

Face to Face at World Cashew Convention 2017

“India has got more potential as Almonds are linked to Health benefits, cultural and religious habits”

Mr Ravinder Mehta, IFNO

Experts of exclusive Interview with Mr Ravinder Mehta, IFNO, New Delhi with Cashewinfo.com



What could be the almond crop size of California?

California produces about 83 percent of World’s Almonds with 7 percent coming from Australia, the balance is being harvested in Spain, Iran, Afghanistan, Syria and Turkey. CY 2016 or the current crop has been pegged at 2.13 Billion Lbs out of which 84% of the crop has been sold, shipped and committed.

There were reports of heavy rains in the almond growing regions of California in the month of February-March during bloom period. Whether this will impact pollination of bees as well as the overall crop size?

The bloom period starting from February second week saw the heavy rains and in the initial period there was even panic of floods in many parts of California, Post the rains, the weather became really cold and the bee pollination got effected and in turn there was question mark on the crop progress, but in few days time the weather opened up and we had late or extended bloom with good pollination. TNT (Tera Nova Trading Company), which does its own first hand survey of the crop, estimated through its report around 10th of April 2017, that the crop has not got damaged and in fact they have estimated at 2.27 Billion Lbs which would be 6.5 percent higher than the CY 2016. Post bloom weather conditions have been excellent with mild sunny days with the occasional weather systems passing through the valleys. Orchard moisture levels are at optimum levels and the record snow pack should keep water deliveries flowing for the entire growing season.

Last few years Indian imports of almond is growing significantly. Do you see the same trend to continue during this year?

India has been the second largest consumer of Almonds after USA, though it has been the 3rd largest importer after EU and China. India market today is around 4,50,000 tonnes of all Nuts & Dry Fruits put together valued at whopping Four Billion US\$. The potential in India is huge with the present per capita consumption being put at the lowest. We have seen a growth of around 20% YOY Basis. Imports figures will keep on increasing every year with markets opening up on Pan India Basis. GST, the so called game changer, will further give a level playing field to traders across India with One Price and One Tax. The supply is also estimated to grow in both the major origins i.e. USA & Australia which will give further boost as the prices are bound to fall. Almond Board has done a tremendous job in ensuring the visibility through its media campaign all across the year. The organized retail or the so called Modern Retail Chains have ensured its presence across its stands giving the Almonds its required visibility. Further in the last couple of months our Political situation has stabilized with the BJP being power in most of the states and its result are evident with the INR getting strengthened against

the USD thus making imports cheaper, bringing down the prices. I am very sure that with all these positive factors the size of India's import is only going northwards.

What is the current almond consumption of India?

India's current consumption of all varieties would be around 170-180 Million Lbs, India imports its requirements from its direct origins such as USA, Australia, Iran, Syria, Turkey along with Hong Kong and Dubai as trading centres.

Chinese Almond consumption is increasing at a faster rate when compared with that of India in the last few years? Could you explain the reason for that?

China imports largely through its gateway ports of Hong Kong / Vietnam. Its consumption is bound to grow due to larger population as compared to India and its economic growth which is higher and faster. The economic boom has ensured disposable income. India has its own set of challenges on supply chain as well as consumption pattern. It is still a myth that Almonds should not be consumed during the warmer seasons. Further many consumers believe that Californian varieties have far less Oil Content than required or at time it is believed that Oil gets extracted from the kernels even before it reaches the consumers. The cost is a big issue which restricts its usage to few high or middle income consumers only. I still think that despite all above India has got more potential as Almonds are linked health benefits, Cultural & religious habits.

In the last one year or so, almonds prices are considerably lower than of Cashews. Whether this will impact the cashew consumption in India?

India in the recent past has seen higher consumption pattern of Cashews and Almonds both irrespective of the prices. We need to understand the usages & consumption pattern for better understanding. India's major usage of Cashews is done as ingredients in curries, Sweets, Confectioneries & cookies. So irrespective of the prices we would require Cashews. Whereas Almonds is mostly used as table snack, the entire pattern gets reversed in USA/EU. The price elasticity come into play for Almonds as they being table snack. A consumer has an option or can substitute the same whereas in Cashews you have only one option of decreasing the quantity but cannot substitute. Cashews are grown, processed and accordingly easily available where as for Almonds you need to import which takes about 60 days to reach. I don't think that lower Almond prices will have any impact on Cashews as it can only get substituted for table snack. India is a major consumer of broken cashews and not of Wholes.

In which category almonds and cashews are likely to come under in the GST regime (5% or 12%) and on what basis?

It's a million dollar question, but hopefully the GST Council should look at the lowest rates for its increased consumption which would give industry a boost as it employs huge labour.

How do you view the Indian rupee against the dollar going forward?

As an importer I wish the INR becomes stronger thus making imports cheaper, the fundamentals are very strong with CAD well under control, but lower INR is also going to hurt our exports. I personally think that on short terms basis it might touch 63.75- 64 levels, but in long term I would want it to get stabilize around 64-65 levels.