

**Research Paper**

Cost, returns and economic viability of cashew plantations in Tamil Nadu

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ABSTRACT : Cashew cultivation in India dates back to over 400 years, when the Portuguese who arrived in Kerala in the 16th century introduced it. Initially it was cultivated to arrest soil erosion, afforestation and wasteland development programmes, but later it becomes an important cash crop. The total area under cashew in the world was 35.12 lakh hectares during 2009. In terms of area under cultivation, India ranked first with 8.93 lakh hectares constituting about one – fourth of the area under cashew in the world. To find out the costs and returns of the cashew cultivation among dry cashew cultivated farmers and irrigated cashew cultivated farmers. To estimate the economic viability of dry cashew/ irrigated cashew plantations. Cashew was being cultivated as a dry crop in Cuddalore and Ariyalur districts to a larger extent. In Pudukkottai district, cashew was cultivated as both irrigated and dry crop and obviously the yield under dry condition was lesser than that of cashew grown under irrigated conditions. In the next stage, top six villages were purposively selected for the study. In each of the selected villages, 10 cashew growers were randomly selected. However, in Gandharvakkottai block of Pudukkottai district, cashew was cultivated as dry crop, while it was raised as an irrigated crop in Alangudy block of Pudukkottai district. Therefore, 30 dry cashew farms in Gandharvakkottai block and 30 irrigated cashew farms in Alangudy block were selected for the study. Thus, totally 150 dry cashew farms and 30 irrigated cashew farms were selected. Cost and returns like (i) Establishment costs and (ii) Maintenance costs were worked out. Yield and returns like, the yield and prices realized by the growers for the nuts were used to calculate the gross returns, net returns and the returns per hectare of cashew plantation. Economic viability of dry cashew varieties/irrigated cashew varieties the capital budgeting techniques like Net Present Value (NPV), Benefit Cost Ratio (BCR) and Internal Rate of Return (IRR) were employed to assess the economic viability of cashew farms and also for cashew processing units. The gross returns were also more in irrigated farms (Rs. 43650) than that of the dry farms (Rs. 33288). The output-input ratio was 1.85, 2.03 for dry cashew farms, irrigated cashew farms, respectively. These would indicate the high profitability of cashew production was found only in irrigated farms and this was achieved by gap filling and following modern farming techniques. The Net Present Value was higher for irrigated farms (Rs. 80,027) than that of the dry farms (Rs. 57,911). In case of Benefit Cost Ratio, irrigated farms had higher ratio of 2.28 than that of the dry farms 2.03. Similarly, the Internal Rate of Return was also more for irrigated farms (42 %) when compared to that of the dry farms (37 %). This would highlight that the cashew plantation would be a financially worthwhile venture in the study area and there is a vast potential for taking up the cultivation of high yielding varieties of cashew plantation, especially in the irrigated conditions of Pudukkottai district of Tamil Nadu.

KEY WORDS : Cashew nut, Cost and returns, Establishment costs, Maintenance costs, Economic viability, Net present value (NPV), Benefit cost ratio (BCR), Internal rate of return (IRR)

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