2020, cashew nut export earnings totalled \$566.76 million. Between April 2019 and March 2020, cashew exports totalled \$566.82 million. The entire cashew export from April 2020 to March 2021 was US\$ 420.17 million, with US\$ 40.44 million in March 2021. Cashew exports totalled US\$ 49.71 million in April 2021.

According to the International and Dried Fruit Council (INC), the Indian cashew harvest has reduced by about 50,000 tons in 2021-21 due to multiple reasons including the Covid-19 pandemic. India is the world's largest consumer of cashew kernels and after Ivory Coast, the world's second-largest producer of raw cashews. The International and Dried Fruit Council (INC) projects raw cashew production to India to reach 6,91,000 tons in 2020-21, up from 7,42,000 tons in 2019-20.

Global raw cashew output is expected to reach 37,22,000 tons in 2020-21, with a total supply at 39,24,000 tons and carryover stockpiles of 2,02,000 tons. According to the INC, the worldwide tree nut crop is expected to reach over 5.4 million metric tons in 2020-21.

The crops of pine nuts, pistachios, almonds and pecans are projected to be much higher than last year, while walnuts, cashews, macadamias, hazelnuts and Brazil nuts are expected to be similar.

Overall, the country has 3940 cashew processing units, with a total installed capacity of 1643 thousand MT and an average installed capacity of 0.4 thousand MT.

Maharashtra has the majority of them with 55.8%. Kerala, on the other hand, has the greatest installed capacity of 36.5%.

8. Supply Chain Analysis of Cashew Industry:

Collection of nuts, distribution of domestic and imported nuts, processing of raw nuts, gathering and selling of processed nuts are all part of cashew nut agriculture. Processing is one of the important steps in the supply chain of cashew. The cashew supply chain is made of up producers, processors and traders.

Under producers, there are small-scale, medium scale and large-scale producers. Cashew fruit processors, kernel processors, roasters and those who process on a small, medium, or big scale make up the processing sector. The trading subsector includes small, medium and large-scale community buyers and exporters.

Traders act as a link between the producer and the processor. During the harvesting season, many wholesale merchants and processing manufacturers set up collection centres in key cashew-producing locations. These collection centres buy the nuts from the small traders who buy them from the growers.

Small traders in primary and rural marketplaces sell the nuts to growers, who then sell to urban markets. Only a few cashew importers trade to huge roaster/salter companies, who then trade to retailers. These companies

then package themselves and trade to the public under their supermarket brand name. The intricacy of each node of the supply chain, in relation to the number of individuals involved, the extent of communication among these characters, and the fundamental structure of social ties, are highlighted throughout the construction of this supply chain in Figure 1. The chain only represents cashew nuts produced in India. Many commission agents, processors, and exporters, on the other hand, are also raw cashew importers.

The raw cashew nut and kernel market is dominated by traders and middlemen. Obtaining raw cashew is the greatest component of the cashew processing sector's operational costs. Even a small increase in cashew price has a negative impact on the entire economics of cashew processing. Individual farmers are disadvantaged because they are forced to sell their crops at a price set by the traders.

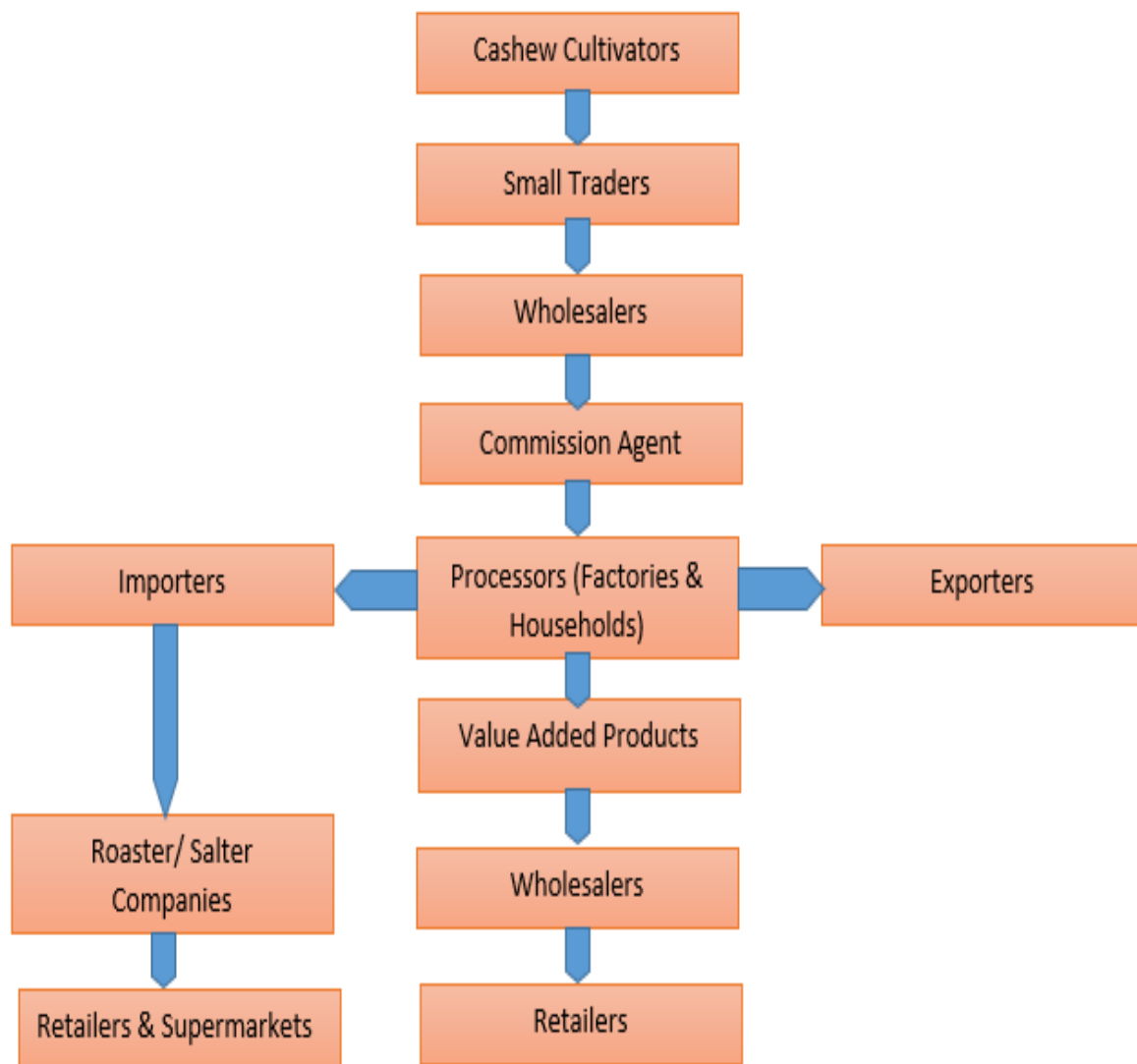


Fig.: Exhibits a simplified cashew supply chain including international links

9. Prospect of Indian Cashew Industry

Among the cashew growing countries, India has the largest planted area, and is the largest importer. The Indian cashew industry is one of the many industries in the country that's so export oriented, apart from earning precious foreign exchange, the cashew industry is furnishing numerous concrete employment

openings. In global trade contracts, cashew is one of the industries supporting the multinational trade policy. Indian production is meeting only 50 percent of its industrial capacity. Any effort to increase the production will thus be intone in the environment of ever-expanding consumer preferences and request absorbability. Cloning plants of high yielding crops are better and, if similar material can be used for potting in the ever adding, aging areas, Indian production can veritably well touch one million tons within a period of 15 years.

10. Conclusion

The cashew crop is grown widely over the various parts of the globe. India contributes a major portion of the world's most cashew-producing countries. Cashew plays a role in agroforestry as well as in international market trade. Not

only cashew nuts but all parts of the tree are useful in their own. The cashews are processed through three main steps before the final nuts come out for trade. The nuts possess some antioxidant and medicinal properties owing to the presence of some essential bio-constituents in it.

11. References

- 1) K. Harish Kumar and B. Chinnappa a study on "Economic Analysis of cashew processing in Karnataka."
- 2) T.K.Shahal and Hassan Mussaliar, in their research work on "Challenges and opportunities for Indian cashews in Global Market"
- 3) S.A.Chavan and M.S.Gawankar, in a study on "Prospect of on form processing in cashew,"
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- 5) Luis, Artur, in an article "Cashew processing in Mozambique"