



Research Paper

## Economics of value addition in cashew processing units

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**ABSTRACT :** The cost of processing of one quintal of cashew nut was Rs. 2844 in small group, Rs. 2854 in medium group, Rs. 2806 in large group. This indicated inverse relationship with the scale of production. The benefit cost ratio was highest in large processing units (1.39) followed by medium (1.38) and small (1.30) processing units. This highlighted the direct relationship with the profitability and scale of production. At overall level, the gross added value was 125.96 per cent and net added value was 57.76 per cent. Within the groups, the net added value was 59.02 per cent in small, 66.15 per cent in medium and 48.60 per cent in large processing units. The major problems faced by the processing units were inadequate inventory of raw material (96%), large working capital requirement (84%), high interest rate (80%), shortage of skilled labour (80%), frequent failure of electricity (80%) and the time consuming procedure of bank finance (56%).

**KEY WORDS :** Economics of scale, B C ratio, Value addition

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### INTRODUCTION

Today, about 96 per cent of cashew nuts are coming from Brazil, Africa and India, but most of them are processed in either India or Brazil. Major buyers of cashew kernels are countries with high incomes, where cashew kernels are regarded as a luxury food and quality is the prime determinant of price. Cottage-industry cashew processing is an excellent alternative to large-scale, capital-intensive processing — it permits closer attention quality and colour, producing more unbroken kernels than machines can, and it permits the processors more independence in how they operate their home-based businesses.

Agro-units play an important role in economic development, which lead to an efficient decentralization of the economy. Agro-units help to increase agricultural prosperity, agricultural production and agricultural income and absorb surplus labour force in the rural area. Processing is an important marketing function in the present market of agricultural produces. A little more than a century ago, it was relatively unimportant function. Large proportion of farm produce was sold in an unprocessed form and great deal of the processing was done by consumers themselves. Processing converts the

raw material into the form in which it can easily be consumed by the consumers. Essentially processing is concerned with value addition to product by changing its form mainly for horticultural products. In the context of growing demand for cashew kernels in domestic market as well as foreign countries, an attempt has been made in this investigation to study the economics of value addition in cashew processing units in Ratnagiri district.

### MATERIALS AND METHODS

The distribution of cashew processing units on the basis of per day processing capacity was made by standards provided by DIC, Ratnagiri. From this list, the units were divided into three categories viz., small scale, medium scale and large scale, on the basis of per day installed capacity of processing unit. From each category 25 per cent units were selected randomly. Thus, final group of cashew processing units were selected randomly from small, medium and large which, were 19,4 and 2, respectively. The information of cashew processing units was collected for the production season of 2009-2010 by personal interview method with the help of specially designed schedule.