

Cashew industry : Challenges and Opportunities

The Quilon Management Association Jointly with Institution of engineers India Kollam chapter conducted a panel discussion on the subject “ Cashew Industry : Challenges and Opportunities” on 19th October, 2015 at Kollam Beach Hotel.



Sri Harikrishnan Nair, Chairman CII Kerala State Centre & CEO of Western India Cashews, Kollam chaired the panel discussion. Sri Sundaran P Vice-Chairman of Cashew Export Promotion council of India and Sri Jayachandran Managing director of CAPEX participated in the panel discussion.

Sri Harikrishnan Nair in his speech explained the history of cashew business in Kollam. The Cashew tree (*Anacardium Occidentale*), is a tropical evergreen native to the Americas but is now widely cultivated in Asia and Africa. It is a short, stocky, low-spreading, evergreen tropical tree. Four centuries ago, the adventurous Portuguese came sailing down the Indian coasts and brought with them this valuable treenut "Cashew", the Favorite nut of the world. Cashew came, conquered and took deep roots in the entire coastal region of India. Cashew found the Indian soil more homely than its homeland. Later it spread as a popular crop to other parts of India.



Seed is found in the lower portion of the cashew apple. Cashew in its natural form is a soft, white, meaty kernel covered by a testa membrane contained within the thick hard outer shells of kidney shaped seeds which protects the tasty kernel from the ravages of nature until it is processed.

At those days cashew is an item which grows here and not consumed here. It is processed by poor people and consumed by rich people. The industry grows as a foreign exchange earner. In 1960s started importing cashews from African countries and started processing here. In 1960s and 1970s lot of industrialization happened in those countries. They were getting different helps from world bank etc. Lot of cashew factories set up in those areas. But due to various political and social reason those factories closed during 1980s. At that time Brazil also started cashew processing industries.



India's cashew export was stagnant or declined for the last few years. India consumes about 2 lakh tons of cashew nuts. The domestic market has been improved. Another reality is mechanization started in this industry also which is bringing down the processing cost.

Cashew kernels is consumed all over the world as a premium snack and nowadays more used as a preferred ingredient due to its excellent flavor and unique texture in large array of foods like sweets , dates, ice-creams and so on. It can be dry or oil roasted, salted, coated with chocolate, spices, honey etc .

India is the largest grower, processor and exporter in the world. It is also interesting to understand, that the new statistics of consumer interests done during 2009 has proved India is also the number one consumer of cashew kernels in the world overtaking USA.

Indian achievements in the cashew industry by far have not come easily. Even though not much is known of the origins of the industry, it has been recorded that cashew processing on a commercial scale was first started in mid 1920's by Roch Victoria, a Sri Lankan who migrated to Quilon (Kollam).

He was assisted by Swaminathan from Madras. First exports have been made by W.T. Anderson who set up a business under the name Indian Nut Company in Quilon. A cottage industry flourished at that time across the Quilon town. Cashew nuts were fried in pans and kernels extracted, blanched, graded, and packed in wooden tea chests lined with newspaper before being shipped to the USA . Later on, metal tin containers replaced tea chests.



Tin containers were vacuumed using hand operated vacuum pumps and were sealed. It was only in 1954 that 'Vita pack' machines were used to infuse tin containers with carbon dioxide gas.

Sri Sundaran P, Vice-chairman Cashew Export Promotion council expressed his views on challenges and opportunities of cashew industry.

Export of cashew kernels from India began to grow and many of the small time processors supplying cashew kernels to 'India Nut Company' ventured out and became exporters on their own account. The pattern of business that evolved comprised exporter, broker/agent, importer/ buyer and end-user. Agents/brokers promoted individual exporters on an exclusive basis. Import of raw cashew from Africa was introduced to cater to the growing demand for kernel as the international market share began to grow from 45 tons in 1923 to 1350 tons in 1939. Import volumes expanded further during 1940 to 1941 to cater to the ever-rising demand that came from the exporter-processors.



The industry began to grow further with the expansion of capacities and ever increasing number of processing units. This made importers to take a speculative position on the commodity. To overcome obstacles suffered at the hands of the importers, industry leaders formed a 'Cashew Syndicate'.

Using resources pooled by the processors involved, the Syndicate began to purchase Indian raw nuts on pre-determined prices for distribution on the basis of the previous years performance.

Though it was a success at the beginning, the syndicate did not survive for long as it was not formed with a requisite legal framework. It was 1955, the Cashew Export Promotion Council (CEPC) was formed under the purview of the Ministry of Commerce with the mandate to guide the industry in promoting exports of cashew kernel and allied products.



Earlier the central government extended 7% export incentive but recently it has reduced the export incentive to 2%. Without mechanization the cashew industry cannot be continue. Govt has to consider providing land in lease to cashew growers. Unlike Rubber, coco etc cashew is a potential crop to make profit. We have to find market in other countries. Promotional activities has to be involved. India is the largest producer and consumer of cashew. We are in doubt that more cashew ships come in Kollam.

We have to take necessary steps to reduce the processing cost. By mechanizing only it is possible. Naturally employment opportunities will reduce. Unnecessary issues from political parties has to be controlled to sustain the industry.

Sri Jayachandran, managing director of CAPEX narrated the present challenges facing in the cashew industry. Cashew industry is the back bone of Kollam. The processing quantity is substantially increased. Due to the increased consumption of the cashew kernels import of kernel also increased. The labors are reducing. Earlier 4 to 5 laksh women labours engaged. Now it is only 1 to 1.5 lakh. In

domestic market the purchase price is high. When we mechanize the process the production will increase by 5 time. We may not have sufficient raw material to cater. There are about 600 cashew processing units in Kollam. When we mechanize these units the entire raw material of the world may be required to feed these units for processing. Which we cannot think of. If we partially mechanize the production cost can be reduced. Here in Kerala the processing cost is 3 times higher compared to other state like Karnataka. The industry can survive only if the processing cost is reduced and we have to find more land to cultivate highbred cashew trees.



Sri Balamuraleekrishna, the executive committee member of QMA presented a report on the factory visit held by the QMA team on 19/09/2015. Sauparnika Export Enterprises of Sri Vasantha Kumar was visited by a team of QMA members on 19/09/2015.

Sri Rajendra Prasad President of QMA chaired the event and Sri Jose Chairman of IEI Kollam Local centre given vote of thanks.
