Study on direction of trade for Indian cashew

P.S. GIREESH, R.A. YELEDHALLI, KULDEEP CHOUDHARY AND CHIDANAND PATIL

ABSTRACT

Cashewnut occupies a prime place in the Indian economy. USA, Australia and Netherlands were found to be highly loyal markets for Indian cashew kernel as indicated by the retention of their previous shares of cashew kernel export from India by more than 70, 50 and 30 per cents, respectively. In case of cashewnut shell liquid, USA, Japan and Korea Republic were found to be most loyal markets.

Key words : Indian economy, Accounting, Retention and Export

Cashew is indigenous to South and Central America and was discovered by Portuguese missionaries in the 15th century. There is a growing market for cashew in Europe and USA, with new market opening up in the other parts of the world, for example, Russia and Japan. On the other hand, Vietnam is currently increasing the supply of cashewnuts for the international market. Cashewnut occupies a prime place in the Indian economy. The major producers of raw cashewnuts in Asiatic zone are India and Vietnam. Indian cashew is consumed across the world by as many as 60 countries, the major markets being the United States, The Netherlands, UAE, Japan, United Kingdom, France, Saudi Arabia and Canada. India is facing tough competition from Vietnam and Brazil in the exports of cashew kernels. Therefore, it is imperative for us to study the market opportunities and to plan for appropriate export marketing strategy and policy so as to strengthen the export trade in cashew. Apart from this, in the world market, at present, we are facing stiff competition from Vietnam, Brazil and other tree nuts. Looking into the importance of this crop for the Indian economy and their problems in export front, it was found worthwhile to study the direction of trade of cashew.

Correspondence to:
KULDEEP CHOUDHARY, Department of Agribusiness Management, University of Agricultural Sciences, DHARWAD (KARNATAKA) INDIA

Authors' affiliations:
P.S. GIREESH, R.A. YELEDHALLI AND CHIDANAND PATIL , Department of Agribusiness Management, University of Agricultural Sciences, DHARWAD (KARNATAKA) INDIA

METHODOLOGY

The area under consideration for analyzing of various compositions of cashew, whole of India was taken into consideration at aggregate level so as to facilitate data compilation and prices in the international market. The nature of data used for the study is entirely based on secondary source of data. The yearly data on export quantity, value and unit value were compiled from various published journals, periodicals and websites for the period of 30 years (1978-79 to 2007-08). The secondary data were collected on spot prices, and volume of trade in exchanges were collected from the official web site of Forward Market Commission (FMC), Mumbai and respective web sites of the National Level Commodity Exchanges in India (NCDEX, MCX), APEDA, other publications and official reports of the GOI, GOK, etc, for the period of 30 years.

Analytical tool and techniques employed:
Morkov chain analysis:

The trade directions of cashew kernel and cashewnut shell liquid exports were analyzed using the first order Markov chain approach. Central to Markov chain analysis is the estimation of the transitional probability matrix P. The elements P_{ij} of the matrix P indicates the probability that export will switch from country i to country j with the passage of time. The diagonal elements of the matrix measure the probability that the export share of a country will be retained. Hence, an examination of the diagonal elements indicates the loyalty of an importing country to a particular country's exports.

In the context of the current application, seven major