

Chapter II

**PROFILE OF LAXMI
VISHNU AND CO.
MALVAN**



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2.1 Company Profile:

Name	:	M/S Laxmi Vishnu & Co. Ltd
Address	:	M/S Laxmi Vishnu & Co. Ltd Vayri, Bhutnath – Malvan Taluka Malavan, District – Sindhudurg Pin code – 416606
Establishment Date	:	May 1987
Processing Stated	:	May 1987
Product Service	:	M/S Laxmi Vishnu & Co. Ltd is a Processing Unit Company buys raw Cashew Nuts from farmers and take out cashew Nut kernels from its shell, and grade Cashew carefully to superior standards.
Capacity Of Production	:	16 Metric tonnes dally
Business Types		
(Buyer or Supplier)	:	M/S Laxmi Vishnu & Co. is a supplier of Processed cashew nut
Geographical Market	:	Mumbai and Malvan are the main markets for the suppliers. Domestic market is Malvan. In Malvan, company sales its products to its regular whole seller who sends the product to its regular buyers at Mumbai.

Name of Manager : Mr. V.R. Wengurlekar is the manager of Laxmi Vishnu and company, Malvan; He handles the entire unit successfully.

No of Research and Development staff:

In house training has given to worker about the process and quality control.

Quality Control : In house

2.2 Cashew Cultivation In India

Origins

Cashew is native to northeastern part of Brazil. The English name cashew has derived from the South American Indian name 'ACAJU'. The nuts came to East Africa with Portuguese seamen in the 16th century. Shortly after, the tree grew wild along the coast of southern Kenya, Tanzania and Mozambique.

Today the tree has found in manly tropical countries including India, Southeast Asia as well as West Africa.

The delightful cashew nut has loved by everybody. Cashews are a product loved by the wealthy nations and provided for by the poor nations. It has closely related to the mango and pistachio plants. Cashews have found growing on "cashew trees" or "bushes" near the equator. The cashew grows wild in Brazil and in cashew plantations. In India, the cashew has transplanted into a cashew crop.

2.3 Heydays and Decline

It was the Portuguese who look care of the nuts in the beginning. They brought them from African farmers and shipped them to India. In India, the nuts were processed and sold to an expanding Market.

In the min, 1970's Tanzania and Mozambique were the main global producers of cashew nuts. Tanzania was producing 1, 45,000 metric tones of raw nut in 1974.

Since then Tanzania got ousted of Vietnam, India and Brazil. In the mid 1980's the country was production of 1, 21,000 metric tones in 1998. (Compared to India's 313,000 metric tones) However, since then, the production has been varying below the 1998 peak.

2.4 Mainly Export of Raw Nuts

Tanzania has mainly been exporting the raw nuts. In 2005-06, only 20% were process locally during in 1960's and 1970's Tanzania invested in 10 large processing plants to produce kernels for export. The investment has made with heavy assistance from World Bank and other donors. However, in appropriate strategies resulted in failure to compete in the market for processed kernels.

Now most of Tanzania's production of cashew nut goes raw to the Indian market where it has processed to kernels and re-exported to large brand processors and distributors in the industrialized countries. Due to the export of mainly raw nuts, the Tanzanian cashew production has characterized by low return. Indian importers and processors have managed to hold on to the market and are therefore harvesting the medium returns part of the supply chain.

India has creditable record of attaining good amount of foreign exchange by way of export of cashew kernels. Among the Agri-horticulture commodities getting exported from India, cashew ranks the 2nd position during the year 2001. In the year, 2002 India could export 97,550 MT of cashew kernels valued at Rs 1776.80crores. USA, Netherlands, UK, France, Canada, Saudi Arabia, Singapore, Italy, German Feel. Republic, Austria, Israel and Spain are the major international buyers of Indian cashews. India is the largest area holder of this crop. Cultivation of cashew has grown in Kerala, Karnataka, Goa, Maharashtra along the West coast and Tamil-Nadu, Andra Pradesh, Orissa and West Bengal along the east coast.

Now cashew occupies an area 7.70 lakh hectors in the country as on 2002-03 with a production of 5.00 lakh M.T. of these 2.00lakh ha of the plantation developed from the beginning of 8th plan alone have been with superior dons of high yielding varieties. It generates employment in the

processing and agrarian sector employing over three lakh persons with 95% of them being women.

2.5 Marketing of Raw Cashew Nuts

Marketing of raw cashew nuts in India is not yet been organized in systematic manner except in Goa where co-operative marketing society is procuring raw nuts to the little desired extent. A major portion of the produce has brought by itinerant merchants and the agents of the processing units. A number of wholesale merchants and the processing factories open their collecting centers in important cashew producing areas during the harvesting period. The petty dealers who buy the nuts the growers also dispose the nuts in these collecting centuries, cashew-producing areas during the harvesting period. The petty dealers who buy the nuts from the growers also dispose the nuts in these collecting centuries. Cashew nuts have brought for sales to the assembling market largely by the itinerant merchants. In certain areas, the most resourceful processors contact the producers thus avoiding the commission agent's role and enjoy good bargaining power by providing credit facilities to the producers.

As there are a number of intermediaries operating the field between the primary producer and the processing unit, the different costs and margins in the total spread between the producer and the processing unit are quite significant and the producers share in the price paid by the processing units generally low.

Kerala state (India) Cashew Association is now the largest exporter of cashew in the world. Fortelera, Brazil, Ships the second largest quantity of cashew and the two areas represent over so percent of the world supply which is around 4 million cases (50 pounds per case). Africa is a distant third.

2.6 National Scenario

The cashew nut shell liquid (CSL) used for various industrial application is a by-product obtained while processing cashew shells.

World over, the cashew nut market is highly concentrated with India and Brazil providing almost half of total world production, along with Vietnam,

Nigeria, Mozambique and Tanzania. These six countries contributed to more than 95% of world production. India is the second biggest consumer of cashew kernels after USA. Which accounts for 50% of the global imports of cashew kernels. The price of cashew nut has characterized by unpredictably high fluctuations in the global production. The international price of cashew has fixed in New York and Rotterdam. The market of cashew nut grows at 10% every year.

In India cashew has introduced in Goa, from where it slowly tricked down the Kokan coastline to Malabar and the rest of Kerala. It had spread to other parts of India only towards the last quarter of the 20th century. Around 650000 H² is under cashew cultivation in India, with Maharashtra being the largest producer state with 150000 hectares dedicated to this plantation. It was as early as 1905 that Kochi started exporting cashew nuts to the USA.

[1 hector = 10,000 square metric tones (sq.MT).
Note that 1 MT (metric tones) equals one tones.]

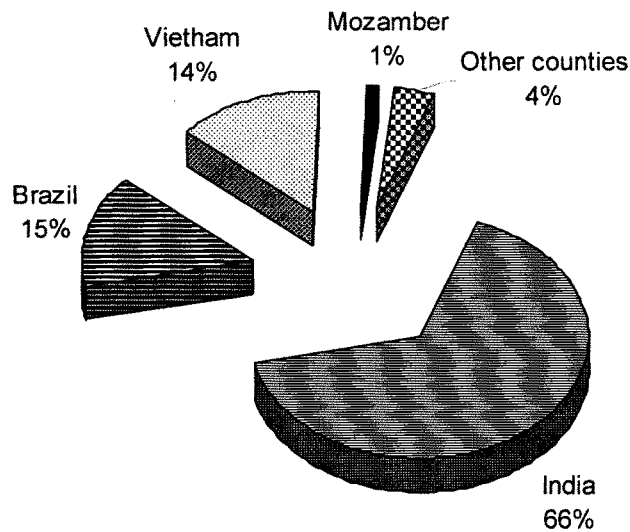
In the 1920's, exports picked up and ever since then, Indian cashew nuts have become a favorite table nut in the USA. Slowly but consistently, this trend has spilled over to other market today, the quality of Indian cashew nuts is recognized as a global benchmark.

India has maintained it position as the world's largest producer of raw nuts, processors and exporter of cashew kernels accounting for over 66% of the word cashew trade in 1999. (See chart 1 below). The USA is the largest buyer of cashew kernels from India.

Table no 1
Contribution of Main Countries in Cashew Production

Countries	India	Brazil	Vietham	Mozamber	Other counties
Share	66%	15%	14%	1%	4%

chart no. 1
contribution of main contries
in cashew production



■ India ■ Brazil ■ Vietham ■ Mozamber ■ Other counties

During the past two decades, an important number of cashew processing units have sprung up in India. At present, about 1000 units exist in the country the total processing capacity of these units is one M.T. 4 (Million) However, the industry is not able to utilize its installed capacity fully, due to the shortage of raw nuts, At present the industry imports raw nuts from other cashew producing countries. During the year 2000, 450000 MT of raw nuts have been imported in India.

Today this highly labour intensive industry employs more than 400000 persons out of which 90% are women.

2.7 Cashew Processing In Malvan Taluka of Sindhudurg District

The history of Cashew processing units in Sindhudurg is almost a century old, while the other processed food units are a relatively recent phenomenon. The first cashew-processing unit came up in 1920 in Vengurla and subsequently spread to other areas of the district.

Cashew processing has been a seasonal industry. Raw cashew nuts are available in Sindhudurg for 3-5 months in a year (beginning December with March/April being the peak period). In the beginning, Cashew processing was profitable as export markets were fetching good prices. But since the raw material was available only for a limited period in a year the processing units required huge working capital to procure and stock raw cashew nuts. In 1940, the oldest unit suffered a major financial loss due to the fluctuation in procurement price of cashew nut and its effect on final price, a phenomenon, which is still common today. This measure wiped out the export market for the units of Sindhudurg. Dreading to take the risk of losses in buying cashew from origin sources which, in many cases were below standard, these units confined themselves to the local market. Adversely affected the SSIs in the district and many units had to close down. In fact, the units that followed a high risk-high profit model perished faster.

In the recent past, Maharashtra has witnessed a surge in cashew production and it ranks first in its production and productivity in India. It offers a huge natural resource base for establishing and expanding the cashew processing industry.

Cashew Processing Units

- SSIs: There are 30 SSI cashew-manufacturing units in the cluster, with an annual turnover of Rs. 250million. They function during 10 months i.e. from March to December and it has estimated that they employ around 1500 persons, mostly women

- MEs: The processing capacity of the cashew processing MEs ranges from 1 to 3 MT and operates for 3-4 months i.e. from March to June. It has estimated that there are around 200 functional micro cashew-processing units with a total annual turnover of Rs. 5 to 6 million.

Table no 2

Taluka wise distribution of Cashew processing units in Sindhudurg

Talukas	Cashew processing units	
	SSI	ME
Kudal	3	58
Sawantwadi	4	55
Vengurla	12	51
Malvan	8	4
Total	27	168

In addition to the information provided above, it can be said that SSI units employ wage labourers (an average number of 40-50). MEs mainly use family labour but often also employ outside wage labourers (one or two maximum and generally women). Their processing units are mostly located in a room adjacent to their house and remain closed during the off-season. There are 100,000 farmers in the district and 70,000 are to be involved in cashew cultivation. Each village has one or two big farmers and the rest are small and marginal framers i.e. with a maximum land holding of not more than 2 Ha. Small and marginal farmers have between 10 to 100 trees, while the biggest farmer has around 1,000 trees.