



# Dealing with growth challenges to Indian cashew kernel market

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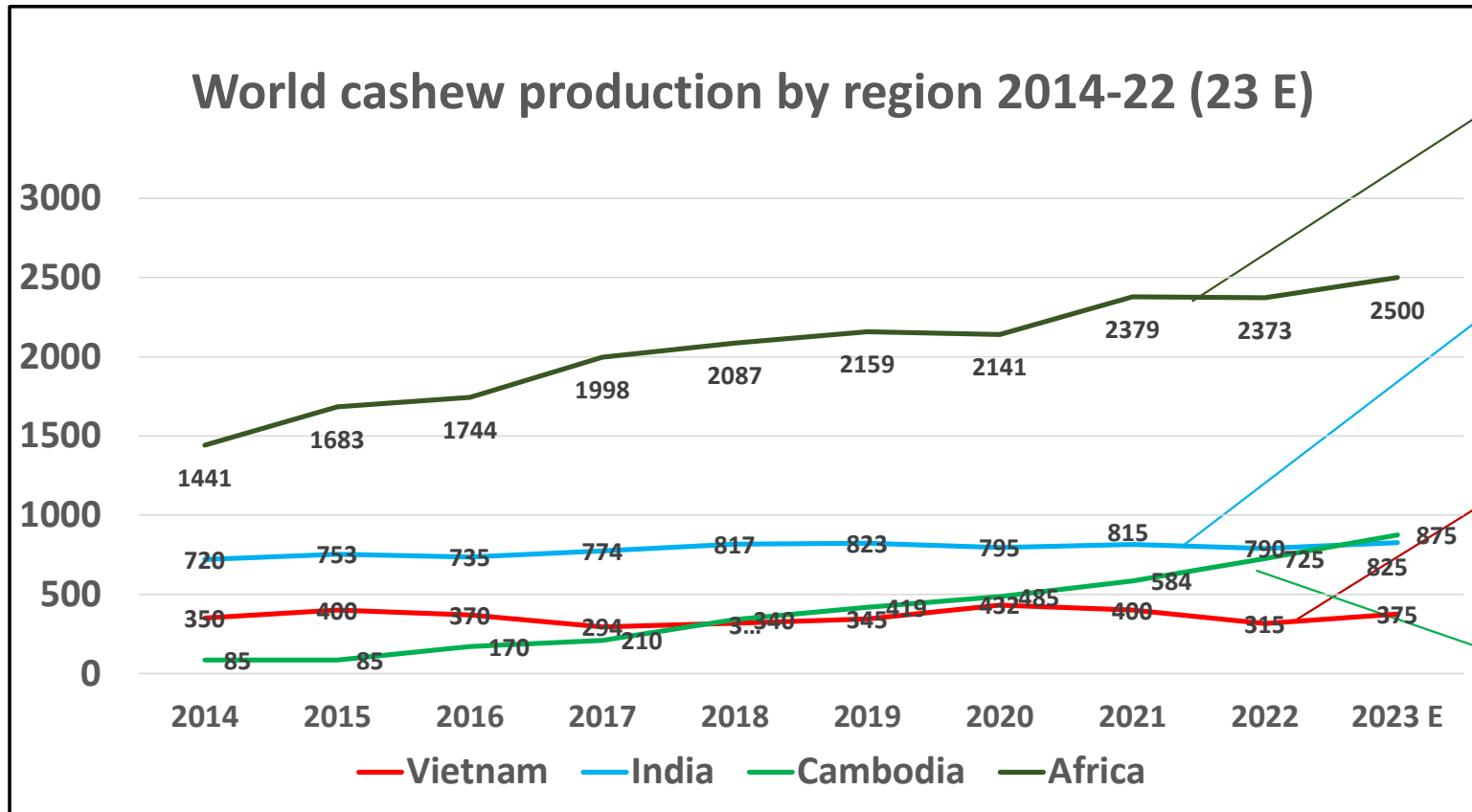
# Agenda



1. Global Cashew Scenario - RCN Production
  - Processing Zones
  - Consumption Markets
2. India Cashew Scenario - RCN Imports
3. Fast Growth of African Processing & risk to India
4. Growth Challenges from Complex Indian multi-level Market
5. A Few Ideas to help the Cashew Industry Grow



# RCN Production Trends (4.5 m tons)



**Africa**  
Fast growth  
Now slowing.

**India**  
Slow growth almost  
negligible

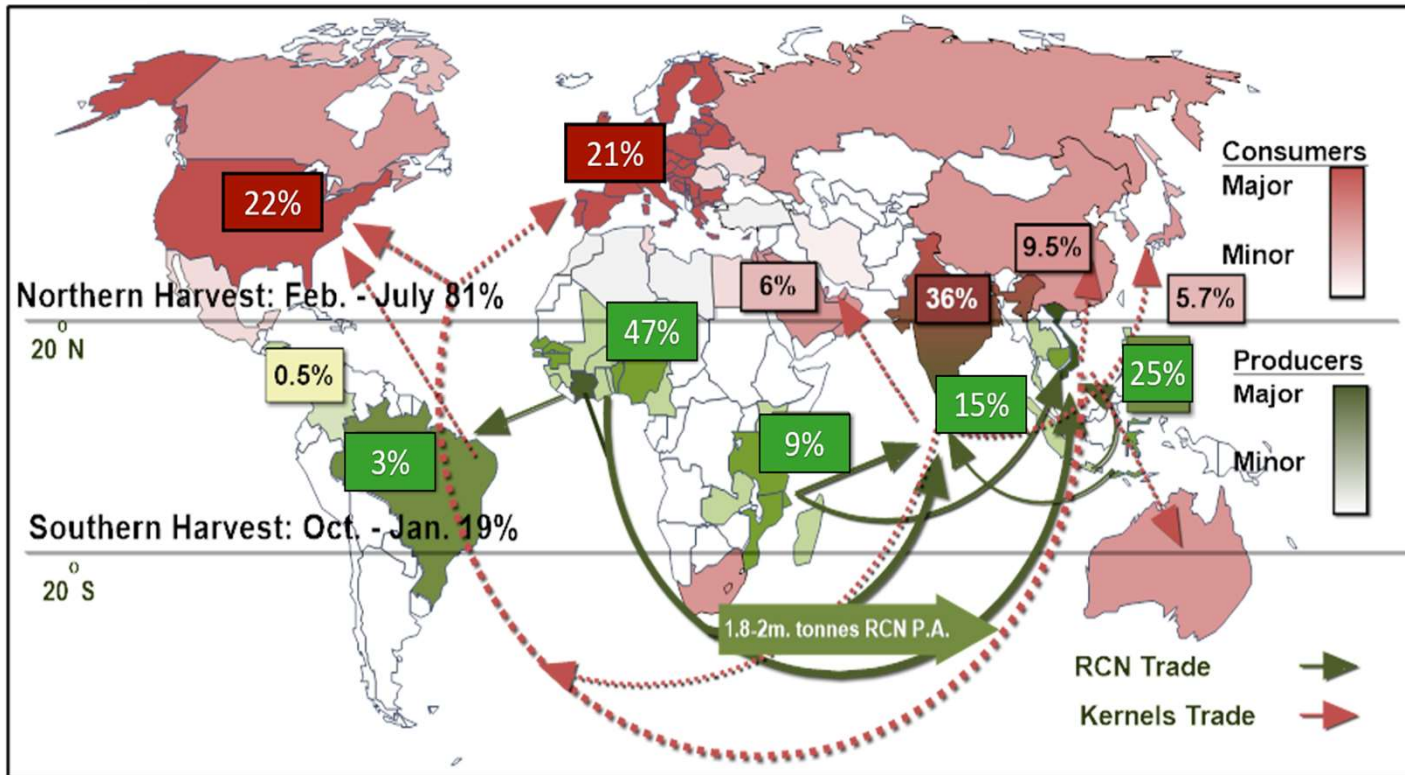
**Vietnam**  
No growth

**Cambodia**  
Driver of production  
growth 2018-2022

Source : Historical data - African Cashew Alliance, Cashew Info, Jim Fitzpatrick



# Cashew Production and Consumption 2022



More than 56 % of RCN produced in Africa and majority of it is exported in the raw form (RCN)

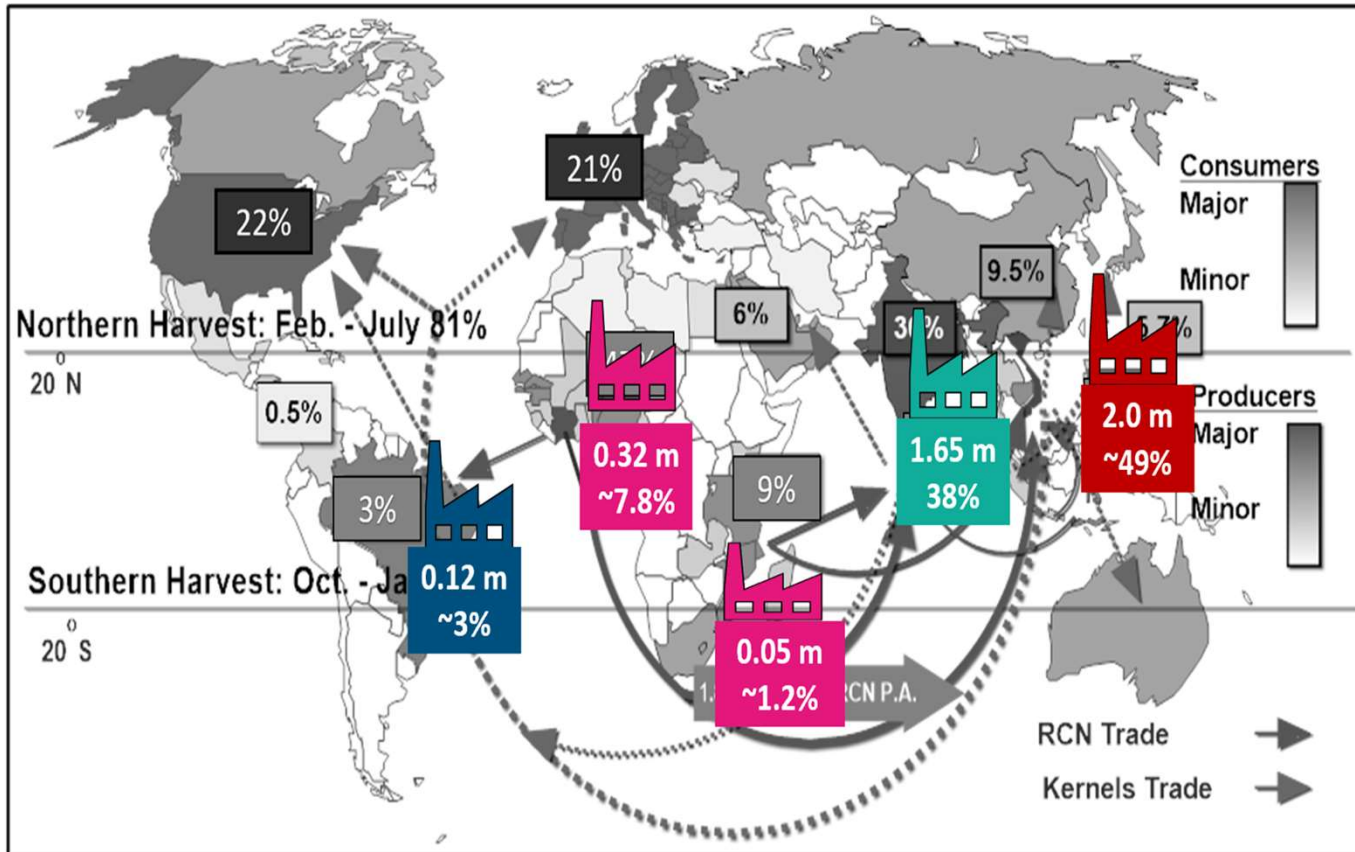
Kernel markets cumulative Annual Growth rate since 2016.

- Europe - ~7%
- USA - ~2%
- India ~7%
- China – 12%
- Middle East – 4%

A temporary slowing down trend is registered in Late 2022 – early 2023 (price sensitive phase)



# Cashew Global Processing 2022



**Vietnam Imports ~82% of RCN needs, Sourcing shifting to Cambodia**

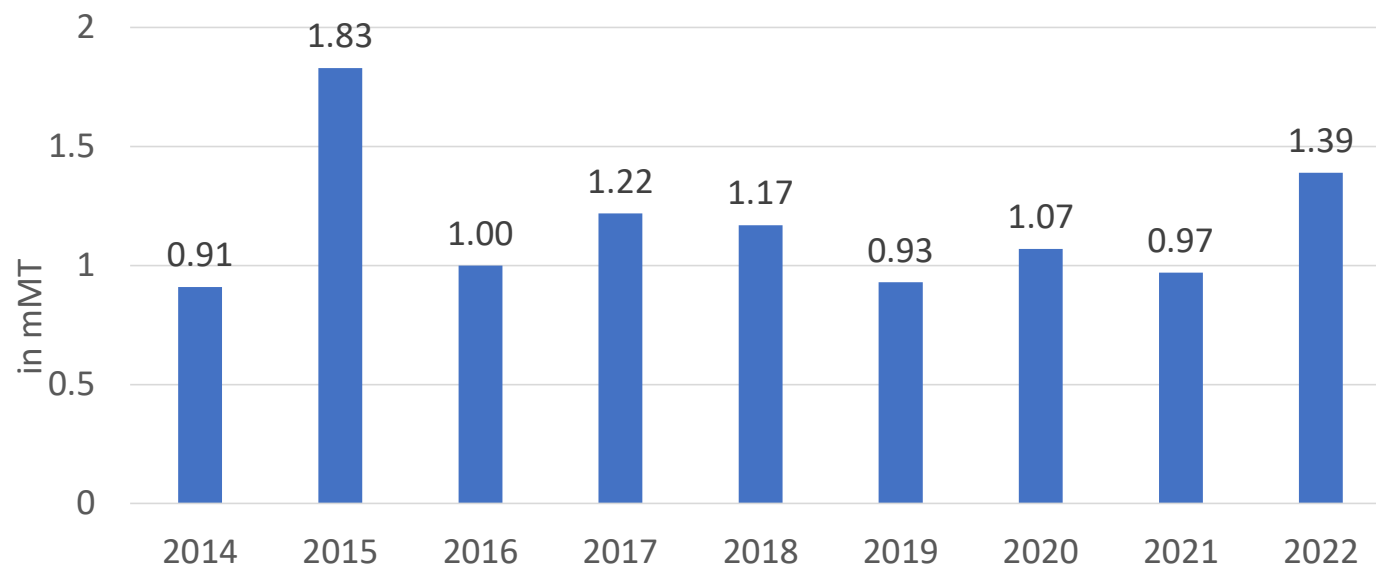
- 2016 – 10% from Cambodia
- 2022 – 39% from Cambodia

**India Imports ~56% of RCN needs, Africa is main supplier**

- 2016 – 86 % from Africa
- 2022 – 95% from Africa
- **Indian imports of RCN increased by 60% in 2022 (~1.4 million mt of RCN)**



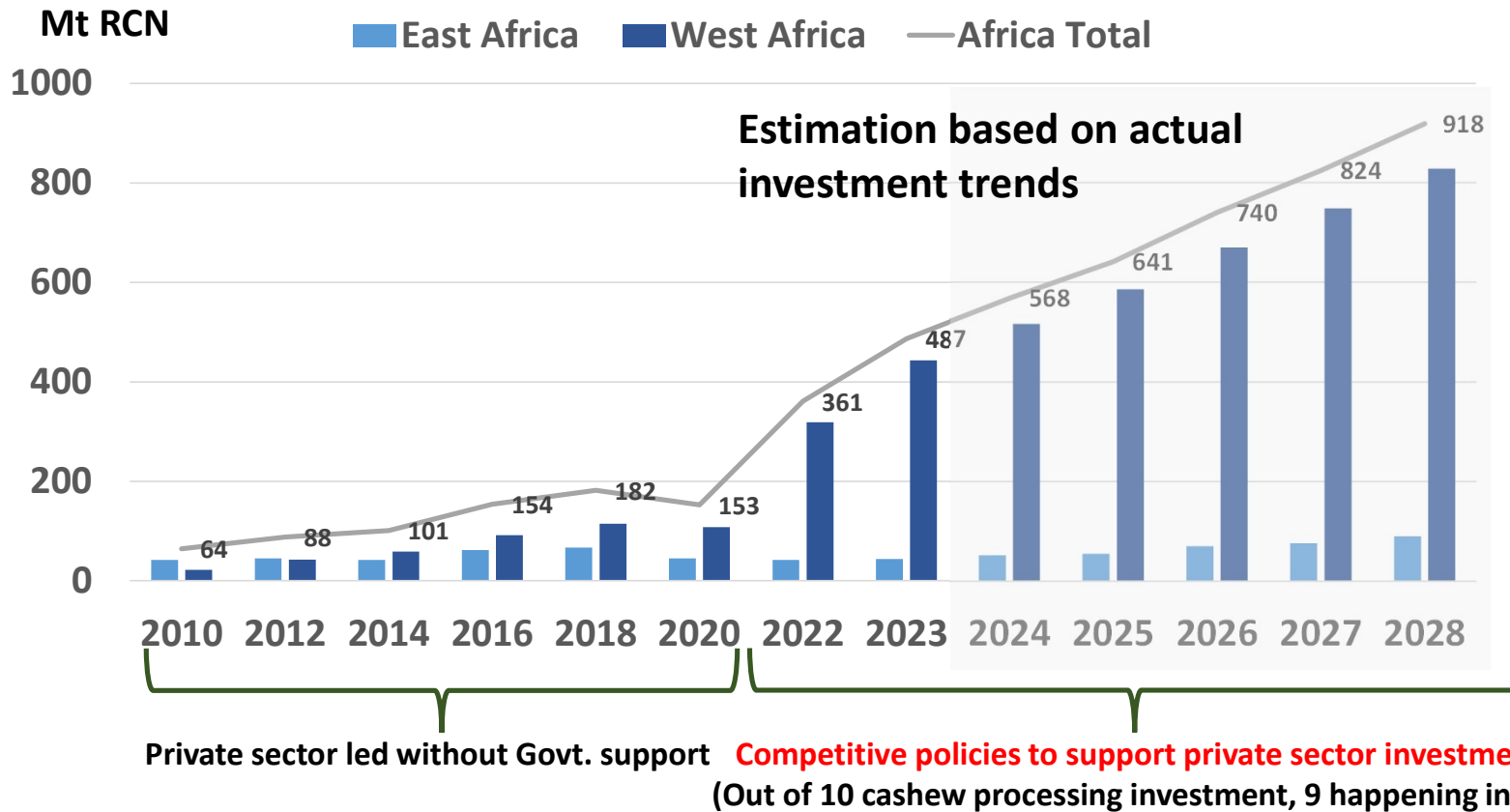
## RCN Imports to India



- India Crop stagnant around 0.7 to 0.8m MT.
- Inconsistent graph of 'RCN Imports' showcases:
  - The urgent need of addressing the sustainable models.
  - Minimise dependency on 'VIEW' and validate actual 'DEMAND-SUPPLY'.
- VIEWS will be driven by certain segment of stakeholders and can go either side.
- Demand should either grow or stay stagnant. The above graph not replicates the both.



# Trends in African processing



- Cashew processing volumes have doubled in Africa since 2018
- Côte d'Ivoire leads Africa's transformation initiative
- 2023 Benin will significantly increase processing volumes
- Nigeria, Tanzania, Mozambique and Burkina are in line to increase their volumes





## Fast Growth of African Processing: Is it more of a risk to India than to Vietnam?



1. Considerable Africa Processing growth is a reality.
2. Units of 10-30K TPA functioning well now.
3. Africa Processors have priority buying and may lock first quality flush!
4. India Processors may start depending on 2<sup>nd</sup> to 3<sup>rd</sup> flush!!!
5. What happens to 'Indian Premium' concept if Benin RCN is not available?
6. What happens to 'India Premium' if Tanzania's initiative block exports?
7. India Crop is stagnant around 0.7 to 0.8m MT & no clarity on growth.
8. India may get into a situation, where high quality RCN may be in shortage.
9. Is it the right time to think on uniform specs across country, like CEPCI/AFI?
10. Is it the right time to think on minimizing grade structures in Cashew?
11. Is it the right time to think just two-level Pricing & Govt approved Specs for kernel?  
–(e.g India Premium & India Popular?)





## Growth Challenges from Complex Indian multi-level Market



1. Complex Grading & Pricing of Kernel Grades (e.g W 320 Rs 550 to Rs 680).
  - Vast differentials from State to State (e.g Kerala Vs Maharashtra).
    - within the state (e.g Rambha Vs Jeypore).
    - within the Town (e.g Mangalore, Panruti)
  - Different Grades at different locations – may become a growth constraint.
  - No Standard Grades or Sizes or Quality for One Nation.
2. Downtrend of Kernel Prices based on Current RCN market (e.g \$1325 Vs \$925 risk)
3. No attractive export incentives.
4. How to manage RCN Defaults and their impacts on the RCN / CKN markets?
5. New processors continuously enter expecting high margins in the sector.
6. Low priced exports from Vietnam putting additional pressure.



## A Few Ideas



1. Validate One Nation, One Standard.
2. Validate max two quality Concept- (e.g Indian Premium & Indian Standard)
3. Initiatives for official Spec Sheets that would be applicable to the whole country (like AFI).
4. Mitigate the quality risks under official Spec sheets (Cashew Council or Govt.. etc..)
5. Require more R&D on new packaging standards to minimize dependence on tins. Tins are expensive & infestation prone.
6. Require more creative logistics to minimize pieces generation moving kernels from South to North.
7. Focus on sustainable mechanization without compromising on quality of kernels.
8. Ensure every processor and trader contributes to 'Promotional Funding' to Start marketing campaigns. (E.g...National Cashew Promotion Council). Do a deep drive on success stories of California Almonds & NECC-National Egg Coordination Committee. (25,000+ Poultry farmers are members in NECC)  
**(NECC Slogan: Sunday ho ya Monday, Roz Khao Ande)**



**Thank You**

