



Operations and Management of Cashew Industry – A Conceptual Analysis

Abstract:

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The present paper provides a platform to understand the Production, management and operation process of the small scale industry, so in order to collect this information A Researcher has selected Mangalore Cashew Industry, Siddapura. It particularly focused on Benefits of employees about monetary and non-monetary facilities and also collects information about how this particular small scale industry contributes towards economic growth and development and how it acts as a SSI, Finally the detail process and procedures of operation and management in Manglore cashew industry. Therefore, small attempt have been made to understand the benefits of employees as well as to the country i.e. how contribute towards economic development and how the SSIs plays an important role in economic development today. The structured interview conducted to the employees in Mangalore Cashew Industry Siddapura and the data collected will be arranged properly for the findings. It concentrates on the new emerging challenges, opportunities and issues in the field of Economics. Finally, it makes an attempt to offer suggestions to analyze the Management and operation process in SSIs.

Key Words: Small Scale Industry, Cashew Industry, Management and Operation

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1. Introduction to Small Scale Industry

The Small Scale Industries (SSI) has a crucial role in a developing economy like India. They play a strategic role in the progress of the country. These Industries by and large represent a stage in economic transition from traditional segments to modern segments. The traditional nature of this process is reflected in the diversities of these industries. Some small scale units enjoy simple skill and mechanism while many other units use modern and sophisticated technology. Now, our economy is facing a challenge of economic growth. It has to accelerate the productivity of many important areas like agriculture and industry by improving their techniques of production. Small Scale Industries have been assigned to fulfill these expectations in more economic and diversified way.

Small Scale Industries constitute an important part of the Indian economic structure. They integrate a continuing element in the scheme of national planning. They are a strategic part of the Indian economy as well as a progressive and effective decentralized sector, which is closely related with agriculture and medium and large –scale industries. The whole scheme of a socialistic pattern of society with employment for all rests on the decentralization wide distribution of economic activity, entrepreneurship and economic advantages.

The basic social philosophy underlying Indian planning is to develop medium and large scale sector only to take advantage of modern technology. Over the rest of the fields SSI will be encouraged to play their active role. If there is change in scale, that has to be developed with the help of mutual co-operation both horizontal and vertical.

Thus, small and large- scale industries are two legs of industrialization process of a country. Hence, small scale industries have been given an important place in the framework of Indian planning since beginning both for economic and ideological reasons. Today, India operates the largest and oldest programmed for the development of SSI in any developing country. SSI in India is renowned for its socio economic growth factors and even industrial expansion. One of the unique features of small scale industry is that its growth has generated better job prospects helping free enterprise and inculcation of expertise besides guaranteeing better utilization of



limited fiscal reserves and technology. Additionally, they play an important part in attaining the economic targets and sociopolitical aims, SSI like tiny industries, ancillary industries, cottage industries etc...

- **Tiny Industries** Very small industries with an investment of less than Rs.25 lakhs are included in the category of tiny industries. Capital investment for this purpose means investment in plant and machinery. The location restrictions or the setting up of Tiny Units have been removed by small industries policy of 1992. The number of persons employed in these units must be less than 50. These units are normally operated under sole proprietorship form of ownership. These units are managed by family members and not professionals who result in lower profit generation.
- **Ancillary Industries** Industrial units having an investment in plant and machinery, Whether held on ownership or by lease or by hire purchase does not exceed Rs. 1 crore and engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling and intermediaries, or the rendering of service and supply or render at least 50 percent of its production or services s the cases may be to one or more other industrial undertakings.
- **Cottage Industries** These are also called household industries. They are organized by individuals and with the help of members of the household (including family labour) and are pursued as full time or part time occupation. The capital investment is small and the components used are simple. These industrial units normally use local recourses and local skills. The output produced in each industrial unit is generally sold in the local market.

2. Introduction to Management and Operation

Management of all business and organizational activities is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively management comprises planning, organizing, staffing, leading or directing and controlling an organization or effort for the purpose of accomplishing a goal, Resourcing encompasses the deployment and manipulation of human resources, financial resources, technology resources and natural resources.



Because organization can be viewed as systems, management can also be defined as human action, including design to facilitate the production of useful outcomes from a system. This view opens the opportunity to manage oneself a prerequisites to attempting to manage others.

2.1 Operations of business Business operations are those an going recurring activities involved in the running of a business for the purpose they are contrasted with project Management and consist of business processes. The outcome of business operations is the Harvesting of value from assets owned by a business. Assets can be either physical or tangible. An Example of value derived from a physical asset like a building is rent. An example of value derived from Intangible asset like an idea is a royalty. The effort involved is harvesting this value is what constitute business operations.

Business operations encompass 3 fundamental Management Imperatives that collectively aim to maximize value gathered from business assets.

- Generate recurring income.
- Increase the value of business assets
- Secure the income and value of the business.

3. Review of Literature

1.Pillar Santa Coloma and Florence Tarfanac (2009), made a study on “Business management for small scale agro industries”, in this article they describes, management of Industry means, managing finance in small scale agro Industries. Managing people in small scale agro industry, Managing equipment in small scale industry . Managing exports in SSI, and quality assurance and management in small scale industry. Finance management techniques have been developed to help small entrepreneurs manage their business. These technique will help the small scale processor to calculate the costs of production that arise during operation of the agro industry and to determine income from the sale of the products and Now-a-days modern managing staff techniques have been developed and Include different measures. Inlaying the right equipment in terms of size, price, equability of spare parts, and plan it’s maintenance permit the processor to save money, exporting needs to be taken seriously and is not a



means to ship out ; surplus production .Top management commitment to export is essential for success.

K Lavanya, LathaMadhavain and B.E U V.N Murthy(2008),.made a study on “ Small Scale entrepreneurship” in this article they describes, In a developing country like India, small scale Entrepreneurship plays a significant role in economic development of the country. These Industries by and large represent a stage in economic transition from traditional to modern technology and globalization. It has emerged as a dynamic sector of the economy. It is a well recognized fact that a vibrant entrepreneur ship holds the key to economic prosperity in an economy characterized by abundant labor supply, unemployment and under employment etc. The development of entrepreneurship is essential for rapid economic development and has engaged the attention of economics, sociologists and psychologists to study the developing countries in recent years.

Mr. Kartikkumar p, Sinijav.r ,and Alagusundaram k (2014) made a study on “ Indian cashew processing industry- an overview” in this article they describes , India was the first country to enter the global cashew trade. The country processed about 1.14 million tones of cashew in 3650 cashew processing mills scattered around the country. Cashew processing is a series of unit operations essential to make available, the edible nut. Cashew is often regarded as “poor man’s crop and rich man’s food” and cashew is an important cash crop and highly valued nut in the global market. As the demand of cashew nut grows, the area under cashew crop is also increasing. But this trend is constrained research and development. There is also a need for an informative survey of other problems in Indian cashew units so as to re-focus research and development. Such measures will ensure greater value Indian cashew at the global market.

A Senthil and Dr. M.P Mahesh (march 2013) made a study on “ Analysis of cashew nut production in India” in this article they describes cashew, often refer as “ wonder nut” is one of the most valuable processed nuts traded on the global commodity markets and is also an important cash crop. It has the potential to provide source of livelihood for cash growers, empower rural women in the processing sector, create employment opportunities and generate foreign exchange through export. The cashew nut production in Indian states has been gradually increasing but sometimes a negative trend and rapid declining have also been noticed over the



study period because of poor crop husbandry and rampant disease spread to endemic level which causes completely collapse the production process. Problems due to major pests of cashew and the supply of quality planting material require attentions of research and development departments.

RajulaDevi (2001) made a study on “Small Enterprises for Rural Industrialization Programme and perspective” it is found that the problems encountered by the small enterprises were becoming increasingly complex, and the small entrepreneurs were often baffled by a maze of regulatory measures. The woes of the entrepreneurs stem from lack of clear policy perspective. A common view shared by the entrepreneurs and those who were promoters of the growth of small scale sector was that as long as there was no change in the attitude of policy makers the problems would remain unsolved.

3. Statement of the Problem

This study is mainly confined to provide information about working of cashew industry which is producing good quality of cashews without using any chemicals and preservatives. And industry provides employment opportunities for more than 300 rural people by processing of cashews it has been achieving healthy top and bottom line figure year on year besides providing high quality cashew product to its customers. It is also serving social responsibility by providing employment opportunity and other benefits to workers, However, industry is having some of the problem like, competition, Non Availability of credit facility on time at lower rate of interest rate, lack of storage facility, Scarcity of raw material, lack of port facility, changes in tax policy again and again, fluctuations in the market, Heavy dead investment because of seasonal fluctuations and it depends on climatic conditions.

4. Scope of the Study Present study is limited to explain the information about management and operation towards Working of Cashew Industry a case study on Mangalore Cashew Industry Siddapura

5. Objectives of the study

1. To study the overall performance of the Mangalore Cashew Industry.
2. To Study the management and operation of Mangalore Cashew Industry.



3. To study the processing of cashew in Mangalore Cashew Industry.
4. To analyze the role of MCI towards Economic development
5. To find out the findings in order to suggest suitable suggestions

6. Sample Size/ Design

For the purpose of achieving objectives of this study 50 number of respondents have been taken in order to collect the information about the “Working of Cashew Industry a case study of Mangalore Cashew Industry, Siddapura branch” through random sampling method in Siddapura.

7. Sources of Data For the purpose of this study both primary data and secondary data are used primary data collected directly from employees by adopting interview method. And secondary data are collected from the annual reports of the industry and such other operational statistics. The literature is also connected from internet sources books and journals websites, online article, newspaper etc.

8. Results and Discussion

8.1 Role of MCI as a SSI Cashew processing unit is one of the important industry of Udupidistrict. Over the production process is based on labor and not on machinery or capital intensive. Since it requires huge capital and improves current facility. The businessmen do not go for capital intensive of production. They mainly use human resources that are laborers. This gives a great amount of employment opportunity to the surrounding village people. At present there are 250 workers are working among them 235 are working among them 235 are women and 15 are men. Since people get employment in the factory so they get good wages by which they can increase their standard of living and they can have a good routine lively hood. Since the owner of the cashews industries known the importance of human power in which he is mainly dealing and making use of it for the production process.

Therefore he tries to keep appropriate amount of human resources. They are having several welfare programs and facilities to attract the workers towards their firm that is gratuity, family pension, maternity facility etc.....



In MCI, they always give more importance to the quality than to quantity. They are having the standardization of the product that is cashew and always try to compare the actual with standards. 13y this they were maintaining a good quality of cashew in the whole district, since they are having a good quality of cashew kernel many of the foreign companies import cashew kernels, many of the foreign companies import cashew from this firm. They are the only company in the whole Udupi district who contributes almost 60% of the total cashew export.

8.2 Cashew industries Role in Economic development

- **It improves economic conditions of the rural woman.** Cashew Industries are labor intensive industries, it is mainly based on woman laborers expect roasting and some other works, major works in these industries, is made by women labors, in this way it is the source of income to the rural woman As a result the economic condition of the rural woman has improved.
- **It is an additional sources of income to the rural people** With the development of cashew industry income of the rural people have also increased, since these industries are established in the rural area, only rural people get job opportunities in the cashew industries. Moreover in the rural area especially agriculture sector people do not have work throughout the year and we can also see unemployment problem with the help of cashew industries provides income to the rural people in many ways. With the help of cashew industries, rural people can earn income by selling cashew products. Again employment is also available in the cashew industries these are strengthens economic condition of the rural people.
- It is suitable for small investors the establishment and development of cashew industries requires small capital and our Indian government is providing different types of facility. Like tax concessions subsidies for the development of cashew industries so every small investor is able to establish and develop the cashew industries.
- **Utilization of local resources** Cashew industries are helpful in the utilization of local resources. In the earlier day and cashew juice used to be wasted. But today there are number



of cashew producing firms. As a result cashew apple and cashew shells are utilized now days.

- **Availability of Market** Cashew industries have good opportunity in the marketing cashew Kernels are not only in demand in domestic markets but also they are in demand in the international markets. In India cashew industries are mainly export oriented industries. Since It is export oriented industries, it may fetch large size of foreign exchange to our country So cashew industry do not have the problem of marketing.
- **Equality in the economic development of a nations** Cashew industry is a rural industry since it is established in rural area the economic conditions of rural areas has improved it's a result we can achieve are around the economic development of our country.

8.3 Management and operation of MCI

- **Production Management** Cashew processing procedure in MCI : the process of manufacturing of cashew kernels though interesting is fairly complex, the various stages involved in all competing industries are as follow

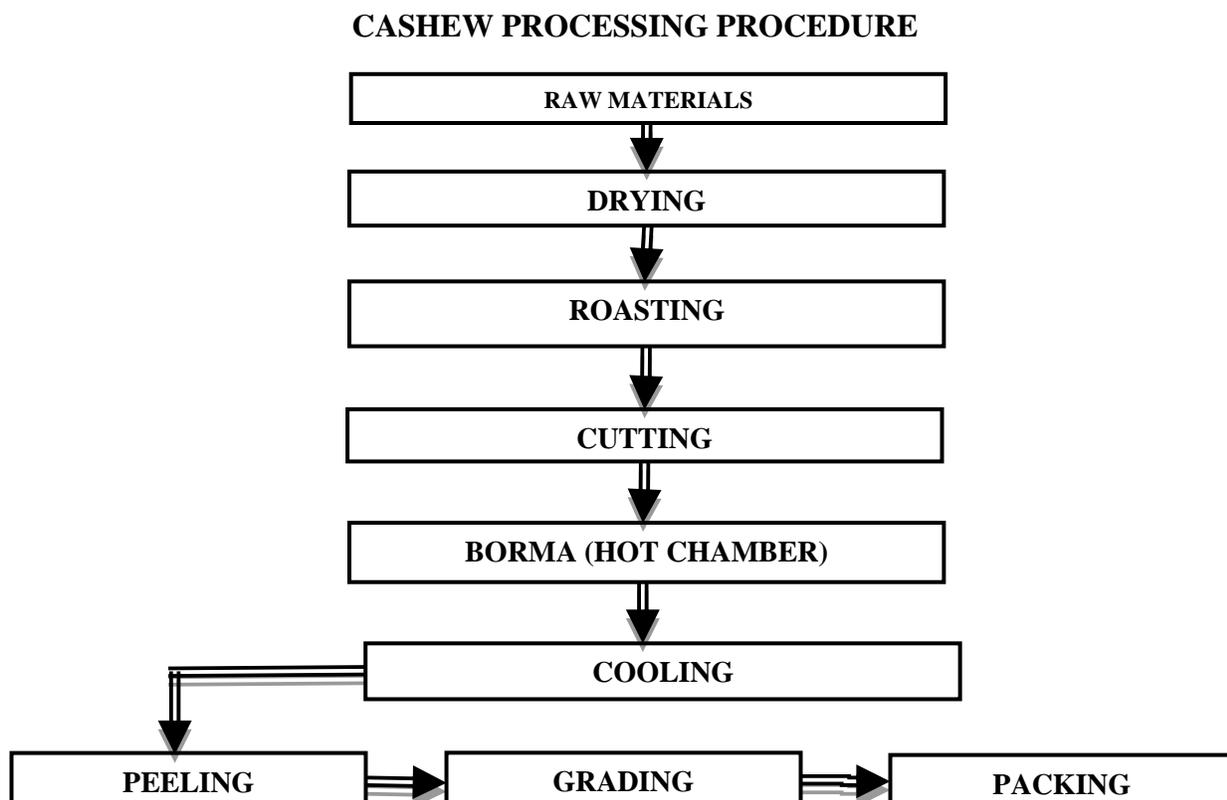




Chart 1: Cashew Processing Procedure

1. Raw cashew Cashew is a commercially important crop in the market Today , growers are giving much importance towards cultivation of raw cashew. The main customer of raw cashew is various industrialist and government Agencies. The growers sometime will sell the raw cashew directly to industrialist or else to the various government Agencies fixes the selling price of raw cashew. The purchases will have to adhere to this price while purchasing raw cashew. The raw cashew so purchased by the Government is sold out through middlemen contractors to the various needy industrialists.

2. Drying The raw cashew purchased from the market will normally have moisture to remove the moisture content , they are to be sun dried, in an open year. After drying they are stored in bags of 75 Kgs net. For yielding good quality and keeping good quality of raw cashew it is essential that the raw cashews are to be dried thoroughly. Hence, optimum moisture should not contained in those MCI dried raw cashew , which are not only stand well in the market but also given a fairly good products of cashew Kernels.

3. Roasting Roasting involves application of heat to the raw cashew in order to release liquid in the pericarp, so that the shell becomes brittle and facilitates the extraction of Kernels these dried cashew will also be roasted in the boiler, by steam process, by passing steam produced out of boiler, by steam process by passing steam produced out of boiler water using cashew shell cakes which have highly inflammable quality after boiling at a particular temperature, such boil/ backed cashew will be taken out of spread which process will take about one day.

In Practice four different methods of roasting are followed,

a. Drum Roasting In this practiced process, the nuts are fed into a rotating dram which is heated into a rotating dram, which is heated initially to allow the shell portion of the nut to burn, once ignition starts , no further heating is necessary and the dram maintain the temperature at its own of the burning of oil boozing out of the nuts. The temperature of



drum is fairly high, it is stated that in this method of roasting, the shell becomes very brittle and the rate of shelling and the out turn of whole kernel is higher compare to other methods, the roasting generally takes about 2-3 hours and the drum is rotated by hand or either by machine the roasted nuts, which are burning are removed from the discharge end and immediately covered by ash to absorb the oil that is found on the surface.

b. Oil bath roasting In this process, the nuts after conditioning are allowed to pass through a bath of heated cashew shell liquid maintained at a temperature of approximately 350-450 (degree) for about 1-2 minutes, the roaster consists of a rectangular vessel with or without a semicircular bottom to which there is either a screw or belt conveyor, operating inside, the vessel is embedded in brick work and heated by a furnace in which spent shell is used as fuel, By adjusting the speed of the conveyor. It is possible to adjust the roasting time, it is estimated that more than 50% 60% of the shell liquid is released by this means the nuts are then conveyed by through a suitable outlet of a centrifugal where the residual oil adhering to the surface of the shell is removed by centrifuging the nuts are then mixed with ash and sent for shelling, the oil overflowing from the roaster and the oil recovered in the centrifuges are both conveyed to tank for being filled into drums before dispatch.

c. Mild Roasting The nuts after conditioning are given a mild roasting in equipment similar to coffee roasters at comparatively low temperatures for 20-25 minutes to remove the surface water but not sufficient to bring out the shell liquid it is said that it easy for cutting and removal of Kernels, the nuts after roasting are spread on floor in a thin layer for cooling for 24 hours and later they are sent for shelling.

d. Steam Roasting This process is now gaining impact in view of the fact that the quality of the cashew nuts is comparatively better and this process requires less labor. It is possible to have better control over the process. Sun dried cashew nuts are put into steam and roasting is carried out for a fixed time. The nuts after roasting are spread on floor on a thin layer for cooling for about 24 hours and later they are sent for cutting or shelling.

4. Cutting Cutting or shelling refers to break down of the nut and removing shells. The roasted cashew nuts are cut on the cutters to break open and remove the shells. About 5% of cashew nuts produced in India principally in Tanjore and south Arcot districts of Tamilnadu are simply dried in the sand for 2-3 days and shelled without roasting Now many factories in



Mangalore are using a hand operated de – shelling machine , which are manufactured locally.

5. Borma (Hot Chamber) as the shelled kernel has a moisture content and it susceptible to fungal attack, drying is to be done immediately. Besides, to facilitate removal of test (red skin) the shelled Kernel is heated on or hot chamber called “Borma”. This shrinks the kernels so that the test is loosely adhering to this and can be removed by hand. For this purpose most o the factories adopted a tray drier, commonly known as Borma. They are chambers which are indirectly heated on 3 sides by means of fuel gases from furnace at the bottom where the shells are burns. The temperature maintained inside the borma is of the order of 80%-90% calicoes. The kernels are kept in the Borma for periods varying from 3-7 hours and are sometimes inter-changed since there is no uniform heating in all sections of the Borma. After the kernels are heated in covered metabolic wares and kept such for 24-28 hours.

6. Cooling On the next day the kernels were recovers from metallic wares and spread in plastic trays in a cooling room and left for cooling room and left for cooling for 2 days for minimizing wastage in peeling.

7. Peeling Peeling refers to the removal of test (red skin) of the kernel workers will peel these kernels with small specially made blades to produce extra white kernels as separate from husk which is the thin skin. This will consume a day. The red skin would have become choose by drying in the Borma and the kernel is easily peeled off.

8. Grading After peeling the red skin, the kernels are sorted out into wholes splits broken etc. and the wholes are graded into different sizes on the basis of the number of whole per quintal according to the specification. All these operations are done manually. The kernels will be graded that is separated into different grades as already mentioned for marketing purpose and then packed in new tins after filling carbon dioxide gas into the tin by sucking air which is present in the tin which will keep the contents for 2-3 months without any deterioration in quality and taste.

9. Packaging Kernels grade are normally packed in metallic tins and before the tins are sealed, carbon dioxide is pumped into the tins containing kernel with drawing air from the tin and the process ensures avoidance of kernel getting infected by fungus and the gas work as insecticide. Normally, such sealed tins have six to eight months of life before which they are to be consumed.



In the recent past bag packing, flexi packing, instead of packing in metallic tins. Of course, the plastic would be of specific quality without the danger of causing health hazards.

As packaging of product is the most essential, at MCI have utilizing the latest packaging technology to keep cashew product at its international standards and increase the shelf life.

At MCI they use molded vacuum packaging. This vacuum packaging provides protection against oxidation preserves aroma or flavors by retaining volatile components and impedes bacteria proliferation by its virtual absence of oxygen and water.

Molded vacuum packaging augments the barrier properties with its unique five layers co – extruded barrier bag comprising component materials which are totally inert and non-migratory. It is pesticide-free, infestation-resistant and contains no preservative and doesn't require irradiation.

9. Findings

- It is found that hiring of fresher is necessary for promoting industry growth.
- Mangalore Cashew Industry provides training and education program for employees.
- Training for the workers will affect the performance of the employees; it leads to economic growth of the Industry.
- Mangalore Cashew Industry contributes more towards education.
- Mangalore Cashew Industry provides better working condition and comfortable environment for the workers...
- Mangalore Cashew Industry conducts awareness program for the people.
- Mangalore Cashew Industry creates more number of employment opportunities for rural people.
- Mangalore Cashew Industry generates foreign exchange through export.
- Mangalore Cashew Industry managing educational institution that is Saraswathi English Medium School, for the sake of providing good education for the rural children.
- Mangalore Cashew Industry provides scholarship both in the form of cash and kind for the workers children.
- Mangalore Cashew Industry provides attractive employee benefits measures for the workers.



10. Suggestions

- Cashew industry is situated in rural area, transportation facility is very bad for carrying raw cashew from one place to another, and the firm should solve the transportation problem with the view of sales maximization as well as profit maximization by providing quality cashew.
- Loans and advance facility must require for cashew industry. So government should provide more credit facility at lower rate of interest.
- For the purpose of exporting the business, port facility is much needed for the firm.
- Government has to apply uniform tax rate on cashew industries in different states. This will reduces differences in cost.
- The firm should invest some parts of its capital towards creation of advertisement. Through this firm can improve and get ability to compete in the market.
- Firm should provide after sales services to the customer. So that this may lead to maintain goodwill in the market.
- Government should improve port facility for generate foreign exchange.
- Mangalore Cashew Industry plans to conduct educational programs for the rural people to create awareness in the mind of people.
- Mangalore Cashew Industry try to expand its operation by establishing the subsidiary units in rural area

11. Conclusion

It is observed that Mangalore Cashew Industry provides good quality of cashew kernels and maintained good relationship with the workers. And also industry gives training facility for the employees. And industry has good reputation in our country and also internationally because it has major share in the international market.

Mangalore Cashew Industry should motivate to involve every employee for decision making so that the Industry can develop their work as it is human resource oriented industry.

Mangalore Cashew Industry should provide effective training to every employee. Overall the industry should motivate their employees in that way where the employee feel that they are



treated with respect and they all should work together to solve the problem of Mangalore Cashew Industry.

Mangalore Cashew Industry should take certain precaution to prevent air pollution and save the health of the workers as it is a processing unit. As industry is production oriented they should introduce new technology in production department and also to provide more facilities to make the employee work efficiently.

Mangalore Cashew Industry should provide better working environment for the worker and employer should provide welfare facilities for the employee. So that, Mangalore Cashew Industry can get stable labor force and it also helps to increase the efficiency of the workers.

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