

Face to Face at World Cashew Convention 2017

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An Exclusive Interview with Mr Kalbavi Prakash Rao, Director, Kalbavi Industries, Mangalore - India, at the World Cashew Convention, 09-11 Feb, 2017, Singapore



How was the weather so far in Mangalore, Karnataka and Ratnagiri belt of Maharashtra? What are your predictions for cashew season 2017?

India had problem with the crop for the past 2-3 years for various reasons, mostly because of weather conditions. This year, the weather has been conducive. The monsoons have stopped at the right time, then there has been a dry spell, which is required for the flowering of cashews and subsequent warm winters too which are conducive for better quality of the crop. So, after a long time, India is expecting a better than a normal crop. Last year, many of our experts had predicted a crop of 700,000 tonnes. For 2017, we are predicting a 10-15% increase in cashew production. In any case we are not seeing a crop less than 750,000 tonnes.

As you are in the retail market, I just wanted to know the growth of value added cashews in India

Value added cashew products, particularly roasted and the salted cashews, have been in the market from the very beginning. Most of these markets were taken over by local value adders. Small traders used to buy the cashews, then add value and sell it in an unorganised way. But, in the recent past, we have got a lot of organised trade coming into the play as far as India is concerned. The Modern Retail, as we call it, has provided a better shelf space to the organized value adders to test their products to the consumers directly. Other than the roasted and salted, the flavored cashews have started growing in different markets, though not in a big scale. Hence I see a good future for value added cashews. However, as of now it's a very small segment probably, around 15000-18000 tonnes in my opinion.

What is effect of e-platforms on cashew trade?

It's quite prominent these days. They weren't in food and were more in electronic gadgets. But as far as cashew is concerned it's just reaching their shelf's in the last 1-2 years. Small quantities (hardly 1000 tonnes) of trade are carried out through these platforms. E-platforms are facing many challenges in terms of delivering to their consumers. However, lot of young people are interested in doing e-business these days. I am sure there is a huge potential.

Share your experience as a cashew importer from Tanzania

East African season starts from September; it's most expected, as there is no availability of crop at this time in the world. The quality of East African crop improved over the years. The system of marketing through the cashew nut Board of Tanzania, warehousing for the farmers and auctioning it for them as created a very good

marketing set up and has given good value for farmers in Tanzania. The biggest problem we face when it comes to west Africa is the wet cargo and East Africa has very little problem when it comes of wet cargo because of control and regulation from the cashew nut Board of Tanzania. As a regulatory effect, if the farmer comes with nuts that are not dried properly, it will be rejected. It should be taken back, dried again before bringing it to the warehouse. This has ensured quality and higher price that East Africa enjoys year-on-year. On the bottleneck, challenges faced by importer are shipping out from Mtwara, which is very congested. Although auctions occur within 3-4 weeks of commencement of season, the shipment takes place much later. We have faced many contracts default as exporters have not been able to make committed timely shipments. I think, the government of Tanzania has to take this issue seriously and create a much better port facility and also ensure that the contracts are shipped out within 15 days. This year we had also a major issue i.e., confusion of shipments between Dar es Salaam and Mtwara, that created a major block. Only 100 tonnes of cashews could be shipped out of Dar es Salaam, while there was a requirement of shipment of 400-500 metric tonnes loaded into the vessel. If these issues are addressed, the farmers in Tanzania will get benefited.

With increasing prices of RCN and labour cost, is processing still lucrative? How are processors making up for the additional cost that they are incurring?

Processing in India is still feasible because India has the strength of experience. We are the pioneers in processing of RCN. Though we are not as advanced as Vietnam in mechanization, we have other strengths to make this processing viable. One of the major advantages we have is the booming domestic markets and manufacturers realise higher prices in domestic market than in export markets. As far as pricing is concerned, it's a demand-driven market and one cannot expect a manufacturer to do a cost + profit = selling price. Since it's a market driven pricing, we will not see a parity situation throughout the season. We could see profits in certain stipulated period of the year or that might prevail for the whole year. It purely depends on the supply factor. When viability is concerned, India's processing is defiantly viable.

What according to you is the road map to attain sustainability in cashew production in India?

Indian processing capacity, which was 300,000 tonnes two decades ago has moved to 17,00,000 metric tonnes presently. It is continuously growing because of mechanization and consolidation. This will definitely go beyond 2 million tonnes very shortly. Unfortunately, the production in India is hardly 700,000 tonnes. In this front, we need to bring in a government policy in place to ensure that every state producing cashew or identity new areas/more land should be brought under cashew cultivation. I see this as the real bottleneck as far as the Indian growth story is concerned, particularly in the backdrop as the African countries, from where we are importing most of the RCN, have plans to process at least 50% of their production going forward. So India must think inward and focus more on increasing its RCN production.

What's your view on WCC? What are your expectations for next year?

I'm really thrilled to see the kind of participation from across the world. We have good buyers, sellers and manufacturers from around the world. Networking is fantastic. The location is good and the way it's been organized, I must compliment Cashewinfo for an excellent conference. I see a great future for this WCC to grow much bigger and make its mark. I must congratulate the entire team for the efforts made so far, to make this happen.