Baseline Survey of the feni Industry

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with

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Feni

- Unique, traditional Goan alcoholic beverage distilled from cashew apple extract.
- Cashew plant introduced in Goa by the Portuguese colonisers in 16th century from Brazil.
- Feni is classified as a Country Liqour therefore not sold outside the state.

Background

- Cashew nut is a high value export product and there is great effort to increase its output.
- Goa lags in cashew productivity vis-a-vis national productivity. Scope for increase.
- About 0.88 million bottled litres (BL) of Cashew Feni, brewed in 2004-5
- Bulk of production is sold unlabeled to retailers and home consumers. Some of it is also purchased by Bottlers who have developed brands.

Category wise distribution in supply chain (2005-6)

	Category	Numbers
1	Number of Cashew Zones	1532
2	Licensed stills	2656
3	Retailers	6589
4	Whole sellers	94
5	Bottlers	19

Source: Excise Department, Panaji, 2007

- Four major stake holders in the feni production and sale:

1) Distillers
2) Retaliers
3) Whole sellers
4) Botllers

Production & Tax contribution

Year	Production (million litres)		Excise from CL (in Rs million)	State Excise (in Rs Million)
	Cashew feni	IMFL (other than beer)		
1971	1.089	0.202	1.939	13.5
1986	0.986	1.617	9.461	68.953
1996	0.736	12.88	9.25	290.3
2004	0.875	18.99	10.73	550.0

Source: DPSE (various years)

- Registered Feni production declining
- Proportion of contribution to state exchequer declining
- IMFL out- growing Feni

Area Under Cashew plantation
(in hectares)

Year	Total Area Under Cashew (in Hectares)	Cashew as a proportion of Total Area Sown (%)	Number of still licenses
1986	46888	36	3037
1996	51360	31	3991
2000	53767	31	3217
2004	54858	32	3095

- Absolute area under cashew has increased but as a proportion stable
- Number of still licenses stable in the last two decades

Cashew Zone Bids, Stills & Retail licenses (2006)

No.	Talukas	Zone/Bids	Stills (2005-6)	Cashew Area (000 ha)
1	Canacona	90	110	3.2
2	Bardez	91	253	6.4
3	Bicholim	169	424	7.7
4	Mormugao	31	51	0.3
5	Pernem	140	140	8.3
6	Ponda	128	247	3.4
7	Quepem	79	129	2.4
8	Salcete	17	78	1.9
9	Sanguem	150	221	6.9
10	Tiswadi	76	150	4.1
11	Sattari	561	853	10.3
	Total	**1532**	**2656**	**55**

Source: Excise Department, Government of Goa, Panaji

The Process

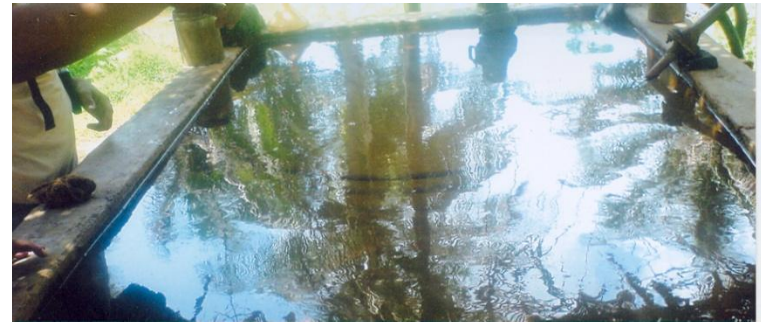
- Cashew apple nectar is fermented for 2-3 days and then heated (mainly with dry wood fire) in a cauldron called *Bhan*.
- The condensation is achieved either by running the steam through a coil or water-cooled pipe and collected in a *Lawni*

The process

The Bhan– where Juice is boiled

Cashew juice is boiled in *Bhan* (earliest ones of clay but now of copper) on low wooden fire.

The steam is then passed through a pipe or coil to condense. This is then collected in a *Lawni* – traditionally a clay pot nowadays a can.



Tank for cooling

Can: The receptor

Taluka-wise distribution 2006

No.	Talukas	Zone/Bids	Stills (2005-6)	Retailers of CL
1	Canacona	90	110	375
2	Bardez	91	253	24
3	Bicholim	169	424	282
4	Marmugao	31	51	445
5	Pernem	140	140	303
6	Ponda	128	247	580
7	Quepem	79	129	688
8	Salcete	17	78	77
9	Sanguem	150	221	1436
10	Tiswadi	76	150	806
11	Sattari	561	853	1573
	Total	**1532**	**2656**	**6589**

The Survey

- **Objective**:
  Create a baseline data readily accessible in the public domain on the structure of Goa's Feni industry.

- **Data Collection Strategy:**
  Primary survey using Questionnaires

- **Interviewee selection:**
  Stratified random sample

Survey details

	Categories	Registered with excise dept 2005-6	Sample size	Surveyed	Non-responses*	Not traceable **
1	Cashew Zones, Distillers	1532	460	429	11	20
2	Retailers	6589	66	59	6	1
3	Whole sellers	94	47	24	10	13
4	Bottlers	19	19	9	9	1
5	Total		592	521	36	35

*Includes those contacted and refused as well as those not available after three visits.

** This column includes those who were on sample list but were not traceable.

Survey notes

- **Survey Period**
  Early March 2007: Pretesting of the questionnaire
  Late March – October 2007: Main survey

- **Survey Area**
  All the 11 talukas of Goa

- **Questionnaire**

  Four separate questionnaires were used for surveying the four stakeholders – distillers, retailers, whole sellers, bottlers

Survey Findings

- Feni
  - Not a homogenous product
  - Differences in production technique, product quality, especially concentration
  - Lack of uniform product testing mechanism
  - Largely sold unbranded but some brands have emerged due to private initiative
  - Lack of awareness about GI initiative among many distillers

Survey findings

Educational Profile **(%)**

S. no.	Educational Attainment	Distiller (N=379)	Retailer (N=46)	Wholesale (N=15)	Bottlers (N=9)
1	Illiterate/Not reported	9	8.7	6.7	0
2	Class 4 or less	18.5	6.5	6.7	0
3	Class 8 or less	19.3	21.7	13.3	0
4	Class 10 or less	32.2	32.6	26.7	0
5	Class 12 or less	13.2	17.4	33.3	14.3
6	Graduate	7.7	10.9	13.3	85.7
7	Post Gragduate	0.3	2.2	0	0
9	Total	100.0	100.0	100.0	100

Family lineage— Business started by (%)

	Distillers (N=383)	**Retailers** (N=46)	**Whole sale** (N=16)
Self	54.3	65.2	81.2
Father	29.2	26.1	12.5
Grand father	12	6.5	6.3
Uncle	.3	0	0
Others	3.9	2.2	0
Total	100.0	100.0	100

Number of stills per distiller

Number of stills	Percent
1	72.9
2	19.1
3	3.6
4	1.3
5 or more	3.1
Total	100.0

N=388

- Most of the people involved in the Feni industry said they are first generation producers.
- Large majority claimed to have only one still

Type of Stills

Type	Percent
Traditional	19.9
Semi-traditional	77.5
Modern	2.6
Total	100.0

N=389

- Traditional: Lawni with earthen pots
- Semi traditional: Copper pots are involved along with barrel filled with water for condensation. Sometimes a coil used and a barrel (oil)is used for distillation.
- Modern: steel or copper stills but cooling is done by large water tanks of concrete or cement of permanent nature.

Supervision of work

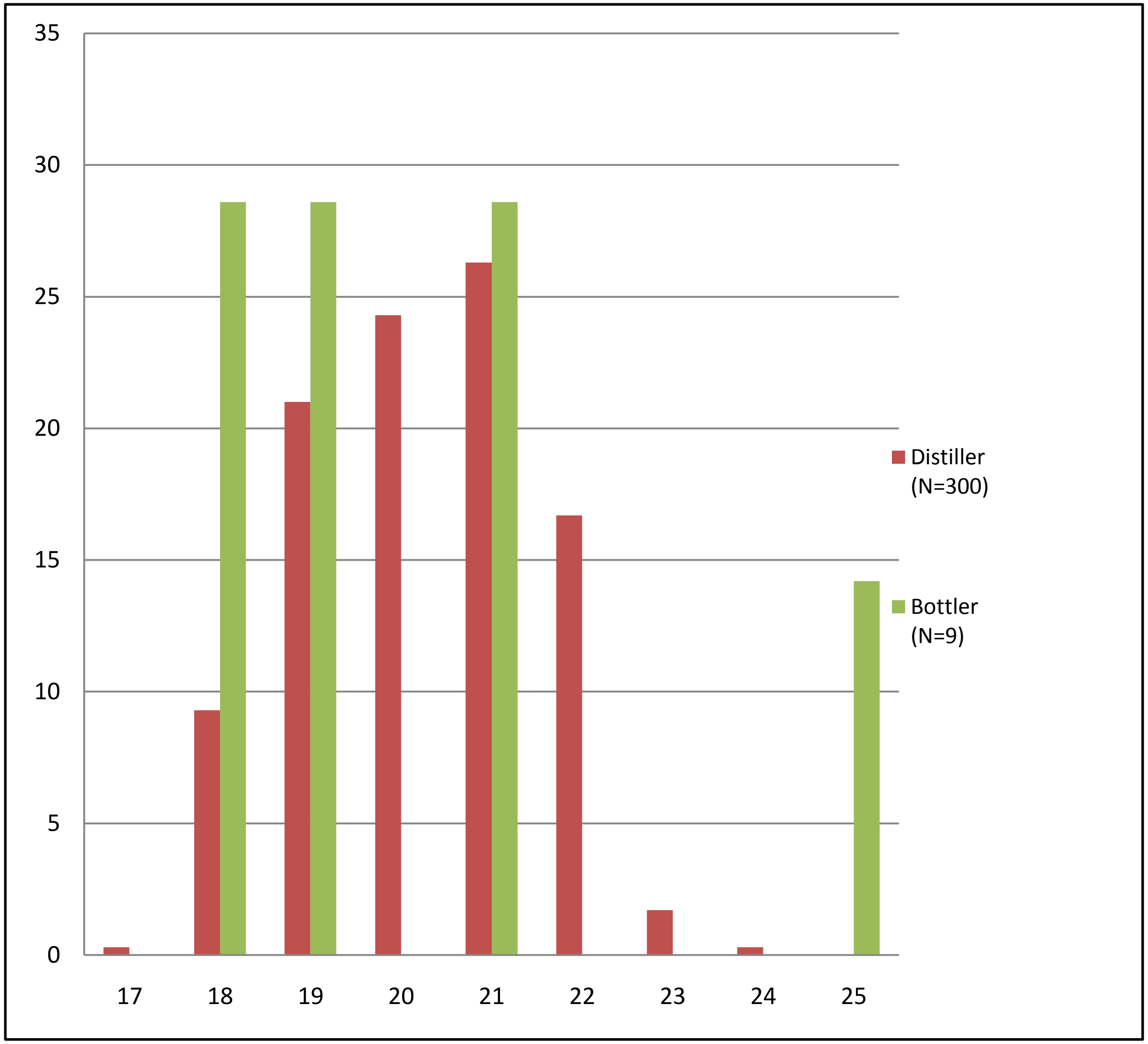
Supervision	Distillation (N=367)	Retail (N=58)	Whole seller (N=20)
Self	93.5	77.5	80
Family	5.7	8.7	0
Hired Manager	.8	13.8	20
Total	100	100	100

- Business is largely Self-supervised.
- Role of hired managers increases as we move up the supply chain ladder
- All the bottlers have registered companies -- privately held.
- 85% of them do not distill feni but bottle and brand it.
- The bottlers employ between 3-12 employees with 53% employing more than 5 or more persons.

Feni -- Alcoholic concentration

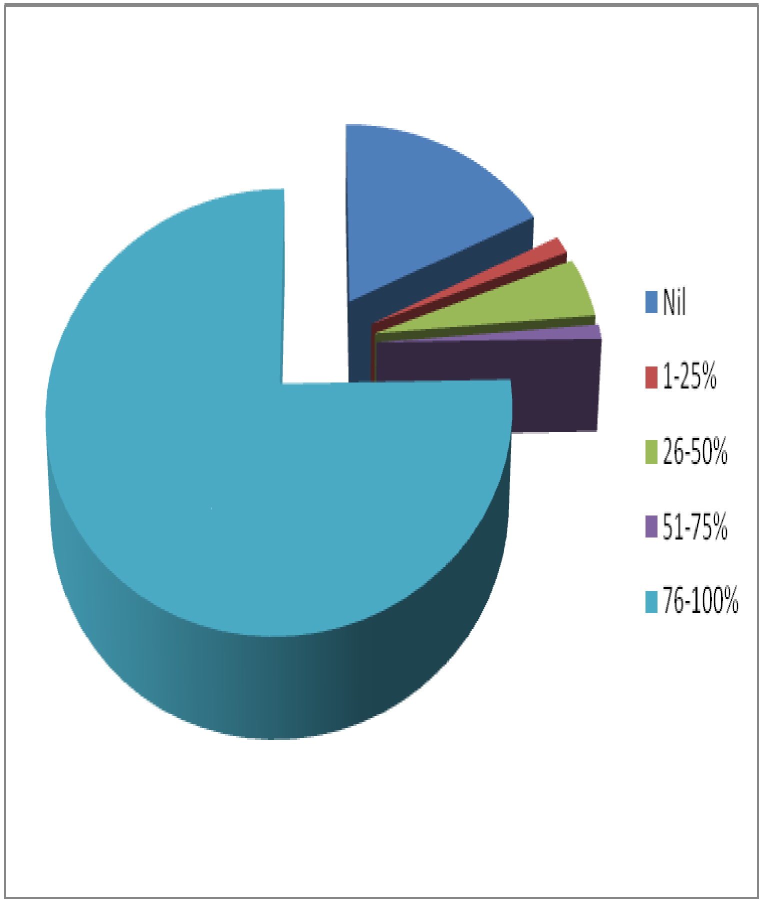
Non-homogenous product:

Alcoholic concentration of feni differs among distillers as well as bottlers



Sale of Feni

- Unbranded sales dominate the feni market
- Some bottlers reported that Urak is also being bottled now
- 75% of the distillers sell to bars directly while bottlers route their sales through whole sellers.



Prop. of Unbranded Feni for bar & restaurants (distillers N= 369)

Type of test for quality

	Distillers (N=370)	Retailers (N=45)	Whole seller (N=6)	Bottler (N=8)
Grao	88.9	2.2	100	85.7
Taste-based	5.9	73.3	0	14.3
Traditional*	4.6	20.0	0	0
Others	0.5	4.4	0	0
Total	100.0	100.0	100	100

* Pouring in glass and stirring to see if bubbles are formed.

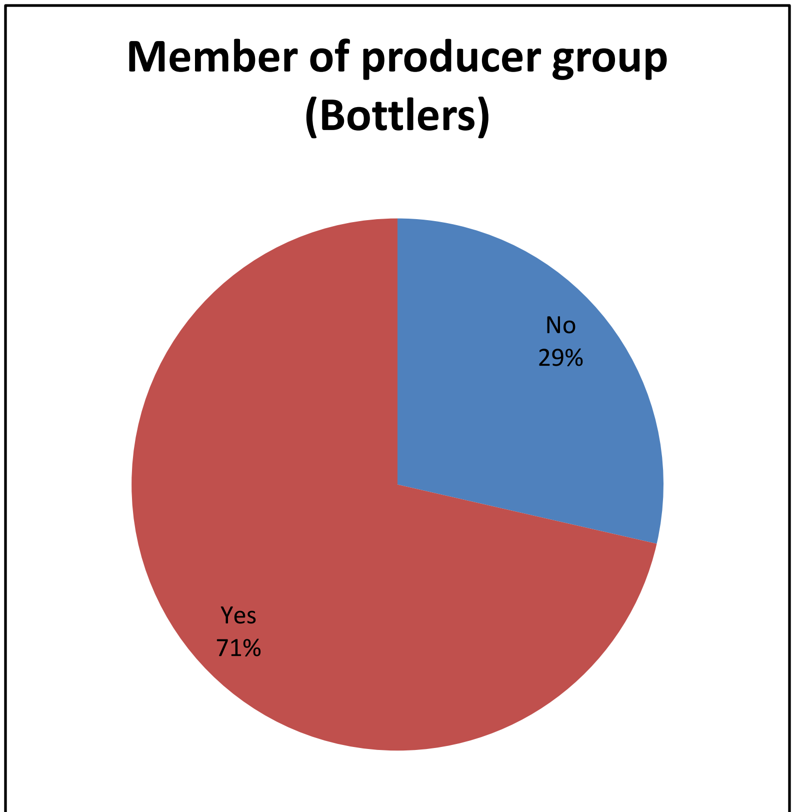
Informed about GI (%)

	Distiller (N=321)	Retailer (N=26)	Whole seller (N= 9)	Bottler (N=9)
No	98.5	96.1	100	14.3
Yes	1.5	3.9	0	85.7
Total	100.0	100.0	100	100

- Among the 4 stake holders studied, information about attempts to achieve GI protection and its consequences is largely with the bottlers alone.

- The bottlers were the only group that had a organised association

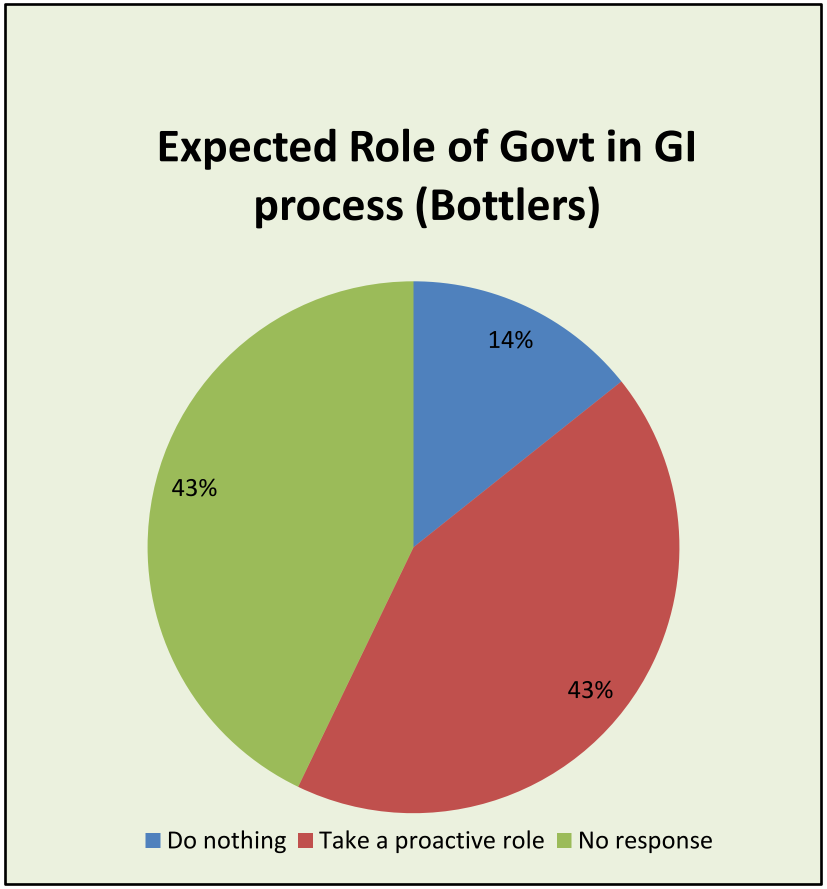
Producer Groups



- This is largely an unorganised industry. There was no group found among distillers, retailers or whole sellers.

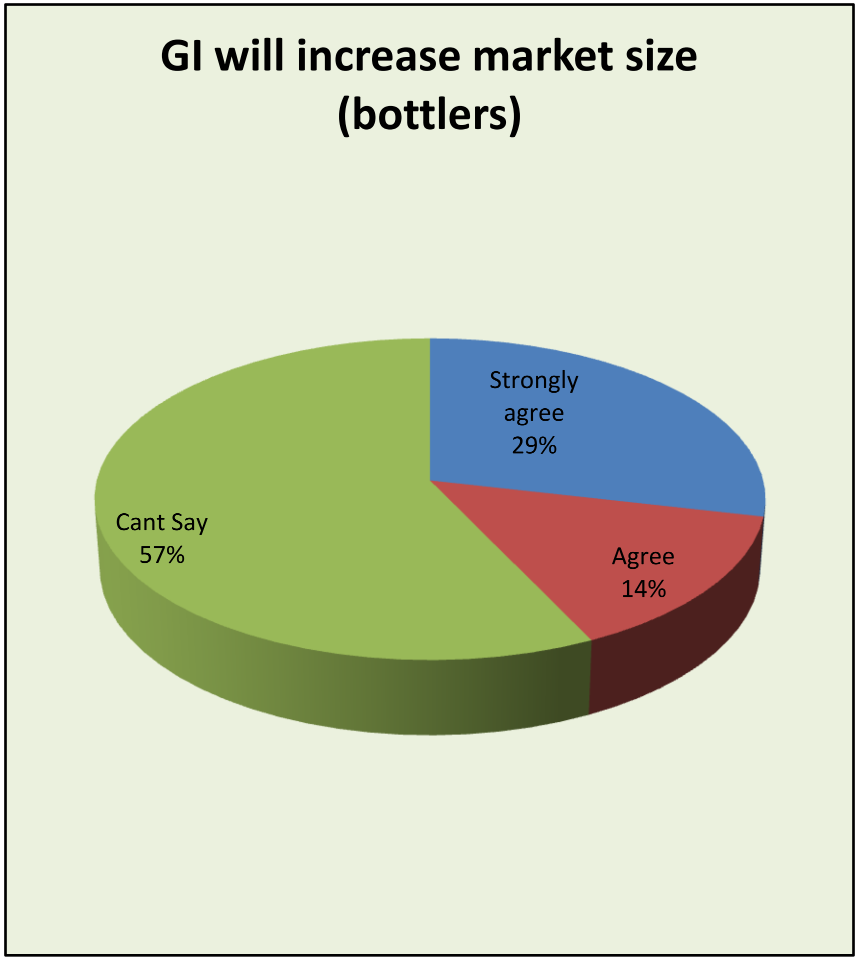
- Only the majority of bottlers claimed to be part of an association

Government role



- A majority of the bottlers wanted the government to play a pro-active role in the GI process

GI & expected market size



- Most bottlers were not sure if the GI would market size.
- However, a sizable number either “Agreed” to “Strongly agreed”.
- No one felt that market size would decrease.

Conclusion

- Feni is among the best know country liquor’s in India.
- Earlier considered a “poor man’s drink”.
- Now in demand with tourists and higher income consumers as an “identity” drink.
- Feni industry except for bottlers still unorganised.
- Feni as a product not homogenous in alchoholic concentration.
- Bulk of the production is semi-traditional

continued

- Most of the sales is unbranded feni and growth is split between the mining and tourism areas.
- Distillers largely unaware of GI process.
- Bottlers positive about GI process and prefer a pro-active role from government in the GI registry.
- Expect market to grow after GI.