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## REVIEW ARTICLE

### A CONSTRAINT ANALYSIS ON SMALL SCALE CASHEW NUT INDUSTRIES IN TAMILNADU

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#### ABSTRACT

Cashew is one of the most valuable processed nuts traded on the global commodity markets. Cashew processing unit in India is mostly a small scale and highly labour intensive process. The objective of the study was to find out socio-economic constraints in the cashew nut industry in Tamilnadu which was leading state both in cashew production and processing. The present study was conducted in Cuddalore district of Tamil Nadu by conducting survey with 30 sample entrepreneurs. To study the constraints in cashew processing, Garrett's ranking technique was employed (Garette, 1969). Strength, weakness, opportunity and challenge (SWOC) analysis was also used to identify the external and internal factors which affect cashew processing sector. From the results of Garette scoring, the major constraints identified were seasonal availability followed by heavy competition, uneven and poor quality of nuts, lack of market information and lack of skilled labourers. From the SWOC analysis, it was found that consistent maintenance of quality products and ensuring appropriate quality of the products were strengths while traditional technology, lack of investment funds, and acute shortage of labour force were weakness of this small scale sector. The major opportunities and challenges were also identified in this study. This study is providing guidelines for policy makers to analyze socio-economic situation and the results would be much helpful for the processors, traders in taking decisions that would favour the entire cashew nut processing sector.

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#### INTRODUCTION

Cashew is one of the most valuable processed nuts traded on the global commodity markets and also an important cash crop (Shalini Yadav, 2010). The cashew nut is indigenous and are grown in semi-arid, sub-tropical regions of South and South-East Asia, parts of central and eastern parts of Africa. The Asiatic zone includes India and Vietnam as the major producers. Coastal states of India are the main cashew producers. It is grown in Kerala, Karnataka, Goa, Tamil Nadu, Andhra Pradesh, Orissa, West Bengal along the East coast. Raw cashew is not ready to eat product. Processing is must and cashew processing unit is a small scale and profitable business in India (Pradeep *et al.*, 2000). In India, processing of cashew is manual and highly labour intensive process. Tamil Nadu is a leading state both in cashew production and processing. Being a small scale industry, cashew processing units facing lot of socio-economic problems. In this situation, this research study was undertaken with the objective of to find out socio-economic constraints in the cashew nut industry in Tamil Nadu by adopting constraint analysis.

#### MATERIALS AND METHODS

The present study was conducted in Cuddalore district of Tamil Nadu, hence Cuddalore district stands first in production and processing of cashew in Tamil Nadu as well as in South India. With regard to selection of block, Panruti block was purposively selected. Since production, processing and marketing wise it occupied the first position in Cuddalore district. The primary data required for the study was collected through personal interview method (Siju T, 2001) with the help of comprehensive pre-tested interview schedule. The interview schedule for the sample entrepreneurs (Thirty Samples) covered aspects such as general characteristics, details of processing, constraints in processing, procurement, transporting, labour management, value addition and marketing, etc. Secondary data for the study like, general information related to the district were collected from the District Statistical Office of Cuddalore district, Government publications and other published materials. The data collected were tabulated, processed and subjected to statistical analysis to draw meaningful inference. Since the study was limited to a particular area, the utility of findings are also limited general applications. The choice of statistical tools of analyses were decided with reference to the objectives of the study and the nature of data collected. Percentage analysis was used to study

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the general characteristics like age, education, occupation and experience of entrepreneur.

### Garrett's Ranking Technique

To study the constraints in cashew processing, Garrett's ranking technique was employed (Garette, 1969) by using the formula,

$$\text{Percent position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

### Strength, Weakness, Opportunity and Challenge Analysis (SWOC)

Strength, weakness, opportunity and challenge analysis is a technique used to identify the external and internal factors that play a part in whether a business venture or project can reach its objectives (Srinivasan G, 2010). Strengths and weaknesses are internal factors, while opportunities and challenges are external. The analysis is carried out on a four-square or four-cell matrix. The outcome of the analysis allows the company to decide if it should proceed and -- if so -- to build a strategic plan. A more common term for this approach is SWOT analysis, in which "Challenge" replaces "Threat."

## RESULTS AND DISCUSSION

### General Characteristics of Selected Entrepreneurs (Cashew Nut Processors)

The selected entrepreneurs were classified into three groups based on age *viz.*, less than 30 years, 31 to 45 years and more than 45 years. It could be observed that majority of the entrepreneurs belonged to the age group of 31 to 45 years followed by less than 30 years and more than 45 years.

#### Age-wise distribution of sample entrepreneurs

S. No.	Age (in years)	Entrepreneurs (Nos.)
1.	Less than 30	5(16.66)
2.	31-45	21(70.00)
3.	More than 45	4(13.33)
	Total	30(100.00)

Education is the key to social progress and development. It constitutes the major factor in social status and mobility. The details of the level of education of sample entrepreneurs are furnished.

#### Educational status of sample entrepreneurs

S. No.	Educational status	Entrepreneurs (Nos.)
1.	Illiterate	4(13.33)
2.	Primary	19(63.33)
3.	Secondary	5(16.66)
4.	Above secondary	2(6.66)
	Total	30 (100.00)

Majority of the cashew entrepreneurs had only primary level of education. Only 6.66 per cent of the respondents were found to have acquired above secondary level of education and 16.66 percent of the respondents were found to have secondary level of education. The details on the experience of sample entrepreneurs in cashew processing are furnished below and it showed that majority of the entrepreneurs had of less than 15

years of experience in cashew processing. Only 10 per cent of the sample entrepreneur had more than 30 years of experience.

### Experience of the Sample Entrepreneurs

S. No.	Experience (in years)	Entrepreneurs (Nos.)
1.	< 15	21 (70.00)
2.	16-30	6 (20.00)
3.	>30	3 (10.00)
	Total	30 (100.00)

### Garrett Scoring Technique

Garrett scoring technique was employed to analyze constraints in cashew industry. The following five constraints were identified as very important. They were,

1. Heavy Competition
2. Poor Quality of Nuts
3. Seasonal Availability
4. Lack of Skilled Labour
5. Lack of Market Information

The identified constraints were ranked by Garrett scoring technique. From the results, it was found that seasonal availability was ranked first (Garrett score: 63.9) followed by heavy competition (Garrett score: 60.5). Uneven poor quality of nuts ranked third (Garrett score: 54.6) followed by lack of market information (Garrett score: 38.0) and lack of skilled labourers (Garrett score 37.8).

#### Garrett ranking

Factors	Factors	Average score	RANK
F <sub>1</sub>	Heavy Competition	60.5	2
F <sub>2</sub>	Poor Quality of Nuts	54.6	3
F <sub>3</sub>	Seasonal Availability	63.9	1
F <sub>4</sub>	Lack of Skilled Labourers	37.8	5
F <sub>5</sub>	Lack of Market Information	38.0	4

### SWOC Analysis for Cashew nut Processing

The strengths, Weaknesses, Opportunities and Challenges of the small scale cashewnut processing units were analyzed through SWOC analysis and the results were discussed in the following.

### Policy Implications

Recent hike in prices of both raw nuts and processed nuts discouraging small scale industries who are handling smaller quantity with limited finance. This study suggested that interim finance may be given for small scale processors to fulfil financial gap between procurement and marketing. Recent EXIM policy of Government of India has given tax exemption for import of raw cashew nuts, whenever those quantity utilised for export, as processed cashewnuts. This opportunity can be very well utilized only when collective processing and procurement can be done for small scale industries. Both processing and marketing of cashew are highly competitive in this area. The opportunity of overseas market utilised only by large scale processors and exporters (Barman, 2003). The scope of overseas market can be extended to the small scale processors by giving proper training and infrastructural facilities. Most of the small scale entrepreneurs are less educated and proper training and extension work may be compensated to empower them. Most of the entrepreneurs selling their processed nuts in average form rather than graded.

**SWOC analysis and the results were discussed in the following.**

<b>Strengths</b>	<b>Weakness</b>
1. Consistent maintenance of quality products 2. Ensuring appropriate quality of the products 3. Honesty and trust worthiness 4. Good network of distribution system 5. Good market for the produce	1. Traditional technology is still used 2. Lack of investment funds 3. Underutilization of plant and machinery 4. Acute shortage of labour force in harvesting season 5. Lack of knowledge and skills to enhance productivity and quality of the produce
<b>Opportunities</b>	<b>Challenges</b>
1. Scope for export of cashew nuts and value added products 2. More domestic demand for cashew products 3. Information Technology (IT) enabled market intelligence available. 4. Group/Contract /Co-operative /Corporate / Precision farming opportunities available	1. Inconsistence in import and export policies 2. Stiff competition from other exporting countries 3. High fluctuations in tariff rate policy 4. Small and medium processors face competition from large scale industries 5. High cost of raw nuts leads to higher price of processed nuts.

Lack of skilled labour was the major reason for that. It will be solved by giving proper training for grading. Most of the entrepreneurs don't have storage facilities. This problem can be solved by creating common rural godowns in a collective manner. Lack of market information is also one of the problem for these small entrepreneurs. This problem can be solved by giving training for utilising e-information. Training by IT officials regarding utilising e-resources and online trading facilities to these entrepreneurs may be encouraged to widen their markets. The processing technology has to be upgraded to compete with large scale companies. Flexible finance and investment in developing new processing technologies with the consideration of small scale processing sector is essential at this juncture. Adopting contract farming business model in over all development of this sector may be useful in mitigating price and production of cashew growers and processors that too erotic rainfed situation which will be ultimately beneficial to both the stake holders.

### Conclusion

The study would be helpful for identifying constraints in managing small scale cashew nut industries. It providing guidelines for policy makers to analyze socio-economic situation and the results would be much helpful for the

processors, traders in taking decisions that would favour the entire cashew nut processing sector.

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