

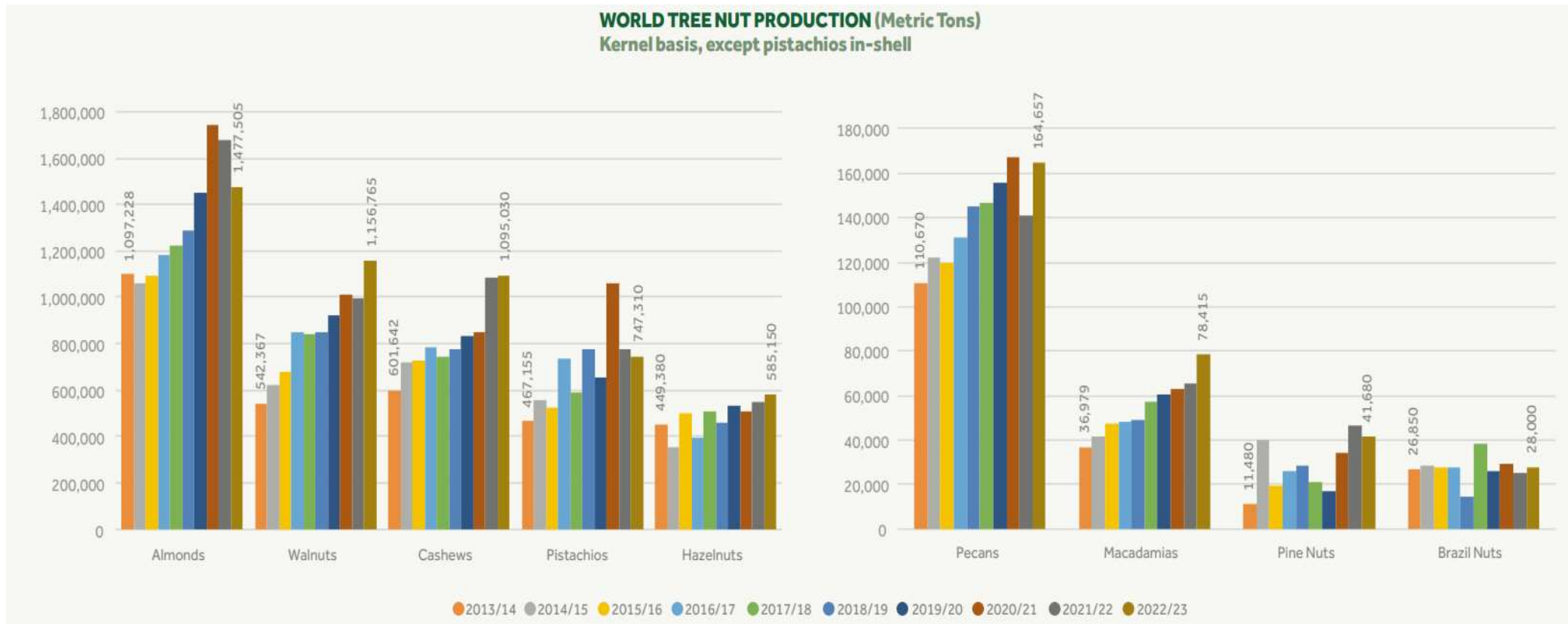


# Growth Challenges to Indian Cashew Kernel Market

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BOLAS AGRO PRIVATE LIMITED  
07<sup>th</sup> July 2023



# Overview of Global Treenut Market



Source : INC NUTS & DRIED FRUITS STATISTICAL YEARBOOK 2022/23

# Where Tree Nuts are grown

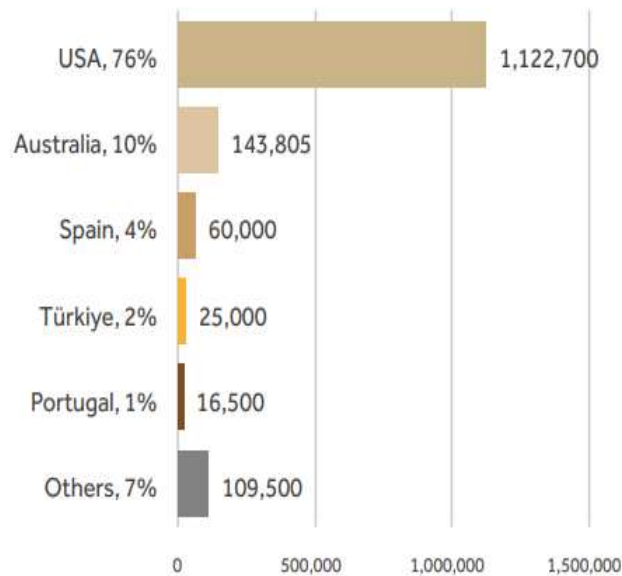
**TOP TREE NUT PRODUCING COUNTRIES (5-year average, Metric Tons)**  
 Kernel basis, except pistachios in-shell



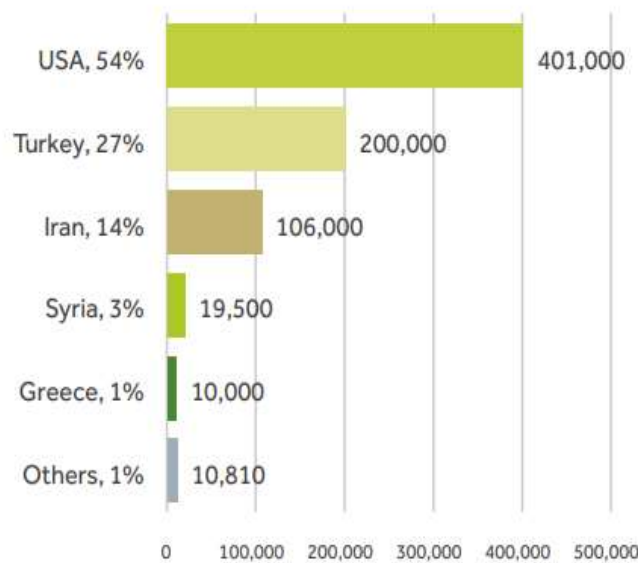
Source : INC NUTS & DRIED FRUITS STATISTICAL YEARBOOK 2022/23

# Production pattern of other tree nuts

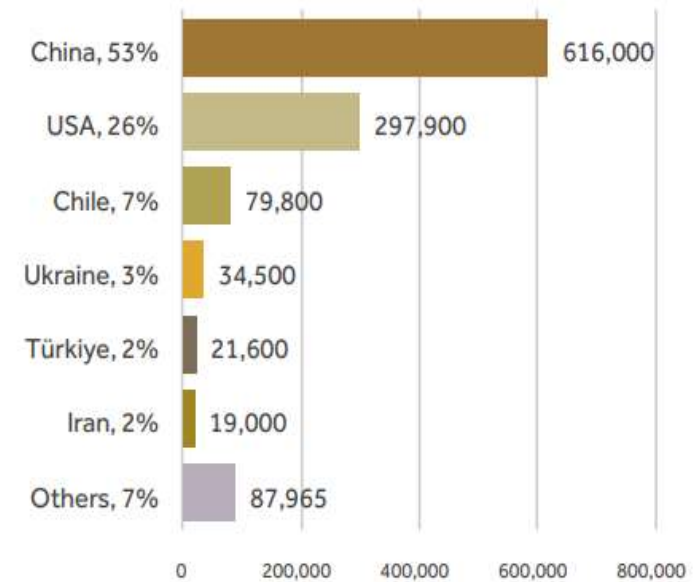
**2022/23 ALMOND PRODUCTION**  
 Kernel Basis (Metric Tons)



**2022/23 PISTACHIO PRODUCTION**  
 In-shell Basis (Metric Tons)



**2022/23 WALNUT PRODUCTION**  
 Kernel Basis (Metric Tons)

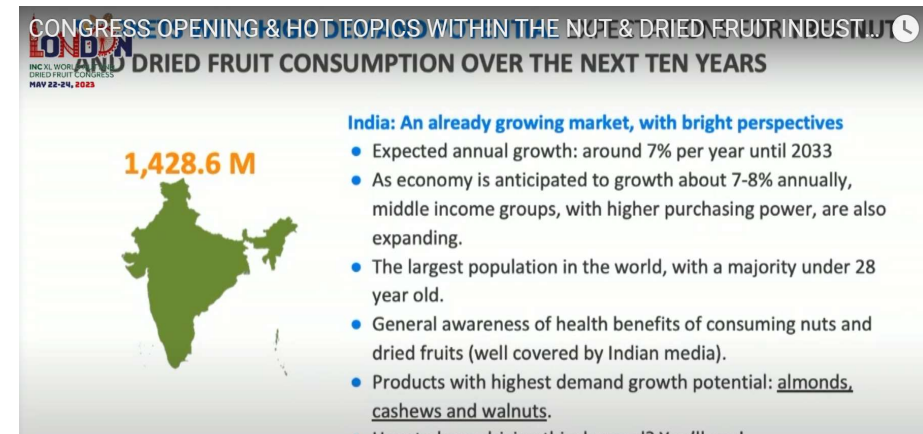
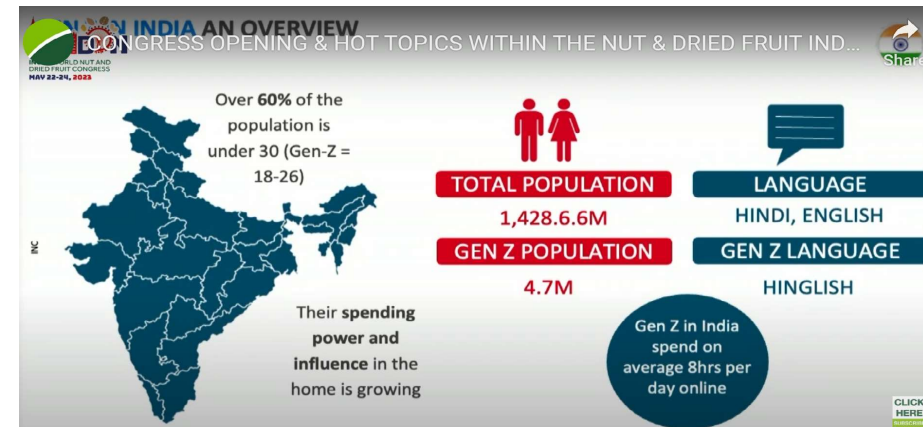


Source : INC NUTS & DRIED FRUITS STATISTICAL YEARBOOK 2022/23

# WHY FOCUS ON INDIA



1. The Consumption of Nuts in Western countries have stagnated due to war and inflation
2. In the recent INC Congress in London, the INC openly said that, the next key market for growth is India. The INC executive director, in her opening presentation, devoted more than 75% of time and slides to focus on what needs to be done in India to achieve growth
3. Almond Board of California runs a very successful campaign in India, spending around Rs 30-40 cr in promotion
4. APG (American Pista Growers) have substantially scaled up marketing efforts in India
5. American/Chilean Walnut Boards, Hazelnut boards, Macadamia growers, Cranberries, Blueberries, all have appointed marketing agencies in India to promote their products.





# Tree nut Supply in India

Quantity in MT

Year	Almond	cashew	Pista	Walnut	
2013	46580	230278	7362	8721	
2014	60180	224384	5346	13097	
2015	78254	257190	6212	17919	
2016	82915	301719	8042	14751	<b>Demonetisation</b> →
2017	115724	247598	12276	16858	
2018	99360	331094	8478	17244	
2019	115050	262789	9157	19607	
2020	167659	326527	14286	29410	<b>COVID EFFECT</b>
2021	161590	322160	13086	22556	
2022					

Source : INC NUTS & DRIED FRUITS STATISTICAL YEARBOOK 2022/23 (For data upto 2021)



# Sequence of events in 2022

- Exports have become totally unviable as the gap between domestic prices and export prices have widened sharply
- There was absolute shortage of either raw cashew nut or finished kernels till June 2022.
- Indians overbought raw cashew nut from West Africa due to shortage of Indian crop.
- The international markets collapsed due to War/Inflation/recession in western countries.



# Supply of cashews for 2022/23



## Huge Jump in supply

Qty in MT

	2021	2022
Indian production of Raw cashews	738000	675000
Raw cashew import	874179	1380256
Total Raw cashew nut available for production	1612179	2055256
Cashew kernel produced at 23%	370801	472709
Cashew Kernels export	54746	47560
Supply to domestic market	316055	425149

- NMM (Net Manufacturing margin) jumped sharply and continued to be positive throughout the year.
- All the factories, even the one previously closed, restarted processing.
- The factories run full swing till May 2023 and we could finally finish the excessive raw cashew inventory



# Oversupply Decoded



		2021/22												
	Total	June	July	August	September	October	November	December	January	February	March	April	May	
Processing %	100%	9%	10%	10%	10%	10%	10%	8%	8%	8%	6%	6%	5%	
RCN Processing	1600000	144000	160000	160000	160000	160000	160000	128000	128000	128000	96000	96000	80000	
CK Produced at 23%		33120	36800	36800	36800	36800	36800	29440	29440	29440	22080	22080	18400	
CK Consumed %	100%	6%	8%	13%	13%	9%	8%	8%	8%	8%	7%	6%	6%	
Ck Consumed	310000	18600	24800	40300	40300	27900	24800	24800	24800	24800	21700	18600	18600	
Export	55000	5000	5000	4000	4000	4000	4000	4000	5000	5000	5000	5000	5000	
Inventory		9520	16520	9020	1520	6420	14420	15060	14700	14340	9720	8200	3000	
		→						→						

# Oversupply Decoded



	2021/22												
	Total	June	July	August	September	October	November	December	January	February	March	April	May
Processing %	100%	9%	10%	10%	10%	10%	10%	8%	8%	8%	6%	6%	5%
RCN Processing	1600000	144000	160000	160000	160000	160000	160000	128000	128000	128000	96000	96000	80000
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Ck Consumed	310000	18600	24800	40300	40300	27900	24800	24800	24800	24800	21700	18600	18600
Export	55000	5000	5000	4000	4000	4000	4000	4000	5000	5000	5000	5000	5000
Inventory		9520	16520	9020	1520	6420	14420	15060	14700	14340	9720	8200	3000
		→						→					
	2022/23												
	Total	June	July	August	September	October	November	December	January	February	March	April	May
RCN Processing	2069000	144000	175000	175000	175000	175000	175000	175000	175000	175000	175000	175000	175000
CK Produced at 23%	475870	33120	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250	40250
Ck consumed (10% growth Assumed)	341000	20460	27280	44330	44330	30690	27280	27280	27280	27280	23870	20460	20460
Export	48000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
INVENTORY		8660	17630	9550	1470	7030	16000	24970	33940	42910	55290	71080	86870



# Promoting cashews in India

- Need to revisit grades. Main grade W320 constitutes less than 20% of output whereas in Almond/Pista/Walnuts, the main grade constitutes more than 90% of output. Almond and pista industries even change the specification of main grade every crop season.
- Promoting production efficiency and relaxing the product specification without affecting the functional quality.
- Need one strong agency to promote cashews. But, who will fund? Who will benefit?
- Can associations take up Generic Promotion?

# Silver lining .....



- Every one in the world is looking to enter Indian market, and we are already there.
- Very few industries could survive Covid nightmares, but our industry saw spectacular growth in this period.
- No industry can boast of continuous positive NMM for last 15 months. This is the reason why the industry is growing and spreading so fast.
- There are supply issues in Almond /Pista and cashews are now much more competitively priced compared to the rest of the tree nuts.
- India has the potential to consume the excess inventory, now that, the price is reasonable.
- Global demand, especially in Asia has revived. Most likely, we will have an inventory balance by the end of 2023.



## Words of wisdom and hope

- “In a business selling a **commodity-type** product: it’s impossible to be a lot smarter than your dumbest competitor.”  
Warren Buffett
- “The most important question to ask about a **commodity cyclical** is whether the company’s balance sheet is strong enough to survive the next downturn.” Peter Lynch
- “Never lose hope. Storms make people stronger and never last forever.” Roy T. Bennett