Kollam’s cashew crunch

Nearly 700 processing units have downed their shutters in Kollam, the world’s cashew processing capital. The author reports on the reasons behind the crisis and its impact on the industry’s largely female workforce

Sujatha never went to school. Her mother took her to the nearest cashew factory when she was 10 years old. Instead of learning the alphabet, she learnt how to crack the nut with swift, precise taps using a wooden mallet. Why go to school in a place teeming with processing units, she was told.

At 52, she sits hunched over a heap of sooty nuts. There is sadness in her eyes. She looks at her hands — dark, dirty, bearing the permanent burn marks of the caustic cashew sap. She has never worn safety gloves. “We are back to work after four months, but we know this is just for a few days. They will close the factory again,” she says, her voice cracking.

Sujatha is one among the 2.5 lakh skilled labourers, all of them women, struggling for survival in Kollam in south Kerala. They lost their livelihood when the cashew sector plunged into an unprecedented crisis two years ago. Cashew processing has traditionally been a major industry in the State, generating annual export earnings to the tune of ₹5,000 crore and providing stable employment. Tourism brochures of Kollam still carry pictures of cashew workers, the region’s stock icon of prosperity.

Crisis in cashew sector intensifies

But with nearly 700 factories in Kollam district downing their shutters, the sector is on a downward spiral, with exports down to half of what they were three years ago. Scarcity of steady work over the last couple of years has forced many of the women to take up odd jobs, including at construction sites and as cleaners in offices.

No safety net

AKM Cashews in Parippally, 23 km from Kollam city, has just reopened, its chimney belching out smoke after a long break. Inside the shelling unit you find women sitting in rows, nearly half of
them above the age of 50. In the middle sits Lakshmi, 83, with stooped shoulders and high-index glasses. She agrees that age has finally caught up with her. Her frail hands can’t shell the quantity they once used to.

Lakshmi came to Kollam, the erstwhile cashew processing capital of the world, as a bride in the 1950s. She quickly became a part of the multicrore industry. “I have been doing this for over 50 years, so when I’m out of work it’s really hard to scrape through. Yes, I have children and grandchildren but I live alone as I don’t want to depend on them. This is the only job I know,” she says, holding up her scarred hands as testimony. Shanta, 58, agrees. “This factory used to function round the year, sometimes even on Sundays. So we never thought of another occupation. Some young girls have now moved to rubber tapping, but at our age it is not easy,” she says.

The women engaged in factories are paid according to the quantity of nuts they shell, peel and sort. They are typically paid ₹36.18 a kg for shelling and ₹46.3 a kg for peeling. With most women shelling and peeling more than 2 kg a day, they take home ₹250. The brisk speed at which the shelling needs to be done demands some expertise, and so does the sorting of similar-looking nuts into different grades. “There are over 30 grades,” informs their manager Sunil Kumar.

Workers crack nuts using wooden mallets and sort them out into various grades. | Photo Credit: Suresh Kumar

The women say it is not easy switching to another job. “I don’t know what a computer is and I have never attended a school. I am not good with numbers, and people don’t want maids with ugly burn marks on their hands,” says Shanta.

Cashew workers are used to living without a safety net. The factories began closing down two years ago. But it took them a while to realise the gravity of the situation. “When we first heard about the close-down, we weren’t that concerned. We thought it might be some internal issue which they will solve soon. But it started spreading like a contagious infection. In a couple of months, we found ourselves out of work and deeply in debt,” says Lilly, 39, from Mundakkal in Kollam city. The small comforts they were accustomed to had to be given up one by one during this period. “I have two teenage sons, and there are days when I ask them to walk instead of taking a bus to school. I fear the day they may come and tell me, ‘Amma, we are not going to school any more.’ You work all your life for your children and suddenly you can’t afford even their education,” she says.
There are stories of bedridden husbands, children dropping out of schools, and daughters whose marriages are on hold. Poverty may be a relative term in Kerala but Sreedevi, 42, from Chattannoor, 15 km from Kollam, says that they are too close to the precipice. The fall could happen any day. “We get one rupee rice from ration shops [BPL cardholders get 25 kg of rice a month at ₹1 a kg] but we will soon have no kitchen to cook it in.” She says the rent for her two-room home is three months overdue.

Sreedevi’s friend Anitha, 37, was widowed eight years ago. Anitha can’t stop worrying about her school-going daughters. “I don’t know what to do when the schools reopen in June,” she says. She came to Kollam 15 years ago, as jobs were plentiful compared to her village in Changanacherry, in south-central Kerala. “Everything was good in the beginning. My husband, a construction worker, wanted to enrol the girls in a good school. Even after his death, I managed for a while, shuttling between many units. But now there are no doors left to knock on,” she says.

State to establish Cashew Board in Kollam

Rajeev runs errands and helps with roasting at the same unit in Parippally where his wife Sindhu works. The couple, in their early thirties, live in a poky structure of mud and tarpaulin with their two sons. “It rained last night,” explains Rajeev, nodding at the puddles on the floor. He wanted to add a tin roof but couldn’t raise the funds. “If any one of them falls sick, things will go from bad to worse,” he says, pointing to his children playing outside.

With the factories lying closed and Employees’ State Insurance dues unpaid, the workers are unable to access even medical facilities. Sathi, 41, stands in front of her unfinished home at Navayikkulam. “I had been working with VLC Cashews for the last 25 years. One day they closed the factory. For the last two years I have been jobless, struggling to make ends meet. We don’t have a BPL card and there are days we are unable put food on table. We don’t know what we will do in case of a medical emergency,” she says.

While the women workers live in perpetual distress, their employers’ plight is no better. They take you on another trip to the ghost factories, many of them in total disrepair. Shamima Cashew at Ayathil in Kollam city, silhouetted against a drab grey sky, is a picture of desolation. The peaked tin roof is rusting away, and dust clings to almost every surface. “Some years back the place was teeming with women, hundreds of them working in shifts,” says the security guard. There are many other such buildings in the area, some closed for good, some hoping to resume operations.

Of losses and suicide attempts

“The crisis started in 2016 when the Union government imposed an import duty of 9.36% on raw cashew nuts. Before we could recover from the blow, the price of raw cashew nuts began to soar in the international market. Yet, there was no corresponding increase in the price of processed cashew nuts. The crisis was further compounded by the Kerala government hiking the wages of all cashew workers by 35%. This was an utterly unscientific decision,” says Nizamudeen I., president of the Federation of Cashew Processors and Exporters.

‘Aluva Charakk’ poses a threat to Kollam cashew sector
Another factor that is said to have contributed to the sudden slump was Vietnam’s takeover of the global market. Vietnam’s processing units are all mechanised, helping the country churn out the product in vast numbers. While the processing cost for 80 kg of raw nuts is the equivalent of ₹800 in Vietnam, it’s around ₹2,500 to ₹3,000 in Kollam. “The Centre slashed the duty to 2.5% in February this year, but the industry was too crippled by then. The lower duty could reduce the burden a bit but it isn’t enough to save the industry,” says R. Vikraman, who runs a unit in Kollam. As the processors incurred huge losses, the enormous pressure proved too much for some. About nine months ago, when Radhakrishna Pillai, a cashew processor, stepped out after his morning tea, his wife thought it was for his routine stroll. She later found him hanging in the outhouse. Within a few days, the banks started their loan recovery proceedings.

There were also reports of a few suicide attempts, including that of a processor from Chadanathope in western Kollam. The owner of Alfana Cashews was admitted to the hospital with slit wrists when all his five factories shut down one after the other and he was served with a revenue recovery notice.

Another processor, Eenam Nazar, accompanied by his workers, did a sit-in in front of the Kundara branch of Syndicate Bank. Chief Minister Pinarayi Vijayan tried to intervene on their behalf, asking the banks to stop evicting the defaulters until May. With the deadline fast approaching, pressure is mounting on the processors, and their families are also on tenterhooks. “They panic if we do not answer a phone call or do not get back home on time,” says Nizamudeen. Suicide is a recurring theme in every conversation with workers and processors.

**Taken over by banks**

‘This property belongs to the Federal Bank Ltd. as per a court order. Trespassers will be prosecuted’ reads a board in front of Ganga Cashews in Nilamel, 40 km from Kollam city. Rajesh, the processing unit’s owner, says you will see the same board in front of his house and packing unit as well. Bank officials attached all his assets under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (Sarfaesi) Act, 2002, when he defaulted on his loan. “The court had posted my case for January 30. But the bank officials turned up at my home on January 16. I was asked to pack and leave that very evening, and we did,” says Rajesh, who now lives with his wife and 13-year-old daughter in a small rented house. He has been in the cashew processing sector for the past 23 years. He says he could have saved his business if only the bank authorities had considered his plea for an additional loan.

While big exporters cleverly wrapped up their businesses and relocated, micro, small and medium enterprises were badly hit. “Some big shots have started units in countries like Vietnam after closing down their units in Kollam. But all of us can’t do that,” says Nizamudeen.

While the 40 factories run by the Kerala State Cashew Development Corporation (KSCDC) and the Kerala State Cashew Workers Apex Industrial Cooperative Society are expected to reopen soon, offering work to over 15,000 workers till Onam, the private factory owners remain in dire straits. “We hear that when the government started pressuring them to reopen the factories, one reputed company said they will hand over the keys and they can take over the factories,” Nizamudeen says. There have been frequent protest marches, hunger strikes, seminars and discussions but an effective strategy remains elusive, leaving the medium and small-scale processors with little hope. They refer to themselves as “wounded birds who may hit the ground any time”.
According to the figures put out by the Directorate of Cashewnut and Cocoa Development, cashew kernels exported from India in 2015-16 and 2016-2017 were 96,346 metric tonnes (MT) and 82,302 MT, respectively. Foreign exchange earnings from the sector in 2016-2017 was an estimated ₹5,212.78 crore. While the processing units need 16 lakh tonnes of raw cashew nuts annually to keep themselves afloat, local production comes to only 80,000 kg.

**Ways of saving**

Procuring raw cashew nuts directly from cashew-exporting countries without involving middlemen is the main challenge. Controlling the import of cashew products from Vietnam should be another step in reviving the sector, say industry experts. While government authorities insist that the Cashew Board, set up by the Kerala government in October 2017, will play an instrumental role in ensuring the procurement of raw cashew nuts, there remain doubts about the immediate impact of such measures. There are also plans to tie up with all the domestic farms. “We will get raw cashew nuts from district farms, farms at Aralam and the Cheemeni open prison, and the ones under the Plantation Corporation of Kerala and the Kerala Forest Development Corporation, to keep the industry going,” says KSCDC chairman S. Jayamohan.

Another scheme is to promote extensive cashew farming in a bid to make the State self-sufficient in cashew production. Last year, lakhs of cashew saplings of a high-yielding variety were distributed. The authorities plan to repeat the drive this year. The idea is to extend cashew farming to an additional 30,000 acres and end raw cashew nut scarcity within five years. The industry has welcomed the long-term revival schemes. But what it needs right now is an emergency life-saving measure.

Introducing total mechanisation in a labour-intensive industry like cashew processing will also be unfair, given that 90% of the workers come from marginalised communities. “Most of the underprivileged sections, including the SC/ST populations, are a part of the industry. So we cannot approve of anything that leads to their unemployment. There was a huge boom in the respective sectors after the Rubber Board and the Coconut Development Board came into existence. Forming a similar statutory body under the Government of India for the overall revival of the cashew industry is one possible solution,” says N.K Premachandran, Member of Parliament from Kollam.

There have been other suggestions for saving the processors. A softer approach in enforcing the Sarfaesi Act tops the list. The Act, framed to tackle ballooning non-performing assets, allows banks to auction the assets of the defaulter without any court order. “It may take the banks years to liquidate the assets and recover their loans. Instead of taking that illogical step, they could come up with refinancing schemes. If banks waive the interest and penalties, provide the processors with new working capital, 90% of the units will come back to life. Special financial packages can be sanctioned to revive the sector after declaring it as a sick industry. The existing import duty of 2.5% should also be withdrawn, along with the GST on imported raw cashew nuts,” says M.K. Salim, a former exporter.

J. Mercykutty Amma, Minister in charge of Fisheries, Harbour Engineering, and Cashew Industry, is no outsider to the cashew sector. During her days as a trade unionist in Kollam, she was actively involved in protests demanding statutory rights for the underpaid workers. But even her interventions have been in vain. “I have brought this crisis to the attention of the Central
government many times. But they simply refuse to acknowledge it’s seriousness and the disastrous consequences. So far they have offered no help,” she says.

Sujatha’s factory had closed without any notice, at a time when the women were most unprepared. But it is not a stray occurrence. Says Arundhati, 34, who worked in the same factory: “Last November, when I left the factory in the evening, I had kept a basketful of raw nuts for the next day. When they said the factory was closed, I thought it was only for a few days and clung to the hope that I would be sitting in front of my basket very soon.” Days, weeks, and months have passed since she last heard from her employers. Arundhati, along with many others, is slowly coming to terms with the bitter reality of being deprived of her only means of livelihood.