

Cashewnut - The Wonder Nut

Cashew Nut is one of the most widely used edible tree nuts in the world. Cashew kernels are classified into several grades according to the size, color etc. Cashew nut has emerged as a globally traded commodity in the last century. The evergreen cashew tree is also known for its fruits and the liquid derived from cashew shell. India used to be the largest producer of raw cashews which is now taken over by African countries. But India still retains the *numero uno* position as the highest exporter of processed cashew kernels in the world. Cashew is procured from African countries, processed, sorted and then exported. India's expertise in this field is unparalleled.

Four centuries ago, the adventurous Portuguese came sailing down the Indian coasts and brought with them the priceless tree nut "Cashew", the wonder 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.

History

Cashew (*Anacardium occidentale* L.) 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 byproducts of this crop are of commercial importance. Because of its adaptive ability in wide range of agro climatic conditions it has become a crop of high economy and attained the status of an export oriented commodity bringing considerable foreign exchange to the country.

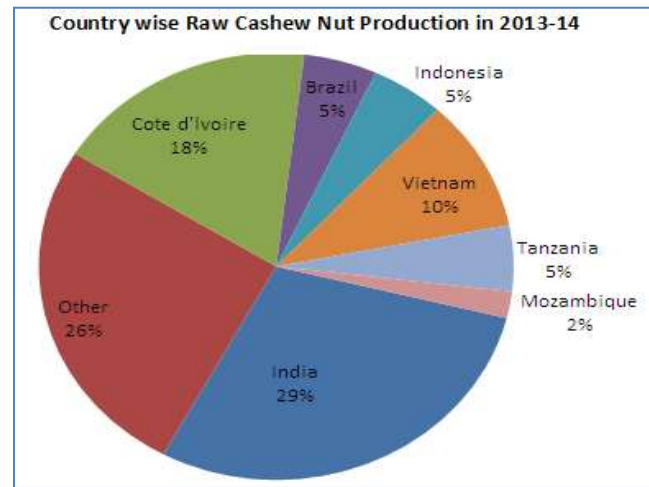
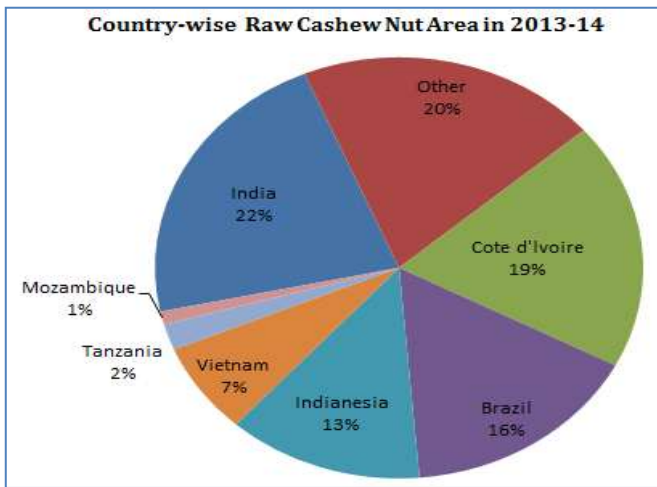
India is the largest area holder of this crop. Cultivation of cashew in India confines mainly to the peninsular areas. It is grown in Kerala, Karnataka, Goa and Maharashtra along the west coast and Tamil Nadu, Andhra Pradesh, Orissa and West Bengal along the east coast. To a limited extent it is being cultivated in Chhattisgarh, North Eastern States (Assam, Manipur, Tripura, Meghalaya and Nagaland) and Andaman & Nicobar Islands. It generates employment in the processing and agrarian sector employing over 3 lakh persons with 95 per cent of them being women.

International Scenario

Cashew production takes place mainly in the Central and South American Zone, Asia and Oceanic Zone and African Zones. There are 28 countries now involved in the production of cashew. Among 28 countries in the world involved in cashew production, 26 countries are actually engaged in production of cashew either for export or for their own consumption or for both export and domestic consumption.

The production of raw cashew nut has grown from 0.29 million MT in 1961 to 2.60 million MT in 2013, registering an 804 per cent increase with a growth rate 4.13 per cent Compound Annual Growth Rate (CAGR). In the case of Tanzania and Kenya for example, the higher productivity could be due to the larger spreading of the trees, on account of the sparse population of the countries concerned. From 1961 to 2013, area under world cashew nut production has increased at a rate of 4.25 per cent (CAGR).

Global Cashew - Area('000 Ha), Production ('000 MT)		
Year	Area	Production
2007-08	4147	2335
2008-09	4114	2311
2009-10	4155	2454
2010-11	4218	2481
2011-12	4403	2515
2012-13	4464	2572
2013-14	4588	2600
Source: DCCD. Cochin		



Major country-wise Raw Cashew Nut Production ('000 MT)

Country	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
India	665	695	613	675	725	753	757
Vietnam	350	349	350	400	350	275	252
Brazil	141	243	221	104	231	76	138
Côte d'Ivoire	251	320	350	360	385	460	480
Mozambique	85	80	90	97	80	60	50
Tanzania	94	99	79	98	100	129	120
Others	624	525	672	676	587	719	806
Total	2335	2311	2454	2481	2515	2572	2600

Source: DCCD. Cochin

Indian Scenario

India has been a major player throughout the history of cashew trade - but from being the pioneer of cashew processing and exports, being a near monopoly and a dominant player for more than 50 years, its relative importance has declined in last few years despite increasing production, imports, processing and exports. India was the first country to hit the world market with cashew kernels and it was she who pioneered cashew processing as an industry. Today, India dominates the world cashew market

The world over, cashew is recognized as a plantation crop, but unfortunately that is not the case in India. The main factor, which hinders establishment of viable and economic cashew gardens in plantation scale in the private/corporate sector, is the land ceiling laws prevalent in the cashew growing states. Hence, if India is to reach the desired levels of raw nut production, the first step should be to declare cashew as a plantation crop and exempt it from land ceiling laws.

Major cashew nut growing belts in India

States	Regions
Andhra Pradesh	Srikakulam, Visakhapatnam, East Godavari, West Godavari, Khammam, Vizianagaram
Chhattisgarh	Bastar region, Raigarh
Goa	North and South Goa
Gujarat	Valsad
Jharkhand	East and West Singhbhum, Saraikela, Jamtara, Pakur, Dumka, Deoghar
Karnataka	Kolar, Uttara and Dakshina Kannada, Shimoga, Bidar, Udupi, Belgaum, Chikkbal-lapur
Kerala	Kasargod, Kannur, Malap-puram, Kozhikode, Palakkad, Thiruvanthapuram
Maharashtra	Ratnagiri, Sindhudurg, Raigad, Kolhapur, Thane
Meghalaya	East Garo hills, West Garo hills
Pondicherry	Poducherry, Karaikal
Odisha	Dhenkna, Cuttak, Nayagarh, Ganjam, Kendujhar, Koraput, Jaipur, Mayurbanj, Khurda
Tamil Nadu	Cuddalore, Pudukkottai, Tiruchirapalli, Villupuram, Perambalur, Ariyalur, South Tripura
West Bengal	Midnapur (East and West), Purulia

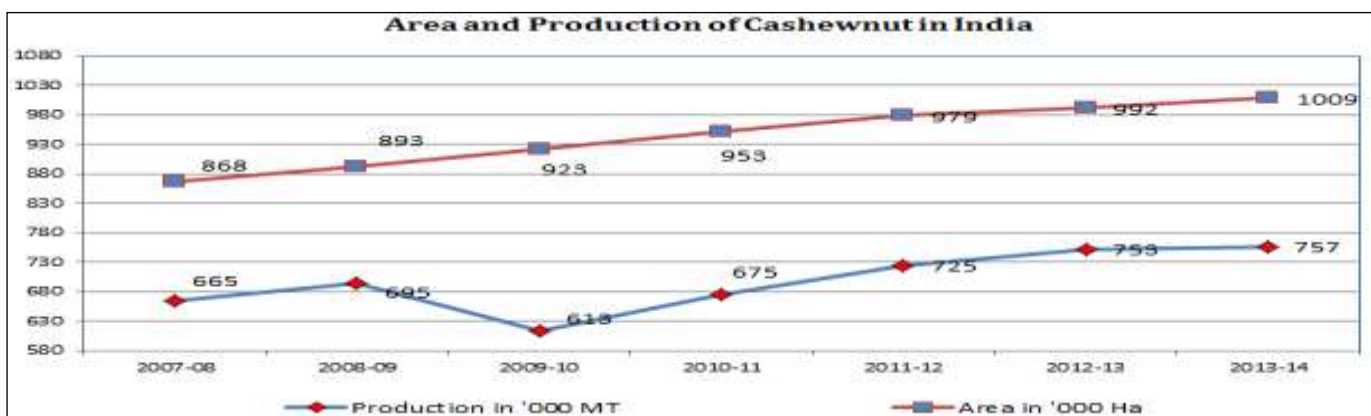
Now cashew occupies an area of 10.11 lakh hectares in the country as on 2013-14 with a production of 7.53 lakh MT. Kerala, Goa and Karnataka states are the traditional raw cashew nut producers and processors for a long time in India. Later the raw cashew nut cultivation expanded towards other states like Maharashtra, Andhra Pradesh, Odisha and Tamil Nadu.

Kerala was the leading producer of cashew nut in India during 90's with a share of 27.56 per cent followed by Tamil Nadu, Andhra Pradesh, Maharashtra etc. Since last decade, the scenario of raw cashew nut cultivation has changed in India. Maharashtra overtook Kerala and became the largest producer of cashew nut in India.

Currently Maharashtra, Andhra Pradesh, Odisha, Kerala, Karnataka and Tamil Nadu are the major producers of cashew nut with a share of 32.03 per cent, 13.26 per cent, 11.32 per cent, 10.97 per cent, 10.64 per cent and 8.90 per cent respectively (2013 -14).

Year	Area in '000 Ha	Production in '000 MT
2007-08	868	665
2008-09	893	695
2009-10	923	613
2010-11	953	675
2011-12	979	725
2012-13	992	753
2013-14	1009	757

Source: DCCD. Cochin



Global Trade

India is the largest producer of raw cashew nut in the world, with a share of 29 per cent of global raw cashew production during 2013-14. However, the domestic production is not enough to meet its processing demand. Hence India imports equivalent or even more than its production from other producing countries, mainly African countries.

Raw cashew nut import into India has been steadily growing over the years. The import has increased at a compounded annual rate of 9.71 per cent from 1990 onwards whereas own production has grown by only 4.45 per cent. This indicates country's dependency on other sources for raw cashew nut. In 2012, raw cashew nut import reached its high with the import volume of 826 thousand MT. Africa is the largest source of Raw Cashew Nut (RCN) to India. African countries like Côte d'Ivoire, Benin, Ghana, Guinea Bissau, Tanzania etc. export maximum quantity of their production to India.

During 1991 to 2000 kernel export growth rate from India were prominent at 6 per cent. During 2011-12, India reached its high in export by exporting 132 thousand MT of kernels to the world. The major export markets for Indian cashew kernels are USA, UAE, the Netherlands, Japan, UK, Saudi Arabia, France, etc.

Year	India	World
2006-07	164	486
2007-08	185	518
2008-09	209	552
2009-10	198	565
2010-11	181	533
2011-12	224	592
2012-13	258	628

Source: DCCD. Cochin

In recent years, the share of USA import in total Indian kernels export is decreasing due to increased competition from Vietnam. Vietnam has overtaken the Indian share in USA and is enjoying the largest player position. The Netherlands is another traditional market for Indian kernels, whose share is also declining over the years. India's share has reduced from 49 per cent in 2001 to 28.7 per cent in 2013.

India Cashew & Cashew Kernel Global Trade ('000 MT)		
Year	Kernel Export	Cashew Import
2006-07	111	571
2007-08	123	655
2008-09	128	662
2009-10	113	565
2010-11	133	798
2011-12	102	822
2012-13	126	830

Source: DCCD. Cochin

Recently UAE, Japan and other markets emerged as a new potential markets for Indian kernels. Kernel exports from India to UAE have increased by 14.41 per cent, to Japan by 5.37 per cent and to Saudi Arabia by 11.12 per cent from past 13 years (CAGR). The share of UAE in total Indian exports has grown from 3.5 per cent in 2001 to 15 per cent in 2013.

Value added cashew kernels (Roasted and Salted) exports have also shown a significant increase over the years. Export of value added kernels have increased by 33 per cent in terms of volume and 55 per cent in terms of value since 2003-04 to 2013-14.

Though, India is losing its share in exports, the surging domestic demand is a sign of relief to cashew exporters. Recently with the steady demand in export markets and stable export price trends, most of the Indian processors are looking to expand their business in Indian market.

Recent Market Updates

- Increasing domestic cashew consumption is affecting India's exports of the nut that is a rich source of anti-aging agents. With local demand increasing 15 per cent annually, consumption in India has overtaken that of the US and Europe, the principal buyers of Indian cashew.
- The annual Indian consumption is hovering around 2 lakh MT compared with about 1.3 lakh MT in the US and 80,000 MT in Europe. India's exports have been around 1.2 lakh MT a year.
- The major problems confronted by the export market - like the high price of imported raw cashew nuts, rising cost of production and a lower price in the world market - have also worked in favour of domestic consumption.
- Cashew exporters view the new Foreign Trade Policy as a major blow to the industry. They feel the reduction of incentives available to cashew exports from 5 per cent to 2 per cent as the main reason reduced activity in the export market. This sudden cut of 3 per cent will take the wind out of the exporters and may even result in many failing to keep their commitments.
- The recent fall in the prices is been attributed to Crop size is better than earlier expectations, Moisture is on increase and filling out-turn is on decrease as the harvesting season reaches its end period, Rise in the cost of production and Raw nut market is responsible for the worsening financial conditions of the industry.

Disclaimer:

This report has been prepared by National Bulk Handling Corporation (NBHC) for the sole benefit of the addressee. Neither the report nor any part of the report shall be provided to third parties without the written consent of NBHC. Any third party in possession of the report may not rely on its conclusions without the written consent of NBHC. NBHC has exercised reasonable care and skill in preparation of this advisory report but has not independently verified information provided by various primary & secondary sources. No other warranty, express or implied, is made in relation to this report. Therefore NBHC assumes no liability for any loss resulting from errors, omissions or misrepresentations made by others.

Any recommendations, opinions and findings stated in this report are based on circumstances and facts as they existed at the time of preparation of this report. Any change in circumstances and facts on which this report is based may adversely affect any recommendations, opinions or findings contained in this report.

© National Bulk Handling Corporation (NBHC) 2014