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A MULTI-DIMENSIONAL ANALYSIS OF CHALLENGES AND PROSPECTS FOR CASHEW ENTREPRENEURSHIP IN INDIA

Sowmya H K[1], Dr. Pallavi S. Kusugal[2]
[1]*Research Scholar, Department of Studies and Research in Economics, Tumkur University, Tumakuru, and Associate Professor, Department of Economics, MPM GFGC Karkala, Udupi District*
[2]*Associate Professor and Research Guide, Department of Economics, University College of Arts, Tumkur University, Tumakuru*

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ABSTRACT
The purpose of this paper is to provide an overview of the changes in the Indian Cashew Industry. India will continue to be the leader in the cashew industry, with a total area under cultivation of 1.19 million hectares, and processing approximately 794,900 tonnes of Raw Cashew Nut. Despite being the largest producer in the world, however, there is still a very large structural difference between the size of India's production and its processing capability, as India has approximately 3,900 organised and unorganised processing units that can handle approximately 1,000,000 tonnes of raw nuts annually, resulting in India having to import between 0.80 million and 1.30 million tonnes of raw nuts from West African countries. This paper will assess the dualistic character of the Indian Market, which has established itself as both the second largest exporter of cashew kernels and the largest consumer. Rising demand for cashew products will create an excellent opportunity for aspiring entrepreneurs.

The entrepreneurial landscape for entrepreneurs is challenging due to many factors including the extreme volatility of Raw Cashew Nut prices, a tight labour market with around 95% of the estimated 1.5 million workers being women. The majority of small-scale units do not have access to automated machinery as well as requiring higher levels of working capital to establish operations. However, an emerging shift toward higher value-added cashew products (flavoured, roasted and organic cashews) and industrial application of by-products presents an opportunity to realise high margins on these products. The following Government initiatives under the Mission for Integrated Development of Horticulture along with export incentives offered by Agricultural and Processed Food Products Export Development Authority (APEDA) and Cashew Export Promotion Council of India (CEPCI), will facilitate the modernisation and increase in local productivity through trialling Ultra High-Density Planting. At present, the industry is reliant on imports for the supply of raw materials. Nonetheless, the results of our analysis have demonstrated there are strong entrepreneurial opportunities through a focus on adoption of technology, development of a brand in the domestic snacking segment, and utilisation of by-products.

KEY WORDS: *Cashew, Entrepreneurship, Area, Production, Export, Import*

INTRODUCTION

India is a unique and central contributor to the entire cashew value chain worldwide. India is by far the largest user of the finished product and also has many of the largest processing/production centres. On the other hand, while the Indian cashew industry enjoys tremendous growth opportunities due to its amazing domestic market size, it is also challenged by many system-wide challenges in terms of being able to access financing, obtain raw materials, and make use of outdated technology in its business operations and processing. The word "cashew" refers to the seedlings, or young plants, that produce the raw nuts and cashew apple and have many products available for use. The various products available under these names include everything from raw nuts (with or without shells), processed nuts (spiced nuts, flavoured nuts, roasted nuts, etc.), and by-products such as flour and oil. It also includes the creation of many products, both edible and non-edible, that can be produced from the cashew apples and the use of CNSL for industrial purposes and many other applications. These types of businesses are vital to the rural economy, as it creates jobs and other opportunities, and with an ever-increasing demand for cashew products in India and other countries around the world, and to be a successful entrepreneur in the cashew industry is very viable and provides excellent opportunities for great growth potential.

LITERATURE REVIEW

Author(s)	Publication Year	Journal/Publication	Key Entrepreneurial Finding/Theme
Patil, P.J.	2016	Journal of Nutrition and Health Sciences	The processing and packaging are regarded as the most critical issues related to the cashew industry's future. Poor processing means less quality, which leads to broken or damaged nuts being sold at low prices. Let's look at both processing technology and packaging for these nuts to prevent anyone from taking over the cashew market and allowing their competitors to compete globally.
Bhoomika, H.R. and Sudha Rani, N.	2018	International Journal of Current Microbiology and Applied Sciences	It has been well-known that cashews are a source of income through export, and are one of the largest employers of women. Old plantations are yielding less due to lower levels of productivity, so small farmers should be encouraged to set up small-scale collective processing units.
D'Silva, R.J. and Bhat, S.G.	2021	International Journal of Case Studies in Business IT and Education	As the Indian cashew industry prepares to meet the increasing domestic demand, the best way to improve production and export growth is to create incentives and concentrate on the domestic market.
Pattanayak, K.P. and Padhy, C.	2022	Indian Journal of Natural Sciences	There are large business opportunities for entrepreneurs, but the industry faces many major challenges due to global competition; the inability to obtain timely credit (working capital), and the very volatile pricing for cashew nuts, creating a scenario akin to "playing games."
Hirpara, S.R., Vahoniya, D.R., et al.	2025	International Journal of Agriculture and Food Science	While the cashew industry is profitable, there are issues faced by cashew entrepreneurs that keep them from achieving maximum profitability, including low orchard productivity, high cost of processing and reliance on imported raw cashews. These factors point to the opportunity to enhance market integration.
Krishnamoorthy B. and Shetty, A.J.K.	2025	International Journal of Research Culture Society	The report gives a complete and historical analysis of the cashew processing sector and addresses the role of the government, research institutions, and industry associations in the development of the cashew processing sector and finding solutions for human resource, finance and technology problems.

OBJECTIVES

- To know the status of cashew entrepreneurship in India
- To recognise the functions of cashew entrepreneurship
- To understand the challenges and prospects of cashew entrepreneurs

RESEARCH METHODOLOGY

The implementation of this investigation entails two approaches, which include how the current state of cashew entrepreneurship is depicted and analysed, including its associated success, profitability and sustainability. To create an accurate view of entrepreneurship within the industry, the investigation used both secondary sources and empirical research. Data were gathered through a number of organisations, which include the Directorate of

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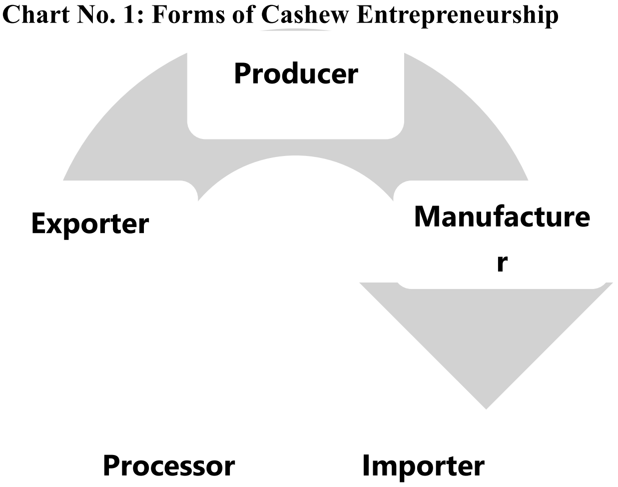
Cashew Nut and Cocoa Development (DCCD), the Cashew Export Promotion Council of India (CEPCI), the Ministry of Commerce and Industry, as well as through a number of other national and international papers, market reports and census information. The primary focus of the collected data from the secondary resources used, is aimed primarily at states that are the leading producers and processors of cashews in India because they are crucial to supporting entrepreneurship in that area. The data collected for the period of 5 years from 2019-20 to 2023-24. State-wise trends and growth in entrepreneurship in terms of area, production, processing units established, exports and imports will be analysed using Compound Annual Growth Rate. Results will be analysed using Value Chain Gap Analysis based on trends in Area under Cultivation, Production, Processing Infrastructure, Imports and Exports of cashew in India.

The Conceptual Framework of Cashew Entrepreneurship

Cashew Entrepreneurship, which is the establishment and management of businesses in regards to the cashew sector, consists of activities such as growing and manufacturing raw materials along with the development of all forms of value-added cashew products and by-products. Examples of different opportunities available within the cashew sector include turning cashew nuts into snack food and creating additional products from cashew apples; however, there has also been an increased interest in using cashew nut shell liquid (CNSL) for many industrial applications. Cashew enterprises are a major source of economic growth for rural economies; the global demand for cashew products is also growing rapidly, making it a very profitable industry.

Chart No. 1: Forms of Cashew Entrepreneurship



Major functions of cashew entrepreneurs

Entrepreneurs in the cashew industry have a many-faced impact. Entrepreneurs that are involved in the Cashew Industry Participate in many different activities that create value for customers. Examples of some of these activities include:

1. Value-Added Products

Entrepreneurs are able to create different products from just raw nuts, such as roasted cashews (flavoured or not), cashew butter, and many of the snacks that customers enjoy today (wafers, bars, etc). There are a lot of opportunities to create value from cashew apples that are generally thrown away; many entrepreneurs create juices, jams and jellies, and wines from these fruits.

2. Utilising By-Products

The cashew nut itself contains a number of by-products that can be sold to generate revenue. CNSL is widely used throughout a number of industries including cosmetics, pharmaceuticals, paints and varnishes, and brake linings. These are also very healthy by-products of the cashew nut and can be processed into gourmet food and beverage items (such as juices, jams and jellies, and alcoholic beverages).

3. Economic Impacts

Starting up a cashew business can also generate economic growth within a local community. As such, it is important for people to understand the impact that starting up a cashew business has on individuals, economies and communities. Enterprises that cooperate are good for small Businesses, encourage economic growth for women and fight poverty. It is possible for small-scale farmers to pool their resources to form cooperative units where they can participate in larger business enterprises and gain the benefits from those larger enterprises.

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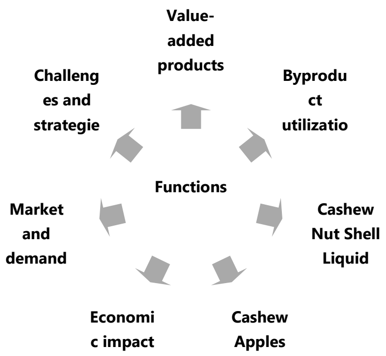
4. Domestic and International demand

Due to the growing awareness of the benefits of cashews and the increasing trend toward healthy eating, cashew products have become very popular in both the domestic and international markets and as a result are drawing interest from both new businesses entering the market as well as well-established businesses already operating within it.

5. Challenges and Prospects

While profitable, the industry faces challenges such as a need for more technology and access to capital. Entrepreneurs can mitigate risks by focusing on quality control, managing supply chains, and innovating in processing, packing, and marketing to meet specific market demands, especially in niche sectors like health-conscious or vegan markets.

Chart No. 2: Functions of Cashew Entrepreneurship



Source: Compiled by the Researcher

DATA ANALYSIS

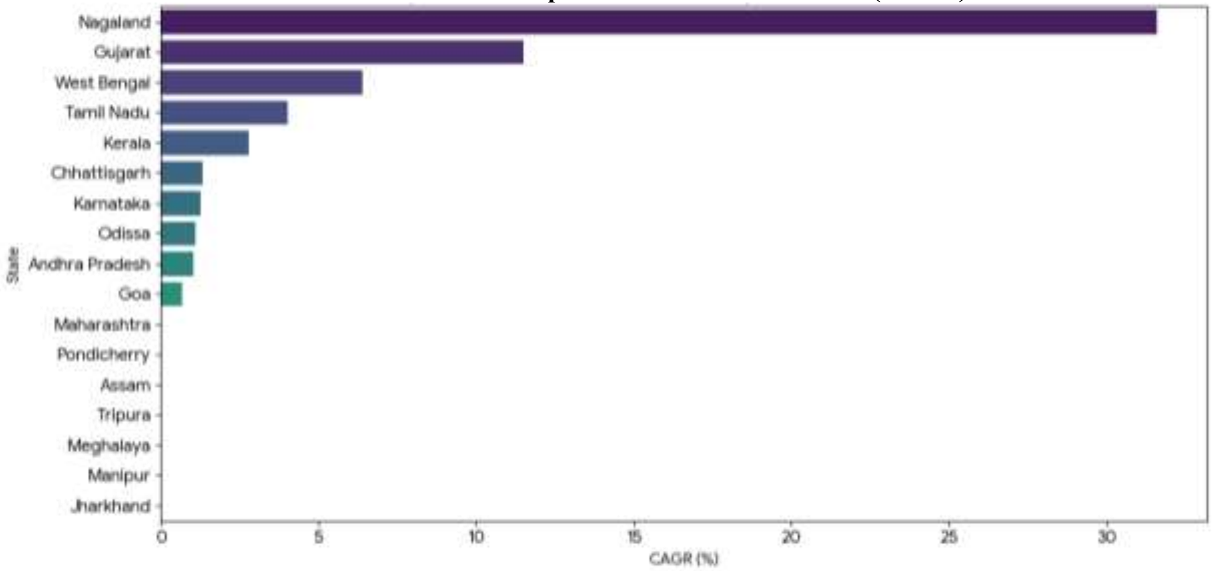
Status of Sate-wise Cashew Entrepreneurship in terms of Area, Production, Processing Units, Export and Import

Table No. 1 State-wise contribution to area under cultivation of cashew in India

State	2019-20	2020-21	2021-22	2022-23	2023-24	CAGR (%)
Kerala	98.821	103.205	106.52	108.589	110.258	2.78%
Karnataka	132.433	137.424	138	138.867	139.266	1.27%
Goa	58.35	58.991	59.02	59.444	59.955	0.68%
Maharashtra	191.45	191.45	191.45	191.551	191.616	0.02%
Tamil Nadu	150.297	166.985	173.24	174.96	176.01	4.03%
Andhra Pradesh	192.446	196.17	197.92	198.848	200.569	1.04%
Odissa	213.956	213.956	223.45	223.45	223.45	1.09%
West Bengal	11.36	11.36	14.552	14.552	14.552	6.39%
Jharkhand	15.58	15.58	15.58	15.58	15.58	0.0%
Chhattisgarh	31.139	32.265	32.4	32.585	32.825	1.33%
Gujarat	8.746	9.666	9.8	11.848	13.523	11.51%
Pondicherry	5	5	5	5	5	0.0%
Assam	1.05	1.05	1.05	1.05	1.05	0.0%
Tripura	4.25	4.25	4.25	4.25	4.25	0.0%
Meghalaya	8.78	8.78	8.78	8.78	8.78	0.0%
Manipur	0.9	0.9	0.9	0.9	0.9	0.0%
Nagaland	0.5	1.5	2	2	1.5	31.61%
Total	**1125.058**	**1158.532**	**1183.912**	**1192.254**	**1199.084**	**1.61%**

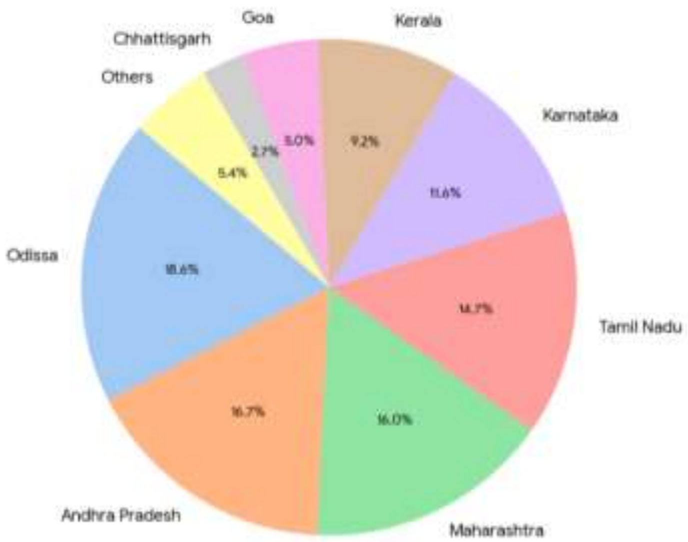
Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Chart No.3: State-Wise Compound Annual Growth Rate (CAGR)



Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Chart No.4: State-wise share in area under cultivation of cashew in India



Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Table No. 1 shows the key patterns of growth and distribution of area under cultivation of cashew at the state level from 2019-20 to 2023-24. The overall statewide total gained in excess of 74 million, from just over 1.125 million to more than 1.199 million. The five largest states like Odisha, Andhra Pradesh, Maharashtra, Tamil Nadu and Karnataka accounted for almost 78% of the total value for the period ending in 2023–24. Interestingly, Odisha, Andhra Pradesh and Maharashtra together accounted for almost 50% of the total volume, demonstrating a strong concentration of activity in these three states. On the other hand, the remaining states put together represented approximately 8.5% of the total, which illustrates a major volume disparity when viewed against the combined total.

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Among the various states, Nagaland (31.61%), Gujarat (11.51%) and West Bengal (6.39%) were the highest performing smaller contributors based upon their consistent increases in total value. Tamil Nadu (4.03%) and Kerala (2.78%) have performed better than the average growth rate for the country (CAGR of 1.61%) and have exhibited strong, steady annual growth throughout the entire five-year period.

Since Maharashtra has been one of the highest contributing states during this time period, it is interesting to note that the total contribution of that state (0.02%) has remained nearly unchanged during the entire five-year period. There are states, such as Jharkhand, Assam, Manipur and Meghalaya that have not shown any growth (0% CAGR), as the total value from those states has held constant for five consecutive years.

Table No. 2 State-wise contribution to production of cashew in India (in million tonnes)

State	2019-20	2020-21	2021-22	2022-23	2023-24	CAGR (%)
Kerala	69.624	73.105	71.76	71.76	76.38	2.34%
Karnataka	70.624	74.155	74.86	74.86	79..85	3.12%
Goa	27.048	28.4	24.82	24.82	26.07	-0.92%
Maharashtra	181.138	190.195	189.71	189.71	197.3	2.16%
Tamil Nadu	70.11	73.616	77.3	77.3	87.07	5.57%
Andhra Pradesh	115.39	121.16	127.22	127.22	133.8	3.77%
Odissa	110	115.5	121.28	121.28	126.13	3.48%
West Bengal	10.964	11.512	12.768	12.768	13.28	4.91%
Jharkhand	5.762	6.05	6.35	6.35	6.6	3.45%
Chhattisgarh	19.448	20.42	21.44	21.44	22.75	4.00%
Gujarat	6.11	6.416	6.74	6.74	7.38	4.83%
Pondicherry	2.03	2.132	2.24	2.24	2.33	3.51%
Assam	1.062	1.115	1.12	1.12	1.15	2.01%
Tripura	3.243	3.405	3.41	3.41	3.55	2.29%
Meghalaya	9.5	9.975	9.98	9.98	10.38	2.24%
Manipur	0.305	0.32	0.32	0.32	0.33	1.99%
Nagaland	0.508	0.533	0.53	0.53	0.55	2.01%
Total	**702.866**	**738.009**	**751.848**	**781.92**	**794.9**	**3.12%**

Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Chart No. 5: State-wise contribution to production of cashew in India

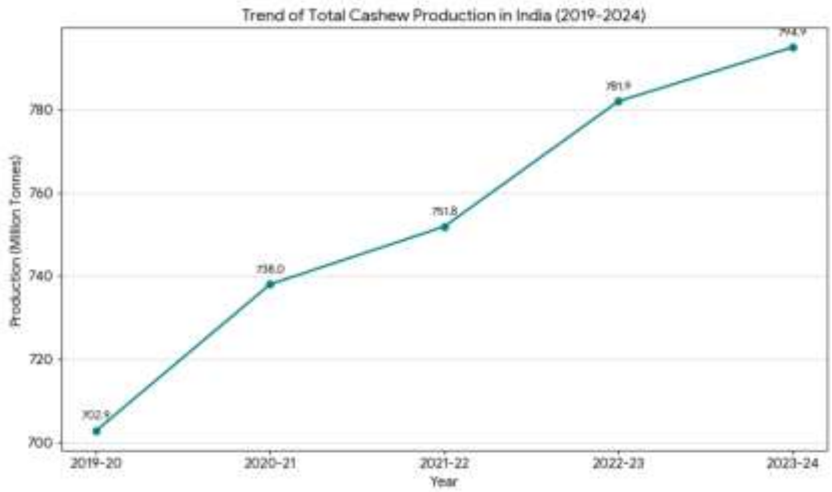

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Chart No. 6: State-wise CAGR of cashew production in India

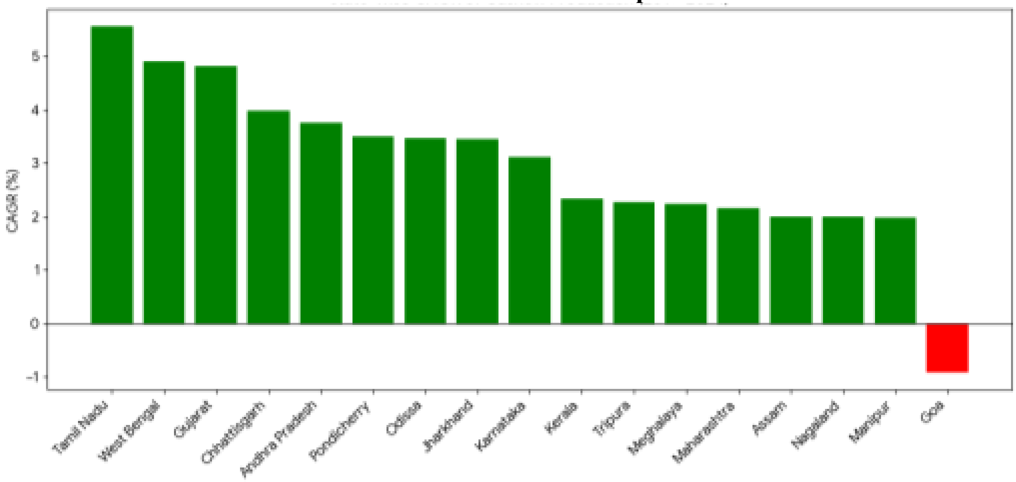

Table No. 2 examines trends in cashew-producing states in India over five years (2019–20 to 2023–24). From this data, it appears that this sector continues to grow steadily with varying levels of productivity between the states and a concentration of production within certain regions. In summary, India's production of cashews has increased considerably, from about 702 million rupees to nearly 794 million rupees, with a compound annual growth rate (CAGR) for that period of time of approximately three percent. As such, cashew nuts continue to be a significant component of India's overall agricultural output and a major driving force behind the country's economic success and development.

The state of Maharashtra is still the largest producer at 197.3 million tonnes or (approximately 25%) of India's nationwide production. The combined output of Maharashtra, Andhra Pradesh and Odisha represent nearly 60% of India's output. Karnataka, Kerala and Tamil Nadu together account for also a significant percentage of the total production, producing between 76 - 87 million tonnes each. Tamil Nadu has the largest growth among these states averaging growth rates of 5.57% CAGR, and there are also strong growth rates in West Bengal at 4.91% CAGR and Gujarat with 4.83% CAGR, mostly due to increasing acreage or improved yields. Chhattisgarh and Andhra Pradesh are both growing faster than the National Average. The Northeastern Region and Pondicherry collectively account for less than 1% of the market share, but are continuing to operate with steady growth rates. Goa accounted for the only decrease in production, which fell (-0.92% CAGR) from 26.07 million tonnes to this level. This consistent decrease may suggest ongoing systemic problems with the State of Goa, which could include ageing plantations, climate change impacts and potential future shifts in land use practices.

Table No. 3 State-wise share in cashew processing units in India

State	Processing Units	Share of processing units (in %)
Maharashtra	2200	55.8%
Kerala	432	11.0%
Tamil Nadu	417	10.6%
Orissa	350	8.9%
Karnataka	266	6.8%
Andra Pradesh	175	4.4%
Goa	45	1.1%
West Bengal	30	0.8%
Chhattisgarh	3	0.1%
Nort-Eastern States	22	0.6%
Total	**3940**	**100%**

Source: Small Farmers' Agribusiness Consortium (SFAC), Ministry of Agriculture and Cooperation, Government of India

Chart No. 7: State-wise Cashew processing units

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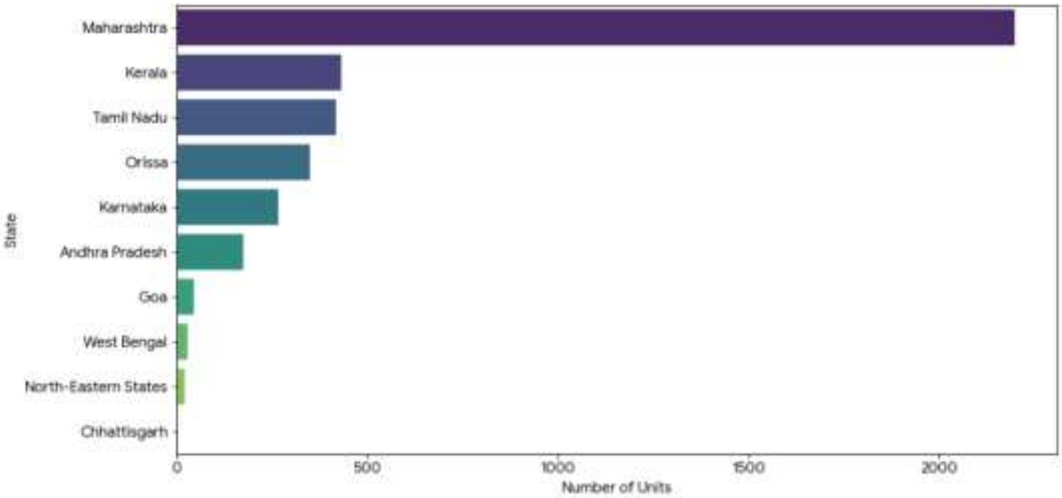
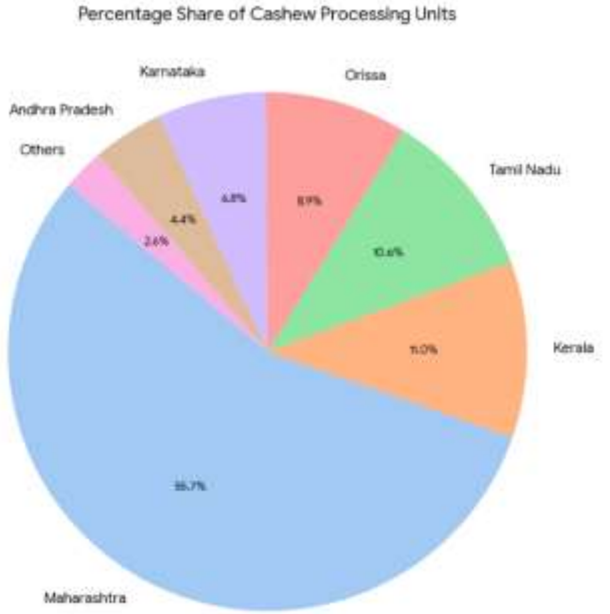


Source: Small Farmers' Agribusiness Consortium (SFAC), Ministry of Agriculture and Cooperation, Government of India

Chart No. 8: Percentage share of cashew processing units



Source: Small Farmers' Agribusiness Consortium (SFAC), Ministry of Agriculture and Cooperation, Government of India

The data provided in Table No. 3 displays the distribution of the cashew processing industry throughout India showing that the industry is structurally concentrated. Maharashtra is the predominant state for cashew processing in India and has a total of 2200 cashew processing units. This represents 55.8% of India's total processing capacity. As such, Maharashtra produces more raw cashew nuts than any other state and has developed vertical integration by creating a sizable amount of processing facilities, which other states have not been able to replicate. The southern states of Kerala (11%), Tamil Nadu (10.6%) and Karnataka (6.8%) divided they account for 28.4% of total processing units. On the eastern coast, Orissa has a substantial number of processing units (8.9%), meaning that Orissa's production volumes are also extremely high. In addition to Orissa, Andhra Pradesh has a relatively small processing unit proportion (4.4%) in comparison to its overall production levels of raw cashew nuts. States like Goa, West Bengal and Chhattisgarh (as well as the north-

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eastern states) have a small processing footprint and account for less than 3% of the total number of processing units in India.

Table No. 4 Import and Export Trends in Cashew Kernel, CNSL and Raw Nut

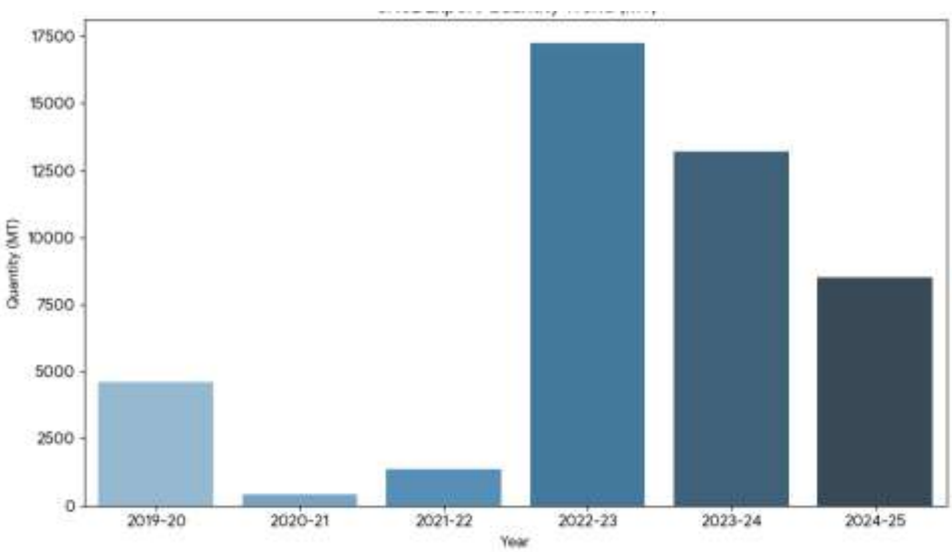
Year	Cashew Kernel Export		CNSL Export		Raw Nut Import	
	Quantity (MT)	Value (Rs. Crores)	Quantity (MT)	Value (Rs. Crores)	Quantity (MT)	Value (Rs. Crores)
2019-20	67,647	3867.17	4605	23.093	9,38,038	8861.58
2020-21	48,576	2840.39	429	1.45	8,31,231	7331.28
2021-22	51,908	3096.81	1,368	6.921	9,39,200	9338.33
2022-23	44,281	2677.61	17249	113.46	13,29,751	14,247.73
2023-24	45,626	2588.2	13222	77.21	12,51,322	11,632.63
2024-25	35, 996	2405.72	8498	60.79	11,41,577	13,742.09

Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Chart No. 9: Comparison of Export and Import Value

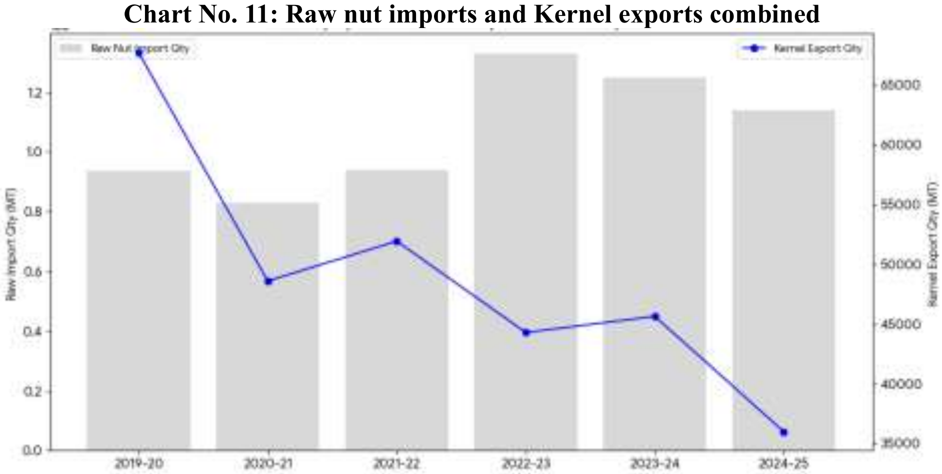
Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Chart No. 10: CNSL Export Quantity Trend



Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Chart No. 11: Raw nut imports and Kernel exports combined



Source: Directorate of Cashew nut and Cocoa Development, Ministry of Agriculture and Farmers Welfare, Government of India

Table No. 4 demonstrates that there has been a sea change in the trade balance and industrial dynamics related to cashew kernels, CNSL, and raw cashews through imported and exported volumes from 2019-20 to 2024-25. Export quantity of cashew kernels plummeted from 67,647 to 35,996 MT during this period. Concomitantly, the export value has decreased from. 386,717 crores to 240,572 crores during this period, thereby plummeting approximately 46.8% during this period.

India remains a major processor, but its dependency on imported raw materials continues to rise. Raw nut imports have gone up from 93.8 lakh MT to 114.1 lakh MT, touching a high of 132.9 lakh MT in 2022–23, while the import bill grew manifold from 8,861 crores to ₹13,742 crores. In 2019–20, the import cost of raw nut imports was 2.3 times the exports earnings on kernel. This ratio had risen to 5.7 times by 2024-25. This would indicate a far higher share of processed cashews is now being consumed within the domestic market in India than being exported.

In these, the most unpredictable one is the CNSL, used in industries, whose output surged from a low of 429 MT in 2020-21 to 17,249 MT in 2022-23. Though there has been a variation in the output, it is noteworthy that its value reached a record high of 113.46 crores in 2022-23, thus showing its immense potential as a secondary source of income.

Indian Cashew Industry: Major Challengers and Future Perspectives

Although it was long a traditional leader in the market, the Indian cashew business is now experiencing some basic challenges which affect its profitability in the intensified processing zones.

1. Financial crisis and Cost of operations

In the cashew industry, the primary issue with Micro, Small and Medium-Scale Enterprises (MSMEs) is that they face a perpetual financial crisis. The traditional cashew centres like Kollam are experiencing a serious crisis because of the increasing debt and increasing costs of inputs as well as banks' pressure regarding repayment of loans. There are hundreds of cashew industry units in Kerala, which have become defunct because of financial difficulties and increased competition from other countries. The banks have begun to issue loan recovery dunning notifications to defaulting cashew industry entrepreneurs. This has added to their financial burden. The cost of processing in countries like Kerala is significantly higher compared to that of its competitors. The above-mentioned cost structures, in addition to a low domestic availability of raw materials, have made the processors in the Indian subcontinent incompetent in the global market. Uncompleted prices have resulted in the downfall of many businesses.

2. Low Productivity and dependency on imports

An important bottleneck in this industry is the fact that there is a low local output of Raw Cashew Nuts (RCN), leading to a lack of availability of cheap raw materials. The total production of cashew nuts in India is very meagre compared to other major producers of these nuts. The main cause for the poor productivity is the presence of old and non-yielding plantations, which were established by raising seedlings and are growing in poor soil areas. This is a homegrown gap and requires the RCNs to be imported duty-free. Although this is a

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favouring initiative by the government, the entrepreneurs are still subject to variations in RCN international prices.

3. Technological Obsolescence and Absence of Mechanization

The processing costs are directly attributed to the use of conventional processing methods that rely on human labour, leading to inefficiency. In fact, for some of the failing units, especially in Kerala, it has been found that mechanizing the process will be the only way to revive the units. Several other states have opted to use this method, thereby emphasizing the competitive disadvantage of the areas that are yet to adopt it. Cashew workers, who form the backbone of the manually processing industry, complain of problems such as irregular income, physical stress, and health problems. In light of this, the need to modernize the processes becomes even more evident.

4. Supply Chain Inefficiencies and Farmer Exploitation

Fractured value chains yield inefficiencies and a diminished income stream for the farmer, a key player in the entrepreneurial environment. It is also the case that they do not have direct connection to the processors or the markets. This can lead to exploitation by the middlemen who are known to sell their produce at low prices and even shortchange them on weight.

Opportunities for Cashew Entrepreneurs in India

In spite of these challenges, there are substantial opportunities for cashew entrepreneurs in India.

1. Domestic market and consumption bases are strong

India serves as the largest consumer of cashews globally; it consumes them to the tune of 2.5 billion dollars every year. This accounts for 40% of the worldwide production of cashews. The Indian cashew market was estimated to be 2.56 billion dollars as of 2024. However, it also forecasts a CAGR of 4.2%. This could lead to a future market size of 3.86 billion dollars by 2034. The increasing popularity of products made from cashews, including butter, milk, as well as cheese, intended for vegans as well as persons who are lactose intolerant, boosts the demand.

2. State Support for Mechanization and Formalization

The Indian government has come up with many schemes to help micro, small, and medium enterprises (MSMEs) in the food processing sector, including the cashew industry. Schemes like the Pradhan Mantri Formalization of Micro-Food Processing Enterprises Scheme offer critical funding assistance for the required technical and marketing support for the growth of the MSME sector. Understanding the importance of the need for modernization support for the sector, the state government initiative in Kerala offers financial assistance up to 15 lakhs to an applicant for reviving the dormant MSMEs in their state, specifically focusing on financial investments for renovations of buildings and machineries. A Medium-Term Framework scheme for automating the cashew processing units has been approved by the government with a strong financial outlay of 60 crores.

3. Export competitiveness as a result of changes in global trading practices

The recent changes in the global trade environment could provide Indian exporters with the competitive edge that they had been lacking. Indian agricultural exporters, including cashew nut exporters, could benefit from the exemptions granted by the US. The US has imposed large tariffs on Vietnam, one of the biggest competitors, although the rise in the export tariffs that the US has imposed on India is relatively small compared to the tariffs imposed on Vietnam, and could provide the US with the competitive edge that it needed in the US market. The changes in global trading allow space for premium, speciality and value-added products. Indian exporters should find themselves able to access this protected space.

4. Development of FPO's and Supply Chain Integration

One of the areas that holds immense strategic potential is the improvement, or rather optimization, of the interface between farmers and cashew processors. The strategy formulated is to enhance cashew grower cooperatives, or Farmer Producer Organizations (FPOs), that would cater to the procurement of raw cashews, provision of inputs, credit and infrastructure, as well as processing and marketing. The projects have also started implementing strategies that directly connect these FPOs with cashew processing units, doing away altogether with middlemen as existed previously.

Findings

The above charts give an overview of the Indian cashew industry for the period from 2019 to 2025. The present study conducted a Value Chain Gap Analysis using the information on Area under Cultivation, Production, Processing Infrastructure, Imports and Exports of cashew in India.

1. Gaps in Production and Processing Capacities

India's cashew industry has a large geographic imbalance between production and industrialisation. There is a disparity between cashew and processed cashew locations in India. For example, while cashew producers in Odisha and Andhra Pradesh produce over 33% of India's total cashew supply, only a small percentage — 55.7%,

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or 55 of the total 100 cashew processing facilities — of India's cashew processing facilities are located in Maharashtra. This disparity means that once processed, some cashew growers are required to transport their products long distances from the east to the west to reach processing facilities, which increases their costs and reduces their profit margins. It also underscores the need for industrialisation to take place in high-production states (Odisha and Andhra Pradesh) to decrease the need for transporting the raw material great distances before it is processed.

2. Gaps in export and Import capacities

Although India has increased the cost of its underlying produce (from 703 MT to 795 MT), its manufacturing industries have a structurally high reliance on outside suppliers for the resourcing of their production. As the number of raw nuts imported has increased to Rs. 14,000 Crore and many exporters had a zero or declining revenue from retailing processed kernel production back to India, this has created a net negative balance of trade. Thus, while India now serves as a major processing centre for other nations, it imports tens of thousands of metric tons of raw nuts to meet its own requirements for domestic consumption, so India is not initiating new or expanding out of India revenue growth opportunities through increased export sales of processed products.

3. Gaps in Growth rates

According to the reports of the CAGR of States in India, there is evidence of change in structure of the Geographical Distribution of cashews in India. Nagaland's CAGR of over 30% places it at the forefront of growth in India and demonstrates the state has been successfully growing at a rapid pace into the North-Eastern region of India, with a large potential for future growth. Both Tamil Nadu and West Bengal have been very stable and consistent in providing about 5% growth each year. Goa is the only state to show a decline in CAGR, signalling the movement from being known as the cashew-producing state to diversifying into other types of industries.

4. Value Chain Gap Assessment

Variable	Trend	Implication
Domestic Production	Steady Upward Trajectory	Due to increase in production, food security is increased and response to vulnerability to events like crop failures or disruptions in the global food supply improved.
Processing Capacity	Geographic Concentration	Infrastructure is mostly located in Maharashtra; thus, diversifying infrastructure development to high-yield states such as Odisha and Andhra Pradesh will help mitigate the costs associated with logistics.
Trade Balance	Widening Deficit	Increased import costs combined with stagnant export levels indicate and increased domestic consumption has decreased the overall value of the trade balance for the industry.
Emerging Markets	North-East Expansion	Rapid and sustained growth in state like Nagaland represents an opportunity for new processing centres and a targeted approach to investment opportunities.

5. The Indian cashew industry is at a crossroads of growth and continual development. As the industry continues to expand into new markets such as Nagaland and is also becoming a production hub, there is a strain within the sector because of structural inefficiencies. An example of this would be the cost of business due to the geographical divide between the areas of production and processing, as well as the continued reliance on imported raw cashew nuts to meet domestic demand, which places significant strain on India’s trade balance. Therefore, in order to maximize profitability, the direction of the industry should focus on establishing processing facilities closer to the source liker the east and northeast regions of India.

CONCLUSION

The Indian cashew industry today faces the structural paradox, in that while the total consumption and processing of cashews in the world are dominated by the Indian industry, the entrepreneur faces ever-increasing challenges due to the lack of domestic production and the resulting global pressures from Vietnam and West Africa. The industry has the largest area under cashew plantation (approximately 1.1 to 1.2 million hectares) in the world, though the productivity remains substantially lower compared to other nations. There are over 4,000 processing units in the Indian industry located in the states of Kerala, Karnataka, Andhra Pradesh, and Maharashtra, but their viability remains threatened. The Indian industry processes around 1.6 to 1.8 million metric tonnes every year of RCN (Raw Cashew Nut), though the domestic production stands around half the amount. The Indian industry dominated the export of cashews to the global markets, yet it has lost substantial export shares to the Vietnamese industry. Today, the biggest challenge for the cashew entrepreneur in the Indian industry has ceased to be "finding the buyer" and has become "overcoming the cost of raw materials." The successful period from 2025-2030 will see the industry shifting from traditional processing to automatic processing and the utilization of government initiatives that include plans such as Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME).

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