

Cashew : Export Challenges Ahead

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Abstract

For the first time after independence, India has framed the first agriculture export policy through which the government wants to double agriculture export and double farmers income by 2022. Cashew is the most important product in India's agriculture export basket which has tremendous export potential. India is one of the largest cashew exporters in the world. In recent times, cashew export sector is facing various challenges that threaten India's position in the world cashew market.

Keywords : Cashew, challenges, export policy, India

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Indian cashew cultivation is as old as 400 years. Portuguese sea farers introduced it in the west coast of India in the sixteenth century (Patil, 2012). In the beginning, cashew did not have much importance as a horticulture crop as it was only used for afforestation and wasteland development (John, 2002). It was found useful in soil binding to check erosion. Commercial cultivation began in the early 1960s and over the years cashew became a crop with high economic value and attained the status of an export-oriented commodity, earning considerable foreign exchange for the country.

In 1960, Kerala, Andhra Pradesh, and Odisha were the leading cashew producing states in India. In 2017–2018, Odisha took over Kerala, Andhra Pradesh, Maharashtra, and Tamil Nadu in terms of area under cultivation. However, in terms of production and productivity, Maharashtra is the leading cashew producing states in India. The total area of cultivation during the past three decades has increased from 5,30,869 hectares to 9,78,000 hectares (FAO).

Indian cashew nut industry is facing the problem of shortage of raw material. India does not produce sufficient raw material, and it made an effect for processing and exports. In 2017–18, import of raw cashew improved progressively to reach 6,49,050 metric tons valued at ₹ 8,850.3 crore. In 2006–07, India's raw cashewnut import was 5,92,604 metric tons valued at ₹ 1,811.62. This situation demands policy change in raw cashewnut production because valuable foreign exchange is going out. In 2006–07, net foreign exchange from cashew kernel was ₹ 643.53 cores, which has increased to ₹ 2,979.06.

Indian cashewnut industry has great prospects. It has sufficient resources to produce cashew kernels that can be exported. These include traditional knowledge, suitable agro-climatic conditions, fertile land, availability of labor, availability of markets, Indian brand, technical know-how, labour intensive. It will help India realize its cashew export potential.

Over a period of time advanced cashew production techniques have been developed that help to increase cashew production to a large extent. At present India is one of the largest cashew producing nations in the world. In India, cashew production is available in 10 states. These are Maharashtra, Kerala, Goa, Tamil Nadu, Andhra Pradesh, Karnataka, Orissa, West Bengal, Gujarat, and Assam which are the major cashew producing states in the country.

India is a major player in the world cashew economy. It is the larger producer of raw cashewnut contributing 20% of

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Table 1. State wise Growth of Area, Production, Productivity Under Cashew in India

State	Area (000 ha)		Increase/Decrease Between 2008–2017	Production (000 metric tons)		Increase/Decrease Between 2008–2017	Productivity (Kg/ha)	Increase/Decrease Between 2008–2017	
	2008	2017		2008	2017			2008	2017
Kerala	70	91	21	75	84	9	1,071	962	–113
Karnataka	107	128	21	60	85	25	561	672	91
Goa	55	58	3	30	33	3	545	561	16
Maharashtra	170	186	16	125	257	132	1,323	1378	155
Tamil Nadu	131	142	11	68	68	00	519	478	–41
Andhra Pradesh	182	186	4	112	111	–1	615	600	–15
Orissa	137	183	46	95	94	–1	693	513	–80
West Bengal	11	11	00	11	13	2	1,000	1,140	1,140
Others	30	57	27	19	35	16	633	708	74

global production. In India, cashew is being grown in an area of 10.27 lakh hectares with a total production of 7.25 lakh metric tons of raw nuts and unit area productivity of 706 kg/ha. Maharashtra is the highest state in cashew production and productivity. Andhra Pradesh and Orissa are on 3rd and 4th position in cashew production followed by Maharashtra. Intensive and integrated research efforts have resulted in the development of new varieties, high yielding technologies, increase in cashew productivity, and production at a significant level.

Cashew processing is mostly done by small processors. It is a highly export-oriented commodity. India has been importing raw cashew over a long period of time. Imports of raw cashew have increased over a period of time. Domestic cashew production is far below than the requirement of processing. Raw cashew production is hardly 60% of the demand for processing for export.

India is a big market for raw cashew (Ghana Export Promotion Council, 2005). It is the top raw cashew nut importer in the world. Over a period of time, India's cashew processing capacity has increased tremendously. The domestic production of cashew is not sufficient to meet the demand of the industry. Due to this, India started importing raw cashew. Therefore, various production statuarities have to be followed such as the development of new areas, replanting, commercial cultivation, adoption of high yielding varieties, increase in productivity, elaborate research network,

Table 2. Import of Raw Cashewnut in India

Years	Quantity (metric tons)	Value (₹ Cores)
2017–18	6,49,050	8,850.03
2016–17	7,70,446	8,839.42
2015–16	9,58,339	8,561.01
2014–15	9,39,912	6,570.93
2013–14	7,71,356	4,563.99
2012–13	8,92,160	5,331.12
2011–12	8,09,371	5,337.76
2010–11	5,29,370	2,649.56
2009–10	7,55,959	3,047.50
2008–09	6,05,850	2,632.41
2007–08	6,05,970	1,746.80
2006–07	5,92,604	1,811.62

Source : Directorate of Cashew and Coca Development

development of infrastructure, eco-friendly production packages such as organic farming, and integrated pest management. The world market for cashews is dynamic. With sustained growth rates of approximately 10% per year, the nuts produced can receive the “organic” label as they are chemical-free and get a premium price. In major cashew growing areas of India, natural farming is followed. It is estimated that not more than 20% of cashew holdings in India use chemical fertilizers or pesticides (Yadav, 2010).

Composition of Cashew Kernel

Cashews nuts have high amount of vitamins, electrolytes, and minerals. Cashew is high in calories and it does not have cholesterol. It has soluble dietary fiber, vitamins, minerals, and numerous health-promoting phytochemicals. Cashew nuts are abundant sources of essential minerals such as Manganese, Potassium, Copper, Iron, Magnesium, Zinc, and Selenium. It is a food with high nutritive value, and it provides vigor and vitality. The food industry is the

Table 3. Cashew Nutrition Value

Principle	Nutrient Value	Percentage of RDA
Energy	553 Kcal	28%
Carbohydrates	30.19 g	23%
Protein	18.22 g	32.5%
Total Fat	43.85 g	146%
Cholesterol	0 mg	0%
Dietary Fiber	3.3 g	8.5%
Vitamins		
Folates	25 µg	6%
Niacin	1.062 mg	6.5%
Pantothenic acid	0.864 mg	17%
Pyridoxine	0.417 mg	32%
Riboflavin	0.058 mg	4.5%
Thiamin	0.423 mg	35%
Vitamin A	0 IU	0%
Vitamin C	0.5 mg	1%
Vitamin E	5.31 mg	35%
Vitamin K	34.1 µg	28%
Electrolytes		
Sodium	12 mg	1%
Potassium	660 mg	14%
Minerals		
Calcium	37 mg	4%
Copper	2.195 mg	244%
Iron	6.68 mg	83.5%
Magnesium	292 mg	73%
Manganese	1.655 mg	72%
Phosphorus	593 mg	85%
Selenium	19.9 µg	36%
Zinc	5.78 mg	52.5%
Carotene-β	0 µg	—
Crypto-xanthin-β	0 µg	—
Lutein-zeaxanthin	22 µg	

Source : CEPC

Table 4. Net Foreign Exchange Earning from Cashew Export

	Cashew Kernel Export		Cashew Nut Shell Oil Export		Raw Cashew Nut Import		Net Foreign Exchange Value (₹ Cores)
	Quantity (metric tons)	Value (₹ Cores)	Quantity (metric tons)	Value (₹ Cores)	Quantity (metric tons)	Value (₹ Cores)	
2017–18	84,353	5,870.97	8,325	32.63	6,49,050	8,850.03	–3,034.43
2016–17	82,302	5,168.78	11,422	44.00	7,70,446	8,839.42	–3,626.64
2015–16	96,346	4,952.12	11,677	57.59	9,58,339	8,561.01	–3551.3
2014–15	1,18,952	5,432.85	10,938	55.81	9,39,912	6,570.93	–1,082.27
2013–14	1,14,791	5,058.73	9,480	30.61	7,71,356	4,563.99	525.35
2012–13	1,00,105	4,067.21	9,192	29.84	8,92,160	5,331.12	1,234.07
2011–12	1,31,760	4,390.68	13,575	59.46	8,09,371	5,337.76	–887.62
2010–11	1,05,755	2,819.39	12,051	33.77	5,29,370	2,649.56	203.6
2009–10	1,17,991	2,801.60	11,227	27.62	7,55,959	3,047.50	–218.28
2008–09	1,09,522	2,988.40	9,099	26.06	6,05,850	2,632.41	382.05
2007–08	1,14,340	2,289.02	7,813	11.98	6,05,970	1,746.80	554.2
2006–07	1,18,540	2,455.15	6,139	10.29	5,92,604	1,811.62	653.82

main market for cashew kernel for making food and various food products. Cashew is one of the important ingredients in various food processing industry such as chocolate, ice-cream, soft drink, biscuits, bakery, and medicine.

India is the leading cashew kernels exporter in the world, earns valuable foreign exchange of ₹ 5,500 crores every year. At present, India is exporting cashew kernels to more than 60 countries. Majority of India's cashew export markets are USA, UAE, Netherlands, Saudi Arabia, and Japan to whom India is exporting 1.19 lakhs MT of cashew kernel. India also exports various by-products of cashews such as Cashew Nut Shell Liquid Oil (CNSL), Cardanoli, Cashew wine etc. The export of cashew was worth ₹ 2,465.44 cores in 2008, which increased to ₹ 5,903.6 cores in 2017. Cashew market is dynamic and fluctuating in terms of price, quantity, and value. Recently, India's raw cashew import value is overcoming total cashew export value. India largely depends on the import of raw cashew for processing, domestic cashew produce is not sufficient to meet the processing demand of processing units.

In international agriculture trading basket, cashew nut is the most significant item. India is the largest producer, processor, exporter, and importer (raw) of cashew. However, in recent times countries like Brazil, Indonesia, Vietnam, and some African countries, India is facing strong competition as these countries have started processing cashew, and it costs less transportation it to export destinations. In 2017, global production of cashew nuts was 3,971,046 tons, led by Vietnam, India, and Côte d'Ivoire which contributed to 22%, 19%, and 18% respectively to the world's total exports. Benin, Guinea-Bissau, Cape Verde, Tanzania, Mozambique, Indonesia, and Brazil also had significant production of cashew kernels. Indian cashew processing units are now using modern methods of cashew processing such as oil bath roasting and steam roasting. This helps to maintain the quality of cashew kernel and extraction of cashew nut shell liquid oil.

In food-related industries, cashew is becoming an important ingredient. Hence, its market potential is growing. It has a unique brand in the international market because of its taste. Further, there is always good demand for Indian cashew in the international market. However, there is strong competition coming from other countries which is giving challenges to India's position in the global cashew market. Hence, industry needs a supportive environment from the government for further growth in a planned manner.

Challenges and Suggestions

Shortage of domestic production and growing demand from processing units leads to import of raw cashew. Some states like Maharashtra, Kerala, and Tamil Nadu are doing well in terms of area of cultivation, productivity, and total production. However, in spite of having suitable agro-climatic conditions for cashews, states like Telangana, Karnataka, Gujarat, and North East are not utilizing their potential fully. Raw cashew market is not well organized in India. Farmers don't get fair price of their produce. They get cheated by agents at weighing and price. There is no direct procurement of raw material from farmers.

International cashew kernel market is dynamic in nature. Farmers and small processors do have access. Hence, they can't predict the price of raw cashew and cashew kernel, and their market trend. High price changes consumer preference towards other nuts. Packaging and minimum residual level are the main challenges of Indian cashew export.

In light of the above challenges, commercial cultivation can be promoted for increasing cashew production and productivity. Market intelligence needs to improve to cope up with the changes in the international market. Cashew product and processing clusters should be increased after proper identification and analysis at each district level. Formation of the cashew export cluster at every district level will address export challenges that will help in export promotions.

To summarize, government of India should encourage quality standards and specifications, implement good agriculture practices, improve packaging of products, the transformation of farm produce to FSSAI standards, interventions for rejuvenation of orchards, replacement of old senile plants, and encouragement for intercropping, promote the export of value-added items. Traceability should be established for all exportable items in a phased manner in order to establish credibility in the international market. Growth in the export of cashew kernel and its by products will also make a positive impact on prices in the domestic market.

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