

CHAPTER SIX
CONCLUSION AND SUGGESTIONS

CHAPTER SIX

CONCLUSION AND SUGGESTIONS

PART-I - CONCLUSION

Cashewnut processing industry in Vengurla has been one of the oldest industrial enterprises. The activity of processing cashewnut is found to be carried on right from the nineteenth century. Since then the industry has been just surviving. The rate of its growth both in terms of number of units and their installed capacity has not increased substantially. In fact, the Vengurla Taluka is endowed with rich soil for fruit plantation and the recent policies of the Government of Maharashtra have provided effective stimulus to the development of new plantations. This obviously puts the Cashewnut processing industry in favourable context of its future growth. It is in this sense that the development potential of this industry in Vengurla Taluka is quite large. The present sample survey however, reveals that the existing units are inadequate to exploit potential both quantitatively and qualitatively. The network of cashewnut processing units has been found to have encountered with the following major conclusions:

• (1) **Traditional Organisational Set-up and Old Marketing Network:**

The organisational set-up and marketing network both in regard to procurement of cashewnuts and selling of output are traditional. In Vengurla taluka this industry has remained a household industry, depriving this age-old industry of professional managerial practices. This old fashioned way of working of the units may remain less attractive both to the suppliers of raw materials and consumers of finished goods. This will be particularly so with the proposed entry of MNC's in the area of fruit processing. It is therefore, necessary to provide new look to cashewnut processing industry as a whole.

(2) **Problems of Raw Materials:**

The cashewnuts processing industry is essentially agro-based industry. The raw cashewnuts are harvested once in a year. The harvesting period does not extend more than a month or so. All the cashewnut required for processing throughout the year is required to be procured within a period of two to three months between April and June of the season. This seasonal availability of raw cashewnuts poses several problems as follows:

- (a) During this period, the substantial amount of working capital of the units is blocked, as reflected in the utilization of cash credit limit of the banks.
- (b) The storage facilities again call for heavy investment in construction of godowns with proper ventilation and latest air-cooling systems. The existing storage facilities with the sample units studied are not only inadequate but also are far from satisfactory with regard to the design and architecture of godowns. The poor storage and handling of raw materials has adversely affected the productivity of the industry.
- (c) The procurement of raw cashewnuts is done at present with traditional agency system having a number of middlemen between the producer and manufacturer. This not only adds to the procurement cost of the raw cashewnuts but also increases the risk of irregular supply of raw materials to the units. The agents are often found to have played their usual tactics to hold both producers and manufacturers for their largest benefit. There is a need to evolve more scientific and reliable system of

• procurement of raw materials.

(3) **Problems of Technology:**

The third area of problems of cashewnut processing industry relates to the processing itself. The technology used in the sample units is quite old and outlived its relevance in this age of advanced growth of technology. The systems of processing present used by the sample units are so traditional and old that there is almost nothing like use of modern and sophisticated technology. This necessarily puts the industry of cashewnut processing in the backyards of seventeenth or eighteenth century level of technical knowhow. This can very well be taken as the main area of thrust for the development of cashewnut industry. The hand-driven operations of many stages of processing are required to be replaced not only to make the industry cost-effective but also to maintain the health of workers and also to make better utilisation of byproducts.

(4) **Skill Development:**

The skill of the workers determines the level of productivity and the quality of output. In cashewnut industry the workforce mainly consists of female labourers in a majority of the units.

- At present the training requirements of this workforce are minimum, which are met by formal training being provided inside the factory. But on the whole, the training component seems to be neglected - more so in the light of modernization of these units incorporating the latest technology. There is even a resistance to replace the old method of breaking the shell by the wooden rod by the use of cutting machine so as to protect the oil content of the shell of cashewnut. Most of the workers are illiterate women and the concept of development of job skills can be hardly appreciated.

(5) Credit Needs:

Although the cashewnut industry is labour-intensive, the working capital required for the purpose of raw materials runs in lakhs. The family based cashewnut processing units cannot arrange for this huge amount of working capital. There is no timely availability of institutional credit. There is an acute shortage of funds. The shortage of credit affects the purchase of raw materials and the working days are correspondingly reduced. This leads to under-utilization of capacity which is a sign of sickness.

• (6) **Problems of Marketing:**

The cashews i.e., finished output is not an item of daily consumption of Indian common people. the market, therefore, is available only in metropolitan upper strata of Indian people and through exports. Both of those avenues of marketing are highly unstable and unpredictable. The rural owners of cashewnut processing units can hardly understand the logic of metropolitan and export marketing. Bombay is the single largest place where the sample units dispatch their final products. The dealers in Bombay are sufficiently smart to keep the entrepreneurs in dark about the market processes and trends of the prices. The marketing of cashew has remained much unpredictable, with the resultant ups and downs in profits.

PART-II - SUGGESTIONS:

- (1) At present there is no full utilization of the raw material available in the region, since there is no timely availability of working capital finance. This results into sales of cashew kernels to the state of Kerala. The alarming aspect of the problem is that this results into under-utilization

- of the installed capacity of the existing cashewnut processing factories in Vengurla taluka. It is, therefore, suggested that institutional credit may be made available to these units during the season. The integrated policy in respect of food processing industry will necessitate such an institutional availability of credit.
- (2) At present there are no common storage facilities available for cashewnut processing units in Vengurla taluka. The storage facilities call for heavy investment and construction of godowns with proper ventilation and latest air-cooling systems. It is, therefore, suggested that such common storage facilities be made available to the units through DIC.
- (3) In the light of new industrial policy with the proposed entry of MNC, there is a need for complete reorganisation of this important regional industry. The reorganisation is necessary mainly in respect of deployment of latest technology. This will add to the competitive strength of the industry. This in turn requires institutional arrangement of credit, maybe through recently

- established National Bank of Small Scale Industries.
- (4) At present, the aspect of byproduct, i.e., CNSL production is completely neglected by the industry. There is a possibility that CNSL may fetch an attractive price in future and hence the entrepreneurs are to be adequately convinced as to the need for undertaking the production of CNSL. This may necessitate dissemination of appropriate information to the entrepreneurs. It is suggested that DIC may be assigned this task.
 - (5) At present in Vengurla taluka this industry has remained a household industry, depriving this age-old industry of professional managerial practices. Though household industry character might have offered this industry some benefits, introduction of the latest techniques of marketing and organization is the need of the hours.
 - (6) The present skill requirements of the industry are almost crude. With the introduction of the latest technology, the skill requirement may increase. Even with the present

technology adequate skills can be imparted to undertake the operations like peeling, shelling and grading. This will reduce the wastage of raw material and enhance the quality of the finished product.