

---

## A CASE STUDY ON PROBLEMS OF CASHEW PROCESSING ENTREPRENEURS IN PRAKASAM DISTRICT

---

**Dr. P.V.V.KUMAR\***, MBA., Mphil., Ph.D., CA PEII \*

**ASSOCIATE PROFESSOR**

St.Anns College of Engg & Technology

.Prakasam dt. Andhra Pradesh. India

[kumarspv@gmail.com](mailto:kumarspv@gmail.com)

**Miss. P V N PADMAVATHI\*\***, MBA

**ASSISTANT PROFESSOR**

St.Anns College of Engg & Technology

.Prakasam dt. Andhra Pradesh. India

---

### **ABSTRACT:**

*The main objective of the study is to examine the problems and issues faced by cashew processors in Andhra Pradesh. It reveals various aspects related to problems of raw materials, quality of seeds, poor bargaining, Skilled labour, lack of labour and technology, up gradation of technology operations, infrastructure, finance, marketing, branding. Difficulty to acquire timely funds for working capital needs, lack of administration, lack of the latest technological skills, are the major problems faced by the cashew processors. This article gives clear understanding the problems and challenges are fundamental solutions to expand and strategies for cashew sector towards their future growth and development in India.*

**Keywords:** Cashew, foreign exchange, economy, infrastructure, employment, problems and issues

---

**INTRODUCTION:**

The cashew nut has been introduced into India in 16<sup>th</sup> century. India has always been a major player in the production of cashew. It is the largest producer, processor, consumer and exporter of cashew in the world. The globalization has providing number of opportunities to various countries in the world. At the same time showing lot of challenges and its impact on economy. The globalization has made an impact on the trade of different agricultural commodities like cashew. The cashew trade has an important contribution in India's international trade. India is major player in the international cashew market.

The specific objective of the paper was to study and asses the major problems of cashew processors in Praksam district of Andhra Pradesh. This study is pragmatic in nature based on primary data. This study includes both primary and secondary data. The primary data are collected through the opinions of the fifty-five (55) cashew processing entrepreneurs. Random sampling method was adopted to survey the respondents.

The following table explains the socio economic backgrounds of Micro, Small and Medium cashew processing entrepreneurs in Prakasam district. The cashew processing entrepreneurs are categorized in to three groups, based on their total turnover and method of processing base. Cashew entrepreneurs turnover below 50 laks will consider as Micro entrepreneur, whose turn over between 51 lakh to 100 lakh were Small entrepreneurs and above 100 lakh turn over entrepreneurs were consider as Medium processors.

For analysis and interpretation of data, simple statistical tools such as percentage, mean, Standard Deviation, Mean Square, Anova Analysis, Graphs, diagrams were used for interpretation of data collection. The following table is explains detailed discussion regarding the socio economic conditions of cashew entrepreneurs in Andhra Pradesh.

**TABLE : 1**  
**SOCIO ECONOMIC ANALYSIS OF MSME CASHEW PROCESSING ENTREPRENEURS**

FIRMS		FREQUENCY	PERCENTAGE	FIRMS		FREQUENCY	PERCENTAGE				
GENDER	MICRO FIRMS	Male	12	21.8	REGION	MICRO FIRMS	Urban	0	0		
		Female	0	0			Rural	12	21.81		
	SMALL FIRMS	Male	36	65.45		SMALL FIRMS	Urban	0	0		
		Female	0	0			Rural	36	65.45		
	MEDIUM FIRMS	Male	7	12.75		MEDIUM FIRMS	Urban	0	0		
		Female	0	0			Rural	7	12.72		
	<b>TOTAL</b>		<b>55</b>	<b>100</b>		<b>TOTAL</b>		<b>55</b>	<b>100</b>		
	AGE	MICRO FIRMS	< 25 Years	0		0	MARKETS	MICRO FIRMS	District	12	21.81
			26-40 Years	7		12.73			State	0	0
			41-55 Years	5		9.1			National	0	0
>55 Years			0	0	Int.national	0			0		
SMALL FIRMS		< 25 Years	0	0	SMALL FIRMS	District		20	36.36		
		26-40 Years	6	10.9		State		16	29.09		
		41-55 Years	26	47.28		National		0	0		
		>55 Years	4	7.28		Int.national		0	0		
MEDIUM FIRMS		< 25 Years	0	0	MEDIUM FIRMS	District		3	5.45		
		26-40 Years	1	1.9		State		2	3.63		
		41-55 Years	3	5.45		National		2	3.63		
		>55 Years	3	5.45		Int.national		0	0		
<b>Total</b>		<b>55</b>	<b>100</b>	<b>TOTAL</b>		<b>55</b>		<b>100</b>			
EDUCATION		MICRO FIRMS	Illiterate	0	0	OCCUPATION		MICRO FIRMS	Professional	0	0
			< 10 Class	0	0				Employees	2	3.63
			Inter/ Diplom	10	18.18				Business	10	18.18
	Degree /P.G		2	3.63	Others		0		0		
	SMALL FIRMS	Illiterate	0	0	SMALL FIRMS		Professional	0	0		
		< 10 Class	4	7.27			Employees	3	5.45		
		Inter/ Diploma	24	43.64			Business	25	45.45		
		Degree /P.G	8	14.55			Others	2	3.63		
	MEDIUM FIRMS	Illiterate	0	0	MEDIUM FIRMS		Professional	0	0		
		< 10 Class	2	3.63			Employees	2	3.63		
		Inter/ Diploma	4	7.27			Business	10	18.18		
		Degree /P.G	1	1.81			Others	1	1.81		
	<b>Total</b>		<b>55</b>	<b>100</b>	<b>TOTAL</b>		<b>55</b>	<b>100</b>			
	MONTHLY INCOME	MICRO FIRMS	< 25 k	9	16.36		PERSONS EARNING INCOME	MICRO FIRMS	Single person earning	8	14.55
			26 k to 35 k	3	5.45				2 Members earning	4	7.27
			36 k to 45 k	0	0				3 Members earning	0	0
<b>TOTAL</b>			<b>55</b>	<b>100</b>	<b>TOTAL</b>				<b>55</b>	<b>100</b>	

		>46 k	0	0			4 members and above	0	0
	SMALL FIRMS	< 25 k	4	7.27		SMALL FIRMS	Single person earning	19	34.54
		26 k to 35 k	29	52.73			2 Members earning	12	21.82
		36 k to 45 k	2	3.63			3 Members earning	4	7.27
		>46 k	0	0			4 members and above	1	1.81
	MEDIUM FIRMS	< 25 k	0	0		MEDIUM FIRMS	Single person earning	1	1.81
		26 k to 35 k	5	9.09			2 Members earning	4	7.27
		36 k to 45 k	2	3.63			3 Members earning	2	3.63
		>46 k	0	0			4 members and above	0	0
		TOTAL	55	100			<b>Toal</b>	55	100

Source: Primary data

### PROBLEMS OF MSME CASHEW PROCESSORS IN PRAKASAM DISTRICT:

The following graph shows the identified problems of cashew processors in Praksam district. How these problems will impact on performance of them. These problems will affect the profitability and also some entrepreneurs are not able to sustain in the market.



The above said reasons were affecting the while cashew industry a lot. Some of the factors effected directly and some of the factors showing impact indirectly. The cashew processors were not able control all the factors. The government will also give support for development of cashew processing industry.

**HYPOTHESIS:**

**Null Hypothesis:  $H_{a0}$ :** There is no impact of problems on Micro, Small & Medium cashew entrepreneurs.

**Alternate Hypothesis:  $H_{a1}$ :** There is an impact of problems on Micro, Small & Medium cashew entrepreneurs.

**QUALITY OF RAW MATERIALS:** Cashew Processing quality and productivity majorly depends upon raw materials only. Quality seeds will give best productivity and will generate huge profits to the cashew processor. Due to unavailability of these essentials, it is very difficult to produce the products at affordable prices. For MSME's required raw material skilled work force and other inputs, which are not available in the market. Due to unavailability of these essentials, it is very difficult to produce the products at affordable prices.

**TABLE: 1**  
EVALUATION OF RAW MATERIALS PROBLEMS OF MSMCPE

ATTRIBUTES	MICRO	SMALL	MEDIUM
Labor availability	45	164	24
Low Labor Cost	57	177	34
Family Owned Business	46	167	20
Transportation facility Available	58	176	33
No Impact of Trade Unions	51	166	30
Location Advantage	51	143	21
Raw Materials Availability	53	164	28
Financial Subsidies/Loans	57	177	34
Marketing Facilities	58	146	27
<b>Mean</b>	52.88	164.44	27.88
<b>Mean Square</b>	25378	244636	7231
<b>Std.Deviation</b>	5.036	12.541	5.372
<b>F Value</b>	674.8311		

Source: Researcher Calculated values

**LACK OF MAN POWER:**The major problem of cashew industry is lack of manpower and skilled manpower. Non-availability of skilled workforce and better managerial/entrepreneurial expertise at affordable cost near the location of enterprises is another such big challenge for the MSMEs in Andhra Pradesh. Due to the labour shortage the processing cost is increasing comparing with other states of the India. Trade unions also showing little bit impact on processing. Frequent changes in labour cost are major burden for cashew processors. The training and development programs in respect of MSME'S development concern is very low. The owners are following traditional methods only for processing, they were unaware of the innovative methods of production.

**TABLE NO 2**  
**EVALUATION OF LABOUR RELATED CONSTRAINS**  
**COMPARITIVE ANALYSIS AMONG MICRO – SMALL – MEDIUM FIRMS**

ATTRIBUTES	MICRO FIRMS	SMALL FIRMS	MEDIUM FIRMS
Alternative Income opp. Available	60	180	35
Increase the level of literature	60	180	35
Govt. Schemes to Economic Backwards	65	174	33
Absenteeism	42	161	30
High Wage Rates to Labour	58	177	34
Malpractices of Labor	45	161	24
Impact of trade Unions	32	91	23
Training is Needed	37	136	19
Unskilled Work	54	165	30
<b>Mean</b>	50.3333	158.3333	29.2222
<b>Mean Square</b>	23887	232249	7961
<b>Std. Deviation</b>	11.6512	28.775	5.8689
<b>F Value</b>	129.74137		

Source: Researcher Calculated values

**TECHNOLOGICAL PROBLEMS:**The owners of MSME'S are not aware of advanced technologies of production. Their methods of production are outdated. The owners are using older methods. High Technological obsolescence leading to shorter product life cycles is one of the major causes of business failures. Cashew industries today require application of advanced technology in their operations whereas in the Andhra Pradesh context continuance of low

technologybase results in low productivity by making these enterprises uncompetitive in theever-widening market contexts. Apart from enhancing productivity and quality,new technology should be adopted for an overall transformation and competitivedge.

**TABLE NO 3**  
**EVALUATION OF TECHNOLOGICAL PROBLEMS**  
**COMAPARITIVE ANALYSIS- BETWEEN MICRO -SMALL – MEDIUM FIRMS**

ATTRIBUTES	MICRO	SMALL	MEDIUM
Machineries are High Cost	58	174	33
Maintenance Cost	58	174	33
Power Cut Problems	49	85	21
Regular Break Downs	49	81	15
Replacement Cost	51	156	26
In Access to New Technology	50	163	18
Frequently Changing Technology	34	155	20
Plant Location (Rent/Own/Others)	58	166	19
Financial Ability to Adopt	50	168	17
<b>Mean</b>	<b>50.778</b>	<b>146.889</b>	<b>22.4444</b>
<b>Mean Square</b>	<b>23651</b>	<b>205048</b>	<b>4894</b>
<b>Std.Deviation</b>	<b>7.4629</b>	<b>36.8458</b>	<b>6.7103</b>
<b>F value</b>	<b>78.767</b>		

Source:Researcher Calculated values

**FINANCIAL PROBLEMS:**There is a lack of financial literacy and consulting support for these small entrepreneurs. The MSME sector suffers from a lack of sound advice for finance because of a lack of financial knowledge. The MSME’S are presently facing the problems of credit availability from the financial institutions like money lenders, banks. The banks are not providing the adequate amount of loan to the MSME’S. The loan providingprocess of the banks is very long and formalistic. The owners of the MSME’S has to produce different types of documents to prove their worthiness. The rate of interest for credit amount is also very high. Timely credit sources were also not available for msme cashew processors. The cashew nut

processors must buy those ram materials at the time of available and also those can utilize the rest of the year. At the time they need bulk quantity of finance sources.

**TABLE NO 4**  
**EVALUATION OF FINANCIAL PROBLEMS**  
**COMAPERITIVEANALYSIS BETWEENSMALL-MEDIUM-LARGE FIRMS**

<b>ATTRIBUTES</b>	<b>MICRO</b>	<b>SMALL</b>	<b>MEDIUM</b>
Inadequate Finance for Business Operations	57	140	26
High Rate of Interest	60	178	34
No Govt. Subsidies / Loans	47	165	27
Non Availability of in time Bank Credit	44	153	30
Poor Management of Liquid Cash	44	111	25
Slow Recovery of Receivables	49	153	24
Burden of Excessive Tax	53	151	21
Inadequate Finance from Banks	58	172	24
Special Provisions for small Scale	56	154	31
<b>Mean</b>	<b>52</b>	<b>153</b>	<b>26.8889</b>
<b>Mean Square</b>	<b>24640</b>	<b>213749</b>	<b>6640</b>
<b>Std.Deviation</b>	<b>6.1644</b>	<b>19.5832</b>	<b>4.0757</b>
<b>F value</b>	<b>274.610</b>		

**Source:**Researcher Calculated values

**MARKETING PROBLEMS:**Poor marketing linkages characterized by inadequate Government support and patronage, lack of adequate marketing infrastructure/ network facilities continue to be a greater challenge for marketing and sale of MSME products. In a non-cluster situation, these enterprises get segregated and are unable to ensure reduction in procurement cost from big companies and fail to streamline the output-supply chain. The MSME'S are not adopting the innovative channels of marketing. Their advertisement and sales promotion are comparatively weaker.



**TABLE NO 5**  
**MARKETING CONSTRAINS COMAPERITIVEANALYSIS BETWEEN**  
**MICRO-SMALL-MEDIUM FIRMS**

ATTRIBUTES	MICRO	SMALL	MEDIUM
	Local Competitors	54	178
ForeignCompetitors Domination	42	143	32
Abnormal Cost of Production	57	173	38
Poor storage facilities for Cashew	53	166	31
Fluctuations in price	54	171	33
Lack of Organized Market	52	154	24
Poor Knowledge of Market Conditions	50	139	23
Proper Marketing Facilities Not Available	57	138	31
Too Many Middle Men	58	146	24
<b>Mean</b>	<b>53</b>	<b>156.4444</b>	<b>30</b>
<b>Mean Square</b>	<b>25471</b>	<b>222256</b>	<b>8316</b>
<b>Std. Deviation</b>	<b>4.8734</b>	<b>15.741</b>	<b>5.1962</b>
<b>F Value</b>	<b>410.28268</b>		

Source:Source:Researcher Calculated values

**TABLE NO 6**  
**COMPARISON OF VARIOUS PROBLEMS AMONG SELECTED RESPONDENTS**

	SOURCE	SS	Df	MS	F	SIGNIFICNCE
RAW MATERIALS PROBLEMS	Between-Groups	95151.19	2	47575.59	<b>674.831</b>	<b>0.00</b>
	Within-Groups	1692	24	70.5		
	<b>Total</b>	96843.19	12			
LABOUR PROBLEMS	Between-Groups	86338.07	2	43169.04	<b>129.741</b>	<b>0.00</b>
	Within-Groups	7985.556	24	332.7315		
	<b>Total</b>	94323.63	26			
TECHNOLOGICAL PROBLEMS	Between-Groups	76579.63	2	38289.81	<b>78.767</b>	<b>0.00</b>
	Within-Groups	11666.67	24	486.1111		
	<b>Total</b>	88246.3	26			
FINANCIAL PROBLEMS	Between-Groups	80206.74	2	40103.37	<b>274.610</b>	<b>0.00</b>
	Within-Groups	3504.889	24	146.037		
	<b>Total</b>	83711.63	26			
MARKETING PROBLEMS	Between-Groups	81653.85	2	40826.93	<b>410.283</b>	<b>0.00</b>
	Within-Groups	2388.222	24	99.5093		
	<b>Total</b>	84042.07	26			

Source:Researcher Calculated values

To test the significance between two variables ANOVA test had conducted. from the analysis the researcher evidenced that p value was less than 0.05 and f value was greater than p value with for quality of raw materials 674.8311, Labour 129.741, Technological 78.767 and in case of financial problems 274.610, Marketing related problems 410.283 it means above mentioned factors significantly influence the business and Profitability of the firm. The cashew processors in Andhra Pradesh significantly affected with the above said problems significantly.

**CONCLUSION:** The cashew sector plays an important role in the economy by contributing to a great extent to national GDP, export earnings, regional development, social stability and play as significant role in contribution to the development of Indian economy. However, the most important contribution of this sector is towards employment generation which is second only to agriculture in India. The major advantage of the sector is its employment potential at low capital cost. Human resources are not effectively trained with new and professional skills related to production, finance, accounting, marketing etc. There is a lack of motivation and presence of high employee turnover. Marketing functions are very challenging for MSMEs because of low competitiveness, inefficient logistics, low-quality products, poor bargaining power, informational gap about foreign markets and changing demand patterns.

#### **REFERENCES:**

- ❖ *An Analysis of Cashew Nut Entrepreneurs Problems in Andhra Pradesh (With Special Reference to Srikakulam, Prakasam, And East, West Godavari Districts), The International Journal of Analytical and Experimental Modal Analysis, Volume-XII Issue-IV April -2020, ISBN 0886-9367,*
- ❖ *Analysis of Problems and Issues of MSME Cashew Entrepreneurs in Andhra Pradesh, The International Journal- Waffen-Und Kostumkunde Journal, Volume-XI, Issue-III March -2020, 0042-9945.*
- ❖ *Problems and Prospects of Cashew Nut Industry in Andhra Pradesh, Parishodh Journal, Volume-IX, Issue-II. Feb-2020, ISBN 2347-6648.*
- ❖ *Trend analysis of Cashew nut Production, Productivity and Trade of Different States in India, Parishodh Journal, Volume-VIII, Issue-XII, Dec-2019, ISBN 2347-6648.*
- ❖ *An Economic Analysis of Cashew Industry in India, International Journal of Management Studies, Issue-4 (4), October -2018, ISSN 2249-0302.*
- ❖ *An Analysis of Cashew Nut Production in India (With Reference to Selected States), World Wide Journal of Multidisciplinary Research and Development, Volume-4, Issue-3, March -2018, ISSN 2454-6615.*
- ❖ *Effectiveness of Training & Development in Piramal Enterprises, International Journal of Latest Engineering and Management Research, Volume-3, Issue-2, Feb-2018, ISSN 2455-4847.*
- ❖ *Traditional Methods of Cashew Processing, ZENITH International, Journal of Business Economics & Management Research, Volume-7, Issue-12, Dec 2017, ISSN 2249-8826.*
- ❖ *Problems and Prospects of Cashew nut Processing Industry, International Journal of research Culture Society, Volume-1, Issue-9, Nov-2017, ISSN 2456-6683.*

- ❖ *A Study on Cashew Manufacturing Process, International Journal of Research Culture Society, Volume-1, Issue-2, Apr-2017, ISSN 2456-6683.*
- ❖ *A Study on Financial Performance of ICICI Bank, IJRDO-Journal of Management, Volume-3, Issue-2, Feb-2017, ISSN 2455-6661*
- ❖ *Role of Lok Adalat in managing Non-Performing Assets in Scheduled Commercial Banks, International Journal for Innovative Research in. Multidisciplinary Field, Volume-3, Issue-2, Feb-2017, ISSN – 2455-0620.*
- ❖ *E-Tailing in India-opportunities, Challenges & Its Growth, International Journal of Business Intelligence & Innovations, Spl Volume, Issue4, Nov-2016, ISSN 2348 4705.*
- ❖ *Competitive Challenge of Cashew Industry in Andhra Pradesh (With Reference to Prakasam, East & West Godavari Districts), International Journal of Research in Commerce & Management, Volume No. 7 Issue No. 11 -2016, (November), ISSN 0976-2183.*
- ❖ *'Challenges of Indian Economy & Its Opportunities', International Journal for Innovative Research in. Multidisciplinary Field, Vol - 2, Issue - 10, Oct – 2016, ISSN – 2455 – 0620.*
- ❖ *Corporate Responsibility of Indian Companies & Their Challenges, International Journal of Multidisciplinary Research,2016 (vol\_2, Issue\_6, IF-2.96), ISSN 2395-7964.*
- ❖ *Discrimination Of Leader Ship In Public and Private Sector, ACADEMICIA, Jan 2013, ISSN 2249-7137.*
- ❖ *Emerging Trends in Banking Sector, Zenith International Journal of Business Economics & Management Research, Nov 2013, ISSN No 2249-8826.*
- ❖ *A Study on HRD Practices in Banking Sector'- International Journal of Research In Computer Application & Management, December 2013.*