

Constraints and supply chain studies of cashew entrepreneurs of Konkan region

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ABSTRACT

Regarding, majority of them followed 'processor– consumer' supply chain. Harvesting of immature cashew by the farmers, degraded quality of raw material, irregular supply of electricity, increasing prices of electricity, shortage of capital ,high rate of interest on loan, low price in local market , shortage of labourers were the major constraints reported by the cashew nut processors

INTRODUCTION

The advanced development of the west appears to be more because of entrepreneurial awareness than capital. Clearly, entrepreneurs as human capital, have grown in the societies at a much faster rate than conventional capital. They have contributed directly to economic development and growth by promoting the knowledge and application of science and technology to the production process. This led to right kind of attitude, values and interests conducive to higher outputs.

Cashew nut processing industry has gained much importance just because of increased area and production of cashew in the Konkan region. Looking to the employment and income generation potential of the industry, many cashew nut processing units of different capacities have been established in the region. Some of them are functioning successfully, while some are sick. The reasons thereof need to be understood. Besides, there are few questions that need to be answered, What is supply chain used by the cashew nut processors?, What is the constraint faced by the cashew nut processors?, Keeping these issues and questions in mind, the present study was conducted.

The specific objectives of the study was to study the supply chain in cashew nut marketing and to study the constraints faced by the cashew nut processors.

METHODS

The present study was conducted in Ratnagiri and Sindhudurg districts of the Konkan region of the Maharashtra state, since those are the major cashew producing districts and also have good number of cashew nut processing industries.

The large numbers of cashew nut processing units are in operation in the two selected districts. The list of the micro and small cashew nut processing units was collected from the District Industry Centre and office of the Department of Agriculture at district level. From the list, total 100 units (50 micro and 50 small) were selected by random sampling method. Personal interview technique was used for data collection. An interview schedule was prepared in Marathi, so as to collect the information in line with the objectives of the study. It was developed into two parts. Part first included the questions about selected personal and socio-economic characteristics

of the cashew nut processors. Part second of the schedule was designed to know the supply chain used by the cashew nut processors, and constraints faced by cashew nut processors.

OBSERVATIONS AND ANALYSIS

The results obtained from the present study are summarized below according to objectives of the study:

Supply chain in cashew nut marketing:

The findings pertaining to supply chain in cashew nut marketing are presented in Table 1.

Regarding supply chain used by the cashew nut processors, 26.00 per cent of the micro cashew nut processors and 20.00 per cent of the small cashew nut processors followed 'Processor-Trader-Wholesaler-Retailer-Consumer' supply chain, 36.00 per cent of the micro cashew nut processors and 44.00 per cent of small cashew nut processors had followed 'Processor-Consumer' supply chain and 38.00 per cent of the micro cashew nut processors and 36.00 per cent of small cashew nut processors had followed 'Processor - Trader - Wholesaler - Consumer supply chain.

It was gratifying to note that a sizable number of micro and small cashew nut processors and overall group marketed their produce directly to consumers. This might have certainly increased their net profit by reducing the marketing cost. The second most used channel by all the groups of cashew nut processors was 'Processor Trader Wholesaler Retailer Consumer. The involvement of intermediaries like traders and wholesalers might have minimized the profit of the entrepreneurs.

Conclusion can be drawn from these findings that ,the cashew nut processors were unable to sell their whole produce directly to the consumers on their own. This suggests that the entrepreneurs will have to evolve suitable marketing strategies by forming their co-operatives. Similar result was reported by Nikam (2008).

The hypothesis that "supply chain exists in marketing of cashew nut",is accepted based on the results of the study.

Constraints faced by the cashew nut processors:

Constraints regarding raw material:

Majority (90.00 %) of the micro cashew nut processors and 92.00 per cent of small cashew nut processors had constraint namely 'harvesting of immature cashew by the farmers', while 80.00 per cent of the micro cashew nut processors and 84.00 per cent of the small cashew nut processors had constraint 'degraded quality of raw material'. More than three fourth (76.00 %) of the micro cashew nut processors and 82.00 per cent of the small cashew nut processors had the constraint about 'loss of weight during storage', while 60.00 per cent each of the micro cashew nut processors and small cashew nut processors had constraint about 'increasing prices of raw material'. Further, 40.00 per cent of the micro cashew nut processors and 70.00 per cent of the small cashew nut processors had constraint about 'shortage of raw material'.

Raw material contributes a major share in the investment in cashew processing industry. Inadequate supply and poor quality of cashew nut seem to be major constraints of the entrepreneurs. This might have been happening because of lack of knowledge among the supplier farmers about techniques of proper harvesting and management of harvested cashew nuts. The entrepreneurs and the extension agency may guide the cashew nut growers in this regard. A similar result was reported by Nagesh (1990), Balasubramaniam (2000a) and Walke (2005).

Constraints regarding electricity:

Majority (90.00 %) of the micro cashew nut processors and 70.00 per cent of small cashew nut processors had constraint about 'irregular supply of electricity', whereas 90.00 per cent of the micro cashew nut processors and 70.00 per cent of the small cashew nut processors had constraint about 'increasing prices of electricity'.

The critical look at these constraints revealed the dependence of cashew nut processors on the agency responsible for supplying electricity. The concerned agency may ensure that adequate and continuous electricity supply is made to the cashew nut processing units, atleast during the peak season. The entrepreneurs with sound economic position may set up the generators of their own. Secondly, the

Table 1: Distribution of the respondents according to supply chain in cashew nut marketing

Sr. No	Supply chain	Respondents		
		Micro (n=50)	Small (n=50)	Overall (N=100)
1.	Processor-Trader -Wholesaler- Retailer - Consumer	13 (26.00)	10 (20.00)	23 (23.00)
2.	Processor-Trader-Retailer- Consumer	-	-	-
3.	Processor - Wholesaler - Retailer - Consumer	-	-	-
4.	Processor - Consumer	18(36.00)	22(44.00)	40(40.00)
5.	Processor - Trader - Wholesaler - Consumer	19(38.00)	18(36.00)	37(37.00)

Figures in the parentheses indicate percentages

Table 2 : Distribution of the respondents according to constraints experienced by them in cashew nut processing

Sr. No.	Constraints	Respondents		
		Micro (n=50)	Small (n=50)	Overall (N=100)
1. Raw material				
	Increasing prices of raw material	30(60.00)	30(60.00)	60(60.00)
	Shortage of raw material	20 (40.00)	35(70.00)	55(55.00)
	Degraded quality of raw material	40(80.00)	42(84.00)	82(82.00)
	Harvesting of immature cashew by the farmers	45(90.00)	46(92.00)	91(91.00)
	Loss of weight during storage	38(76.00)	41(82.00)	79(79.00)
2. Electricity				
	Irregular supply of electricity	45(90.00)	35(70.00)	80(80.00)
	Increasing prices of electricity	45(90.00)	35(70.00)	80(80.00)
3. Capital				
	Shortage of capital	40(80.00)	42(84.00)	82(82.00)
	High rate of interest on loan	40(80.00)	42(84.00)	82(82.00)
	Lengthy procedure for getting loan	40(80.00)	32(64.00)	72(72.00)
4. Marketing				
	Barrier of middlemen	40(80.00)	30(60.00)	70(70.00)
	Low price in local market	42(84.00)	42(84.00)	84(84.00)
	No assured price by government	40(80.00)	35(70.00)	75(75.00)
5. Labour				
	Shortage of labourers	40(80.00)	45(90.00)	85(85.00)
	Increasing wage rates of labourers	40(80.00)	35(70.00)	75(75.00)
	Non availability of skilled labourers	40(80.00)	35(70.00)	75(75.00)

Figures in the parentheses indicate percentages

Government may think of subsidizing the electricity charges for the micro and small cashew nut processors.

A similar result was reported by Patil (2002), Gawas (2005) and Walke (2005).

Constraints regarding capital:

Majority (80.00 %) of the micro cashew nut processors and 84.00 per cent of the small cashew nut processors had constraint about 'shortage of capital' and 'high rate of interest on loan' and 80.00 per cent of the micro cashew nut processors and 64.00 per cent of small cashew nut processors had constraint about 'lengthy procedure for getting loan'.

Cashew nut processing is an capital intensive enterprise. It requires huge capital for establishing and successful running. Non availability of adequate capital on easy terms might be posing the problems to the entrepreneurs. The financing institutions may help the entrepreneurs by adopting suitable policy.

A similar result was reported by Balasubramaniam (2003), Walke (2005) and Nikam (2008).

Constraints in marketing of cashew nut:

More than four fifth (84.00 %) each of the micro cashew nut processors and the small cashew nut processors had

constraint about 'low price in local market', 80.00 per cent of the micro cashew nut processors and 70.00 per cent of the small cashew nut processors had constraint about 'no assured price by government', whereas, 80.00 per cent of the micro cashew nut processors and 60.00 per cent of small cashew nut processors had constraint about 'barrier of middlemen'.

The constrains in marketing will have to be solved by the cashew nut processors themselves through collective efforts.

A similar result was reported by Renuka (1991), Singh and Huque (1997), Walke (2005) and Nikam (2008).

Constraints regarding labour:

Four fifth (80.00 %) of the micro cashew nut processors and 90.00 per cent of the small cashew nut processors had constraint about 'shortage of labourers', while 80.00 per cent of the micro cashew nut processors and 70.00 per cent of small cashew nut processors had constraints namely 'increasing wage rates of labourers' and 'non availability of skilled labourers'.

Cashew nut processing is an employment generating enterprise. In addition to gainfully employing the family labour, it also provides employment to the other under-employed and unemployed persons in the village. Further, few operations

can be performed by the skilled labourers only. The labour related problems could be solved by proper time management and training of the available work force.

A similar result was reported by Nagesh (1990), Pangire and Jadhav (1193), Nagesh (1993), Walke (2005) and Nikam (2008).

It was hypothesized that “the cashew nut processors face some constraints in managing their enterprise”. The results of the present study led to accept this hypothesis.

Conclusion:

Regarding supply chain used by the cashew nut processors, majority of them followed ‘processor– consumer’ supply chain.

Harvesting of immature cashew by the farmers, degraded quality of raw material, irregular supply of electricity, increasing prices of electricity, shortage of capital ,high rate of interest on loan, low price in local market , shortage of labourers were

the major constraints reported by the cashew nut processors.

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