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THE ECONOMIC TIMES

Cashew nut exports likely to fall by 20%

30 Jan 2009, 0224 hrs IST, Smitha Venkateswaran, ET Bureau

PANAJI: The current global meltdown has hit the country's cashew farmers, already reeling under heavy competition with cashew producing countries like Brazil and Vietnam. According to market estimates there are nearly three lakh cashew farmers in India. As India continues to be the largest exporter of cashew kernels, slackening demand is making producers cut profit margins, which has made importing of low-cost raw cashew nuts a lucrative option.

Official reports with the Cashew Export Promotional Council of India (CPECI) show that cashew kernel exports have dropped marginally from 11.5 lakh tonnes in 2006-07 to only 11 lakh tonnes in 2007-08. But, the year ahead is likely to see a further 20% fall. "Cashews are considered to be a luxury item, so it is one of the first commodities to take a hit in a situation like this," said Suresh Zantye managing partner of one of the big cashew exporting firms.

India exports cashew mainly to the US and Europe, which are facing a severe economic turbulence. Cashew traders are now looking to develop Asian markets like Japan, Israel and Saudi Arabia. India earns a good amount of foreign exchange by exporting cashew kernels and it ranks second among the cash crops exported. In addition to exports, India is also one of the leading raw cashew consumer, which traders hope will keep their business moving. Although cashew production in the country increased by 6% in 2007-08 to 6.6 lakh tonnes as against 6.2 lakh tonnes in 2006-07; traders point to a significant rise in imports from 5.9 lakh tonnes in 2006-07 to 6.5 lakh tonnes in 2007-08. "The import cost is much lower than buying raw nuts in India," a leading cashew trader told ET.

Imported raw cashew nuts costs Rs 45 to Rs 48 per kg. As against this the Indian variety commands a higher price ranging from Rs 50 to Rs 55 per kg. "When it comes to cashews most people do not know the quality, it is the price that determines sales," adds Mr Zantye. According to A S Kamath, president, Goa cashew traders association, lack of availability of high-quality Indian cashew is responsible for such rising prices.

"We have developed technology to increase productivity to meet the rising demand. Unfortunately this is used abroad rather than in India," he said. With nearly three lakh cashew farmers, Indian productivity has only doubled from three lakh tonne in 1990 to a little over six lakh tonnes in 2008 while global cashew nut production rose from 19.04 lakh tonnes in 2001 to 31.03 lakh tonnes in 2006. The cashew nut production in Vietnam in 2001 was 2.93 lakh tonnes which went up to 9.42 lakh tonnes in 2006. For the corresponding year Indian production went up from 4.50 lakh tonnes to 5.73 lakh tonnes.

In addition to farmers, there are nearly a thousand registered and over 1,200 unregistered SSIs processing raw cashews in the country, all of which face threat of closure with the declining demand. Karnataka, Kerala, Goa, Maharashtra and Orissa are major producers.

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