

Baseline Survey of the Feni Industry

A Report

Localising Economic Control through clubs: Examining the Intellectual Property Protection of Feni in Goa, India”

Picture Courtesy: Santosh and Suryabhan Mourya



Report prepared by

Pranab Mukhopadhyay, PhD,

Santosh Mourya & Suryabhan Mourya

SHODH, Nagpur

Submitted to Principal Investigator of the project: **Dr. Dwijen Rangnekar, CSGR**

University of Warwick, UK

Sponsoring Agency

Economic & Social Research Council, UK

Grant reference: RES-.061-23-0119

Localising Economic Control through clubs:

Examining the Intellectual Property Protection of Feni in Goa, India

Report of Baseline Survey

Prepared by
Pranab Mukhopadhyay, PhD,
Santosh Maurya and Suryabhan Mourya
for
SHODH, Nagpur, India

Submitted to

Principal Investigator: Dr. Dwijen Rangnekar,
Centre for the Study of Globalisation &
Regionalisation
University of Warwick, Coventry
United Kingdom

Sponsoring Agency: Economic & Social Research Council, UK

Grant reference: RES-061-23-0119

Table of Contents

Acknowledgements	7
1 Preface	8
1.1 History	8
1.2 Structure of the Goan Economy:	8
1.2.1 Tourism & Feni	10
1.3 Cashew & Goa	11
1.4 Indian Cashew	12
1.5 The Cashew Apple	14
2 Feni.....	14
2.1 The Product and the Process	15
2.2 The state and Feni production.....	16
2.3 Feni Industry	19
2.4 Area under Cashew	20
3. The Survey	21
3.1 Objective.....	21
3.2 Sampling strategy.....	21
3.3 Survey Period & Area	22
3.5 Questionnaire	23
3.6 Survey outcome	23
4 Discussion of findings.....	23
4.1 Socio-Economic profile.....	24
4.1.1 Educational level	24
4.1.2 Other occupations	25
4.1.3 Years of operation	25
4.2 Production history.....	26
4.2.1 Feni a family tradition.....	26
4.2.2 Who in family started feni distillation	26
4.3 Production conditions	27
4.3.1 Number of stills	27

4.3.2 Still ownership.....	27
4.3.3 Type of still.....	28
4.3.4 Frequency of still change.....	28
4.3.5 Location of still (for distillation).....	28
4.3.6 Who supervises.....	29
4.4 The Product.....	29
4.4.1 Feni’s alcoholic concentration.....	29
4.4.2 Urak’s alcoholic concentration.....	30
4.4.3 Quantity.....	31
4.4.4 Price.....	31
4.4.5 Profitability: Urak or Feni.....	32
4.4.6 Time taken at plantation/hrs per day.....	33
4.5 Quality Issues.....	33
4.5.1 Importance of cashew and distillation in determining feni quality.....	33
4.5.2 Test for Quality.....	34
4.5.3 Quality comparison to others.....	34
4.6 Sales.....	35
4.6.1 Retail sale of Feni.....	35
4.6.2 Proportion of Unbranded feni sold.....	35
4.6.3 Brands.....	36
4.6.4 Consumers.....	36
4.7 Financing Structure.....	37
4.8 Member of Association.....	37
4.9 GI for Feni: Information & Role of Government.....	38
5 Conclusion.....	40
Reference.....	41

List of Figures

Figure 1: Annual Inflow of Tourists (In 10,000s)	11
Figure 2: Alcoholic concentration of Feni	30
Figure 3: Alcoholic concentration of Urak	30
Figure 4: Proportion of Feni Production for bar & restaurants (distillers N= 369)	32
Figure 5: Proportion of sale to tourists (by Retailers (N=59) & Whole sellers (N=22))	37
Figure 6: Information about GI	38
Figure 7: Expected Impact of GI on market Size (Bottlers N=7)	39
Figure 8: Role of Government (Bottlers N=8)	39
Annexure 2-Figure 8: The Feni Calendar	44

List of Pictures

Picture 1: A bottling unit	14
Picture 2: The <i>Bhan</i> for distillation	15
Picture 3: A modern crushing machine with cashew apples tied in a net at the bottom.....	19
Picture 4: The <i>grau</i> test for measuring alcohol concentration	21

List of Tables

Table 1: Gross State Domestic Product (by Industry of Origin at Factor Cost) in Current prices.....	9
Table 2: Tourist Arrivals in Goa (taluka-wise).....	9
Table 3: Major producers of Cashew (1961-2006) Tonnes.....	12
Table 4: Cashew Production in India (2004-5)	13
Table 5: Area under cashew nuts (000 Ha) 2005-06.....	13
Table 7: Production of Feni, IMFL and Beer and Excise revenue collections (all figures in million)	17
Table 8: Area Under Cashew plantation (in hectares).....	18
Table 9: Taluka-wise Cashew Zone Bidders, Stills and Retail licenses (2006).....	18
Table 10: Category-wise distribution of supply chain agents (2005-6)	19
Table 11: Category-wise distribution of supply chain agents	22
Table 12: Distribution of Cashew Zones & Distillers, size of sample chosen and outcome.....	23
Table 13: Highest Qualification (percentage).....	25
Table 14: Type of Work.....	25
Table 15: Years of operation	26
Table 16: Age of respondent	26
Table 17: Feni being a family tradition	26
Table 18: Family lineage— Business started by (percentage)	27
Table 19: Number of stills per distiller.....	27
Table 20: Ownership of stills	27

Table 21: Rental of Stills.....	28
Table 22: Type of Stills	28
Table 23: Frequency of Still change	28
Table 24: Still location.....	28
Table 25: Supervision of work	29
Table 26:Feni price change in last 5 years (percent)	31
Table 27:Profit ranking between Urak and feni	32
Table 28: Time taken at plantation -- hours per day	33
Table 29: Time taken for Other activities -- hours/per day	33
Table 30: Importance of different factors in determining feni Quality	33
Table 31: Type of test for quality.....	34
Table 32: Quality comparison	34
Table 33: Sale by distillers.....	35
Table 34: Financing sources of Distillers	37
Table 35: Producer Groups and Bottlers.....	38

Acknowledgements

We would like to thank the following for their help and cooperation at various stages of the work.

Mr A. Srivastava, Excise Commissioner, Govt. of Goa.

Mr P.S. Reddy, Excise Commissioner, Govt. of Goa.

Mr S . Parab, Assistant Commissioner of Excise, Govt. of Goa.

Santosh Maurya and Suryabhan Mourya did the bulk of the field work. We are also grateful to them for use of their photographs used in this report. Alex Philip helped with the interviews in Bardez taluka.

Lizette da Costa took responsibility for data entry.

All the different stake holders, who readily agreed to be interviewed, without whose help and cooperation this study would not have been possible. They are far too many to be named individually here so we hope that they accept our gratitude as a group.

In particular we would like to thank Mac Vaz and Gurudutt Bhakta, President and Secretary of the Goa Feni Distiller's Association, respectively, who have helped with their time and knowledge of the industry. They took a special interest in the study and made it possible for us to meet many people linked to the Feni industry.

Photo courtesy: Santosh Maurya and Suryabhan Mourya

1 Preface

Goa is a small state on the western coast of India (area 3702 square kilometers) with a population of 1.34 million (as per 2001 census). It has 0.14% of the nation's population but accounts for 0.4% of the nation's aggregate output. Goa enjoys the highest per capita income (per annum) among all states in India at Rs 70,112 (current prices in 2005-6) which is about three times larger than the national average.¹

Goa is divided in two administrative districts – North and South Goa and further divided into 11 sub-district administrative zones (called *talukas*) – Tiswadi, Pernem, Bardez, Sattari, Bicholim, Ponda (North Goa); Salcete, Quepem, Mormugao, Canacona, Sanguem, (South Goa).

1.1 History

Goa was a Portuguese colony from 1510 to 1961 when it joined the Indian union. The over four and a half centuries of colonization (much longer than the rest of the Indian mainland under the British) has given Goa a distinct socio-cultural collage [Couto 2005, de Souza 1994].² The Portuguese occupation of Goa happened in two phases – the old conquest areas and the new conquest areas. The three talukas of Tiswadi, Bardez and Salcete (coastal talukas) came under Portuguese colonial rule in the 16th century whereas the other talukas were occupied almost two centuries later (18th century) [Xavier 1993]. It is the talukas of the Old Conquest which have the bulk of tourist arrivals, infrastructure and associated economic development (see Table 2) [TERI 2000].

1.2 Structure of the Goan Economy:

Goa's economy is dominated by the services sector even though the industrial sector too has started becoming fairly important both in terms of employment generation and share in aggregate state output (See Table 1).

There are two main engines of growth in the Goan economy – the mining sector and the tourism sector. Though their relative size seems small from Table 1 below but there are a number of related components in the Secondary and Tertiary sector that are directly related to the health of these two sub-sectors, e.g., Construction, Transport, Storage and Communication, Real Estate, Banking and Insurance, etc. These two industries operate in geographically non-overlapping

¹ Table 1.1 & 1.8 (page S-3 and 12 respectively) of GoI (2007)

² This is reflected in cultural practices, the traditional architecture, and cuisine as the most visible forms of differentiation (see Newman 1999, 2001, Pandit & Mascarenhas 1999).

zones. Note that the mining talukas of Sanguem, Bicholim, Sattari and Quepem attract very few tourists (see Table 2).

Table 1: Gross State Domestic Product (by Industry of Origin at Factor Cost) in Current prices

	1995-96	2003-04
Primary Sector	18	11
(in which Mining)	6	4
Secondary Sector	27	38
Tertiary Sector	55	50
(in which Trade Hotel, Restaurant)	14	12
GSDP	100	100

Source: GoG (2007)

Table 2: Tourist Arrivals in Goa (taluka-wise)

	Taluka	2005-6	2005-6	2005-6
		<i>Domestic</i>	<i>Foreign</i>	<i>Total (Domestic & Foreign)</i>
1	Goa	1,974,780	342,075	2,316,855
2	North Goa	1,207,668	200,920	1,408,588
3	Tiswadi	555224	73046	628270
4	Bardez	518999	121737	640736
5	Pernem	18539	5063	23602
6	Bicholim	15748	152	15900
7	Sattari	0	0	0
8	Ponda	99158	922	100080
9	South Goa	767,112	141,155	1,974,780
10	Sanguem	7553	339	7892
11	Canacona	15184	9160	24344
12	Quepem	0	0	0
13	Salcete	524395	113192	637587
14	Mormugao	219980	18464	238444

Source: GoG (Various Years)

It becomes important to relate these two sectors in the study of feni because they both contribute to the growth in demand for feni in two different ways. The mining sector workers probably find this a cheap alcoholic drink. It is not a big surprise that the talukas which are most closely associated with mining – Sanguem, Bicholim, Sattari and Quepem are also the talukas that have the highest number of cashew zones, licensed stills and retails outlets for liquor (see Annexure 1 Figure 9 for geographical distribution of talukas).

The growth in demand from the tourism segment, on the other hand, has presumably come from a different end of the consumer chain. Media stories and travelogues have waxed eloquent about

the unique feni experience that Goa provides in addition to the beaches. This helps feni manufacturers compete with other established and widely known liquors on the restaurant menus in tourism areas. This is one of the segments of the alcohol market that the branded feni manufacturers have targeted. It also provides hope for bottlers to find an export market and compete with beverages like Tequila or Grappa in the long run. It is this incentive that probably is linked to the search for GI protection for the traditional drink of Goa – Feni.

1.2.1 Tourism & Feni

Goa's tourism is often characterised as “beach tourism”, and gives the impression of being a languid interface between the east and the west [Sawkar *et al* 1998, Sreekumar *et al* 1995, Wilson 1997]. It is this socio-cultural image that has seen the state achieving a very high tourist visibility especially internationally. Starting with a trickle of back packers in the 70s, the following decades saw a rapid increase (see Figure 1).

In the early phase of tourism in Goa it was the “back packing” tourist who put Goa on the world tourist map. In the millennium year-end celebrations, Goa featured on some travel lists as one of the top ten international destinations. The arrival figures suggest that international tourism is only a small segment of the total tourist arrivals in Goa. But this is not a clear picture of the relative impacts of domestic and international tourism in Goa as the average period of stay of foreign tourists is longer than of domestic tourists.

The 1990s saw the launch of the Konkan railway and it was not surprising that with cheaper and easier ways to get to Goa (domestically), there has been a big jump in the tourists inflow. This, of course, must not hide the fact that there has also been a similar jump in arrivals of foreign tourists (mainly Europeans) again due to cheaper air travel made possible by air charter companies.

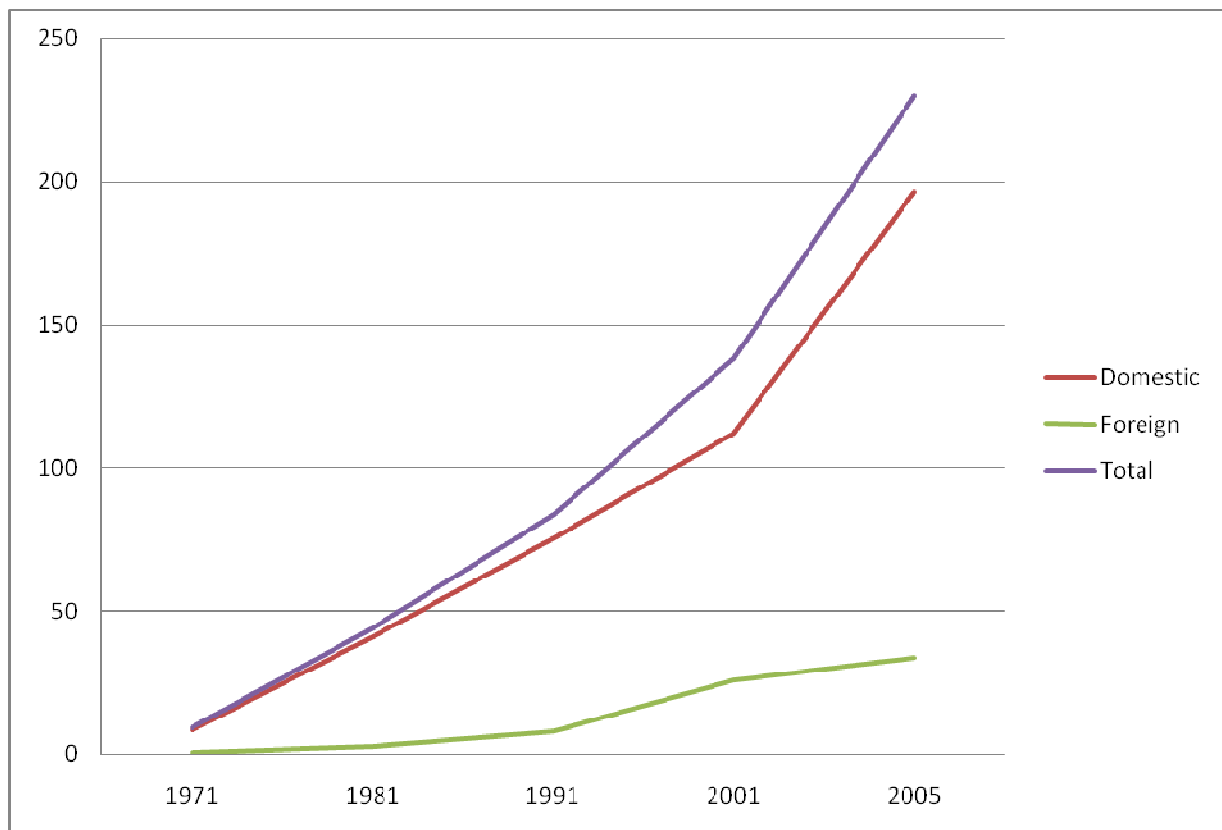
The reason we digressed a bit to talk about tourism is because we believe the modern story of Feni (especially branded) is closely linked to the growth in tourist arrivals – both domestic and international. The increase in tourist traffic in search of an authentic Goan holiday brings feni into the picture. The increasing “visibility” of Feni is largely due to travelers tales whose visions of Goa are inter-twined with fish curry, rice and feni or as some others would have it – fish, feni and football (Menezes 2005). It is on the bar menu of every restaurant from the luxury category to the beach shacks which are scattered on the coast of Goa.

This is in contrast to local peer respondent recall that Feni was not historically sought after by the local ‘elite’ who considered this a poor man’s drink. It would not be served on social occasions as it was considered a low quality alcohol due to its strong odour. However, if one looks at the geographical pattern of sale, there does seem to be a fair amount of demand being

generated (presumably) from workers in the mining sector reflected by the high number of retail licenses in these talukas as discussed earlier.

So the current media attention and demand for Feni in coastal areas is possibly a consequence of its acceptance by tourists. It is also a growing realization that there exists a market for feni internationally – probably from expatriate Goans living abroad. The need for branding probably arises since (a) tourists, in the absence of local information about the unbranded segment may rely on labels as an indicator of product standardization, and (b) unlabelled feni cannot be sold abroad. Press reports seem to indicate that there is an emerging international market for feni even though this is small currently (see Anon (2007), Roy (2003), Prabhudessai (2002), Kamat (2002)) necessitating branding of the product.

Figure 1: Annual Inflow of Tourists (In 10,000s)



Date Source: GoG (various years), and Sawkar *et al* (1997) for 1980-1985 data.

1.3 Cashew & Goa

During the colonial period Goa was an important trading post for the Portuguese who are said to have introduced the cashew plant from Brazil in the 16th century (Mathew, 2004). The hill slopes

in the Konkan region which were semi-arid were found to be conducive for undertaking cashew plantations and initially were used more for soil protection.

Africa was the largest producer of cashew till the 70s – accounting for about 68 percent of total world output. Mozambique and Tanzania were the dominant players in the market. In the last three decades however there has been a transformation in the global production scenario with Asia overtaking Africa over the last three decades. India till recently led the world production figures (Ali & Judge 2004). However the current (2006) production data available from FAO indicate that Vietnam and Nigeria have outstripped India and Brazil in cashew production.

Table 3: Major producers of Cashew (1961-2006) Tonnes

Year	World	Brazil	India	Mozambique	Nigeria	Philippines	Tanzania	Viet Nam
1961	287535	9670	85000	107000	7000	7500	50000	700
1971	558846	28602	127223	202000	25000	5014	126409	3500
1981	494167	74000	185250	71100	25000	3786	64000	6500
1991	908250	185965	294590	31134	45000	3686	29850	160000
2001	1903915	124073	450000	58000	485000	7000	98600	292800
2006	3103450	236140	573000	68328	636000	113071	90400	941600

Source FAO (2007)

1.4 Indian Cashew

In India, cashew is largely grown in the coastal regions – Kerala, Karnataka, Goa, Maharashtra, Andhra Pradesh, Orissa and Tamil Nadu (see Table 4 below). As per 2004-2005 production figures Maharashtra had emerged as the dominant player in the market contributing almost one third of the national production but accounting for only one fifth of the land area under cashew cultivation therefore showing a higher efficiency in production – nearly one and half times the national average productivity. India exports cashew nuts as well as cashew nut shell liquid. In 2005, India exported 0.58 million thousand dollars worth of shelled cashew nuts. There is a push to increase the export of feni too since 1999 by individual bottlers. The feni export is being driven by individual bottlers who are attempting to meet demand from expatriate Goan residents demand (Anon, 2007, Kamat 2002).

The ISO 6477 was introduced in 1988 to standardise cashew nut quality in the international markets. Incidentally, cashew is the only major plantation crop that is not regulated by an autonomous board like tea, coffee, cardamom and rubber. Cashew is one of the most neglected

plantation crops in India despite its status as a major source of foreign exchange (Ali & Judge 2004).³ Goa accounts for 7.8% of the area under cashew plantation (of the national total) but

Table 4: Cashew Production in India (2004-5)

STATE	Area in '000 hectares	Production in '000 Million Tonnes	Average Productivity in Kilogramme per hectare
Andhra Pradesh	150	88	840
Goa	55	26	660
Orissa	126	74	810
Kerala	102	64	900
Karnataka	95	43	680
Maharashtra	160	174	1200
Tamil Nadu	105	53	610
West Bengal	9	8	800
Others	18	14	800
T O T A L	820	544	810

Source: <http://dacnet.nic.in/cashewcocoa/stat1.htm>

only 4.3% of the cashew nut crop indicating scope for substantial increases in productivity (Rao 1998). In Goa, Sattari taluka has the largest area (in 2005-06) under cashew plantation and North Goa accounts for about 75% or more of the cashew plantation in the state (see [Table 5](#)).

Table 5: Area under cashew nuts (000 Ha) 2005-06

Tiswadi	4.054
Bardez	6.428
Pernem	8.264
Bicholim	7.738
Sattari	10.255
Ponda	3.370
North Goa	40.109
Sanguem	6.955
Canacona	3.241
Quepem	2.448
Salcete	1.915
Mormugao	0.353
South Goa	14.912
Total	55.021

Source: Excise Department, Government of Goa, Panaji, 2007

³ Cashew was the 2nd most important item among all the Agri-Horticultural export commodities from India selling 97,550 MT of cashew kernels valued at Rs.1,776.80 crores during the year 2001-2002. (Source: <http://dacnet.nic.in/cashewcocoa/stat1.htm>)

1.5 The Cashew Apple

The nut is a very high valued product, and therefore little attention is paid to the apple itself. However, it has many nutrient properties – especially as a source of Vitamin C (it is supposed to have 5 times more Vitamin C than oranges !) (Ali & Judge 2004). In West Africa & Brazil, it is used to make fresh juice, jams as well as wine. In Goa however, it is only used to make feni and related alcoholic beverages at present.

2 Feni

The word Feni originates from the Konkani word for froth – *fen*. When shaken, feni gets a froth on top giving the alcoholic beverage its name. The name Feni is refers to the distilled cashew apple extract. Typically, the areas where there were no cashew plantations, a toddy extract from coconut trees called *Maad* was prepared (mainly in parts of South Goa). The two products are distinct in taste and odour though they share the same basic distillation process. They do not overlap either in production or consumption. This study looks at the Cashew feni industry.⁴



Picture 1: A bottling unit

About 0.88 million bottled litres (BL) of Cashew Feni were brewed in 2004-5 (GoG Various years). A substantial amount of the production is sold unlabeled in jerry cans of 15 litres (BL) (traditionally called a “kouso”) directly by the distillers. At times, intermediaries are involved in transporting the feni from the producer to local



bars and home consumers. Thus, the industry is largely home-based and recent years has seen many new labels emerging (Roy 2003). This is a labour-intensive industry and a large number of people are involved, with many working seasonally as cashew-nut grove workers (Mandal et al., 1985).

⁴ Interestingly, some of the government documents refer to the cashew extract as “Cashew Liquor” whereas the toddy extract (*Maad*) is called “Coconut Fenni” (see GoG Various Years). Some other government documents refer to the two as Caju liquor and Toddy liquor (see GoG’s “Goa at a Glance”). And then there is a generic term which is used for both toddy and Caju called “country spirit or liquor”.

2.1 The Product and the Process

The Cashew fruit (apple) is plucked when ripe and then crushed to extract the juice (see the Production cycle chart “Annexure 2-Figure 10”). This is then fermented and distilled to produce either the Urak (first distillate) or Feni (traditionally the third distillate). A second distillate – Cazulo is no longer being produced.⁵

Traditionally feni manufacturing process involves the following steps – collection of ripe apples and crushing them to extract juice. Like wine-making in the West, the apples of cashew were also crushed by human feet in a stone depression called *kolmbi*. The pulp that remained is then tied together in a *Nudi* (earlier with creepers, now with ropes) and kept under a heavy stone to extract the remaining juice.⁶ It is estimated that about 3.5 kgs of apples in this process gives about 1 litre of juice. Those who have moved to a more modern pulp squeezing system are able to extract juice more efficiently almost twice that of the traditional method (Mandal et al 1985).⁷ These manufacturers use mechanical crushers/squeezers instead of traditional *kolmbi* method.



Picture 2: The *Bhan* for distillation

The juice is then fermented for two to three days before being distilled. About 130 litres of juice (*Ros*) is poured into a raised cauldron (*Bhan*, earlier made of clay now largely copper) with a pot (*lawni*, traditionally made of clay) being used as a condenser and the two are connected by a pipe. The cauldron is heated (preferably on a low fire) using wood – typically old dry branches, to evaporate the juice and then condense the same at the other end in the pot connected by a pipe.

⁵ According to Cecil Pinto a noted columnist “Urrack is remixed with fresh neera in the proportion one is to eight and distilled to get an alcohol known as Cazulo. This Cazulo is mixed with fresh neera and redistilled to get Caju Feni. But realistically speaking very few distillers go for the third distillation and so what we consume as Caju Feni is actually Cazulo.” (Quoted from Pinto 2006)

⁶ The last juice extract from the crushed cashew. It is supposed sweet as nectar – *neer* in Hindi.

⁷ The crushing is increasingly being done by mechanical instruments now.

About 24 to 26 bottled litres (BL) of liquid is obtained at the end of the distillation process. This is called the *Todap* – the first distillate, also sold as Urak. This is meant to have a concentration of 16% grau approximately but varies (see survey discussion below).⁸

In the second round of distillation another 130 liters of fermented juice is mixed with 25 litres of the first distillate (the *todap*) and distilled. This on condensation gives 23 to 25 litres of Feni of 19% grau. This is the double distilled Feni. In effect about 440 kgs of apples when crushed at the efficiency level of 60% juice extraction provides 23-25 litres of BL feni.⁹

These numbers differ from area to area and are dependent on the crushing method and the type of cashew apple being used. Mandal et al 1985, e.g., record that production of one litre of feni requires 30 kg of cashew apples (as different from 22 stated above by some distillers' personal communication).

2.2 The state and Feni production

The Feni industry is an important source of revenue to the excise department and contributes to the Revenue receipts of the state¹⁰ However, the production of beer, IMFL (Indian-made foreign liquor), seems to be upstaging the tax contribution of feni (see Table 6).¹¹ There are many reasons for this change in alcohol production profile in the state. This may partly have to do with consumer tastes and preferences, excise policies, and production techniques.

The production of feni has hit an upper bound as there has not been a significant increase in either the area under cashew plantations nor the productivity of the existing plantations. As we have seen earlier, the cashew productivity in Goa is much below other states in India. The agricultural department in order to increase the productivity of cashew kernels has introduced new varieties, like the Vengurla varieties, which however are geared towards increasing the

⁸ The *grau* is density measuring instrument that provides level of alcohol concentration (see Picture 4).

⁹ I am grateful to Mr Bhakta for sharing this information.

¹⁰ As per the excise department's report, the following activities are licensed under the feni liquor trade:

Cashew

1. extract cashew juice (Rule 70)
2. select licenses to manufacture cashew liquor (Rule 71)
3. to manufacture cashew liquor (Rule 73).
4. to set up modern distilleries to manufacture cashew liquor on scientific method (notification No.Fin (Rev/LAG/704/68(A) dated 5-4-1972).

¹¹ Feni falls under the classification of being a Country Liquor. By virtue of this tag, it cannot legally be sold in any other part of the country – that is excise laws of the country forbid the inter-state trade in country liquors. IMFL – Indian made foreign liquors (the Indian bottled or manufactured whisky, Rum, Vodka etc.) and beer on the other hand can be produced in one state and sold in another. This gives the “non-Country liquors” an edge in terms of reach of market at least in the Indian context.

kernel output. This is at the cost of the cashew apple size which is critical for sustaining feni production. The logic behind this is not hard to guess since the nut has a very high commercial value. The apples, however, are less juicy on these new trees and according to some of our respondents the taste too is different from the traditional varieties. Given the boundedness on both these counts (area & productivity), total feni production could not have increased. Cashew apple is not normally transported across state borders.¹² Therefore, feni manufacturers have to contend with supply of cashew apples from the state.

There are two ways that this supply barrier could be eased. One, allow import of cashew apple or cashew juice from other states like neighbouring Karnataka, Maharashtra, or Kerala. Second, upgrade productivity of plantations and juice extraction devices (a more expensive but desirable proposition for the long run). Modern crushers which are able to extract a greater amount of juice from the pulp are a positive technological change in this direction.

Table 6: Production of Feni, IMFL and Beer and Excise revenue collections (all figures in million)

Year	Production of cashew liquor (litres)	Production of IMFL other than beer (litres)	Production of Beer (litres)	Excise from Country Liquor (Rs)	State Excise (Rs)	Total Tax revenue (Rs)
1971	1.089	0.202	1.962	1.939	13.5	48.2
1986	0.986	1.617	10.34	9.461	68.953	605.91
1996	0.736	12.88	23.759	9.25	290.3	3245.091
2000	0.484	14.351	21.301	5.995	390.0	5382.33
2004	0.875	18.99	22.8	10.73	550.0	7657.3

Source: GoG (Various years)

The excise department grants licenses for extraction of cashew juice (by bidding and tendering), grants licenses for manufacture cashew liquor by erecting stills and also to set up modern distilleries to manufacture cashew liquor using modern methods. The Annual calendar of Feni production is provided for illustrative purposes (see Annexure 2-Figure 10)

¹² There were however some respondents who said that they receive cashew apple supplies from Maharashtra's bordering areas but these numbers were very few.

Year	Total Area Under Cashew nut (in Hectares)	Total area sown under crops (in hectares)	Cashew as a proportion of Total Area Sown (%)	Number of licenses issued for stills
1986	46888	130575	36	3037
1996	51360	165506	31	3991
2000	53767	171356	31	3217
2004	54858	169200	32	3095

Source: GoG (various years)

In 2006, there were 1532 successful bids for cashew zones in Goa for which license was granted by the State Excise department for extraction of cashew juice. Sattari accounted for nearly a third of cashew zones (see Annexure 1 Figure 9 for the Administrative distribution of the state). Once a bidder is successful in obtaining rights of juice extraction, he or she has to obtain licenses for distilling it to produce cashew liquor (see Table 8 below). This does not involve a bid but a purchase of license from the local excise office. Typically, a bidder would obtain licences for 1-3 stills depending on the spread of the cashew zone. He could either operate these stills himself or give it out to others. A third party may also obtain a license but s/he would do so only if there was a guarantee of cooperation from the cashew zone bidder. Sometimes more than one still licenses are obtained for one cashew zone if the plantation covers a large area. It is easier to crush and distill in locations closer to the point of cashew apple collection rather than pool all the produce in one place otherwise it would involve walking over large distances in summer in hilly terrain.

Each zone is delineated according to traditional cashew orchard ownership and geographical location. Sattari taluka accounts for the largest cashew production with about a third of the total number of zones and Stills in the state located there. However, Salcete tops the list of cashew retail licenses and Bardez is a distant second.

Table 8: Taluka-wise Cashew Zone Bidders, Stills and Retail licenses (2006)

No.	Talukas	Zone/Bids	Stills (2005-6)	Retailers of CL
1	Canacona	90	110	375
2	Bardez	91	253	1700
3	Bicholim	169	424	325
4	Marmugao	31	51	577
5	Pernem	140	140	303
6	Ponda	128	247	693

7	Quepem	79	129	437
8	Salcete	17	78	3200
9	Sanguem	150	221	300
10	Tiswadi	76	150	999
11	Sattari	561	853	191
	Total	1532	2656	9145

Source: Excise Department, Government of Goa, Panaji, 2007

2.3 Feni Industry

The stake holders in the industry can be grouped under four broad heads—the distillers, the retailers, whole-sellers and the bottlers. Table 9 below provides the number of each category who were reported to be involved the feni business in 2005-6.

Table 9: Category-wise distribution of supply chain agents (2005-6)

	Category	Numbers
1	Number of Cashew Zones	1532
2	Licensed stills	2656
3	Retailers	9145
4	Whole sellers	94
5	Bottlers	19

Source: Excise Department, Government of Goa, Panaji, 2007

Feni production is done by distillers of varying sizes of operation. Typically, the feni distiller would sell to whole sellers, bottlers as well as retail outlets including small restaurants and *tavernas* (local bar). Some of them even own a *taverna* or restaurant where they sell to customers in unsealed and unlabelled bottles.

Local Goan consumers do not normally buy bottled and branded feni but source their supply from distillers whom they have been associated with traditionally probably generationally, very often from their own neighbourhood. They also typically buy bulk quantities – some procure their annual supply soon after the distillation has taken place, and some buy it in phases in case stocking is not possible at residences.

Bottlers, most of whom have relatively new brands, have capitalized on demands for feni from two market segments (a)



Picture 3: A modern crushing machine with cashew apples tied in a net at the bottom

expatriate Goans (living elsewhere in India) or abroad, and (b) non-traditional Feni drinkers – tourists who travel to Goa and drink as well as carry back “something local” in memory of their visit to the state. This category of consumers finds a sealed branded bottle to be more a “reliable” product. We have discussed this elsewhere in the report.

2.4 Area under Cashew

The area under cashew plantation has increased marginally in the last two decades but as a proportion of total area sown in the state it has declined. In the last decade or so there has been stagnancy in the area as well as the proportion mentioned above (see Table 7).

3. The Survey

3.1 Objective

The idea of this survey was to create a baseline data readily accessible in the public domain on the structure of Goa's Feni industry. When we began thinking about this study, we were unable to find much base-line data on the Feni industry. The excise department and the Directorate of Planning, Statistics and Evaluation maintain time series data on some variables which provided basic insight into the industry. In addition, there are some very knowledgeable people on the subject in Goa who provided information which was very helpful in planning this study.

Just to get an idea of the number of people reliant on their livelihoods on this industry, we can use secondary data on the number of licenses issued in 2005 for this trade – 1532 cashew zones, 6589 retailers, 94 whole sellers, and 19 bottlers, 2656 licensed stills suggests that a fairly large number of people dependent on this industry. If on average at least 10 persons at each unit-level (except the zones) are involved, a conservative estimate would suggest that about 100,000 persons are dependent partly or wholly for their livelihood on the feni industry. At a juncture when a GI application is in process, base line data would be invaluable not only for understanding the current state of affairs but also be useful for comparative exercises in future.

3.2 Sampling strategy

Distillers and Retailers: A stratified random sampling technique was used for this primary survey.

Whole sellers: A simple random sampling strategy was adopted for sample selection.

Bottlers: Survey of all agents



Picture 4: The *grau* test for measuring alcohol concentration

Interviewees were picked from the sampling frame prepared after getting the complete list of all agents involved in the trade as categorized into distillers, retailers, whole-sellers, and bottlers, from the Excise department.

Given the large number of distillers and retailers involved, we used a two-stage stratified random sampling strategy to pick our sample of 460 bidders (about 30% of the total number of bidders) and 66 retailers (about 1% of the total number of retailers). There were numerous reasons why we picked different proportions of stakeholders, i.e. distillers, retailers, whole-sellers and bottlers for our sample: (a) The most important agents in terms of output are the distillers, so we wanted a large representation of them in the study sample. Also they do not produce any other alcoholic beverage and therefore feni is the only reason for involvement in the alcohol industry. The bottlers were the smallest in number and from our primary information were also solely involved in the feni business. This prompted us to choose all bottlers for our sample study. We attempted to select a large proportion of whole-sellers as they were smaller in actual number. The retailers were the largest in number among all four categories who were linked to the feni trade but they were also involved in selling of other products – say IMFL, beer and other beverages. So we chose a smaller proportion of retailers. The whole sellers and retailers represent the tail end of the feni supply chain (see Table 10).

Table 10: Category-wise distribution of supply chain agents

		Registered with excise dept 2005-6	Sample chosen for current study (Sample size)	Numbers of questionnaire responses	Number of Non-responses*	Number of interviewees who were not traceable**
1	Cashew Zones, Distillers	1532	460	429	11	20
2	Retailers	9145	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

Column Two, Source: Excise Department, Government of Goa, Panaji, 2007.

*(This column includes those contacted and refused as well as those who were not available after three visits)

** This column includes those who were on sample list but were not traceable – either away from home or addresses were not found. Some had even left the business and therefore not interviewed.

3.3 Survey Period & Area

The survey began in March 2007 and finished in early October 2007. The survey covered all the 11 talukas of Goa and the numbers interviewed in each taluka depended on the concentration of producers and retailers.

3.5 Questionnaire

Four separate questionnaires were used for surveying the four different stakeholders. The questionnaires were designed to elicit information on socio-economic background and their degree of involvement with the feni industry, understand backward and forward linkages. They are attached as an appendix at the end of this report.

3.6 Survey outcome

We will briefly present here the outcome in meeting respondents from our sample. Of the targeted 460 distillers, 429 interviewees provided information. In this baseline report we will discuss some of the responses for which adequate number of responses were received. Reasons for non-completion of the targeted number (460) are – a) inability to meet the interviewee in three attempts, (b) interviewees unwilling to be interviewed, or c) inability to locate interviewee. In the case of Whole sellers and the non-response rate was much higher than in the other categories (See Table 10 and Table 11).

Table 11: Distribution of Cashew Zones & Distillers, size of sample chosen and outcome

Distillers	North Goa district						South Goa District					Total
	Tiswadi	Salcete	Sattari	Bardez	Sanguem	Canacona	Ponda	Bicholim	Marmugao	Quepem	Pernem	
Total	76	17	561	91	150	90	128	169	31	79	140	1532
Sample	23	5	168	27	45	27	38	51	10	24	42	460
Completed	23	5	156	24	45	27	38	47	9	23	32	429
No response	0	0	4	3				2	1	1		11
Not traceable			8					2			10	20

4 Discussion of findings

In this section we will present the findings of the survey. Information was collected on social, demographic and economic aspects of the stake holders. We attempt to profile each category of stake holder so as to get a picture of each player in the industry. We give a brief description of the major findings before going into the details.

The bulk of the distillers have educational attainment of 10 years (of schooling or less). Whole-sellers and bottlers showed a higher education profile. Since feni is produced only over a few months in a year, most distillers have other occupations that they pursue for the rest of the year.

About half the distillers also claimed that they had been in operation for less than 11 years. Most agents claimed that the business was started by them. The respondents were almost equally split in claiming that this was a traditional family business. The stills are almost entirely self owned (in the sense that there is no rental market) and the production technique is predominantly semi-traditional. The role of hired hands in the feni distillation is low. Few of the bottlers use their own distillate to produce brands while the rest procure from smaller distillers.

Urak and Feni do not seem to be homogenous products as there is a fair degree of variation in the alcoholic concentration. There is some price differentiation at the distiller level but none at the retailers and whole-seller level.

Distillers sold the bulk of their produce to bars directly. Retailers too sold the bulk of their stock through restaurants and that too self owned restaurants. Branded sale was a very small proportion of the unbranded segment of the market. This implies that feni's largest point of sale is the restaurant. This is not surprising since the branded bottled segment seems to be a much smaller proportion of the total feni sales. The grau and taste based methods were the most popular testing mechanisms. This is largely a self financed industry and also unorganized except for the bottlers.

On the question of GIs, except for the bottlers, the overwhelming majority of the respondents had no information about GIs or that there was an effort on to get GI protection for Feni.

We now go on to discuss details of the findings starting with the socio-economic profile in the next sub section.

4.1 Socio-Economic profile

The effort here was to get an idea of what each agent's socio-economic profile looked like. Here we present findings on age, education, occupation and years of operation.

4.1.1 Educational level

Most of the distillers interviewed had not gone beyond school (12 years of schooling). In fact, 79% had not studied beyond class 10. Only about 8% held a graduate degree or more. The retailers showed better educational attainment – 13% had graduate degrees or more. Whole sellers had lesser number of persons in the below class 8 category but showed greater number of persona in the Under Class 12 category. Almost 60% of the whole sellers had between 10-12 years schooling. The bottlers however showed the highest level of educational attainment. 86% of them had completed graduation while the rest had finished 12 years of schooling.

Table 12: Highest Qualification (percentage)

S. no.	Educational Attainment	Distiller (N=379)	Retailer (N=46)	Wholesale (N=15)	Bottlers (N=8)
1	Illiterate	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	PG	0.3	2.2	0	0
9	Total	100.0	100.0	100.0	100

4.1.2 Other occupations

Distillers:

For many distillers this is not a full time activity essentially because like the any agricultural season once the distillation ends at the end of summer their work gets over. Only 3.5% of the distillers claimed that this was a full time job for them for the whole year. The types of work that most distillers are also involved in are as below -- the majority of the distillers being involved in agriculture.

Table 13: Type of Work

Type of work	Percent
Agriculture	65.3
Private service	6.5
Government Service	3.7
Industrial work	0.3
Others	24.2
Total	100.0

N=323

4.1.3 Years of operation

Three-fourths of the current distillers interviewed have been in operation for less than twenty five years. And half the sample has 11 years or less of operating experience. This probably suggests that many of the current distillers are first generation distillers. When complemented with the fact that 50% of the sample were less than 46 years of age, and 75% of the sample 58 years of age this assessment is likely to be true. This however needs to understood in light of the discussion in Section 4.2.1.

A similar trend is also found among the retailers. The bottlers seem to have been in business for longer than many of the distillers and retailers with about 50% of the respondents having been in business for 22 years or more.

Table 14: Years of operation

Percentile	Distiller (N=403)	Retailer (N=52)	Whole seller (N=24)	Bottler (N=8)
25	5	5		2
50	11	12.5		22
75	25	28.75		32

Table 15: Age of respondent

Percentile	Distiller (N=415)	Retailer (N=56)	Whole-seller (N=21)	Bottler (N=8)
25	35	39	44.5	42
50	46	46	50	48
75	58.5	57.7	60	58

4.2 Production history

We wanted to examine here the inter-generational linkages of the present agents in the feni industry. How long back could the feni tradition be dated. It is popularly believed that this is a family tradition that has been handed down from generation to generation. Our survey seems to suggest otherwise. It is possible (and this is just a hypothesis) that there is neighbourhood effect – people in the neighbourhood (not necessarily family) may have taken over the distillation.

4.2.1 Feni a family tradition

The distribution of feni production being a family traditional were marginally different – suggesting an equal number of new entrants into the feni production business. It seems that many of the producers in Sattari taluka were present generation producers. Sattari was also the taluka which has the largest number of zones and still licences. In the other talukas the bulk of the producers said this was a family tradition.

Table 16: Feni being a family tradition

Family Tradition	Percent
No	51.6
Yes	48.4
Total	100.0

N=364

4.2.2 Who in family started feni distillation

A majority of respondents claimed that theirs is the first generation involved in feni manufacturing. Your survey results indicate that most of the new entrants are from Sattari taluka where the bulk of the stills and cashew zones are located. About 29% said that it was their father who started it and only 12% have been distilling feni for two or more generations. Among the retailers and whole sellers, the presence of current generation starters is even stronger. This could be directly related to the boom in tourism business.

Table 17: Family lineage— Business started by (percentage)

	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

4.3 Production conditions

In this section we discuss the production conditions in the feni industry. Here we try to understand the production techniques, the scale of operation, ownership patterns and extent of hired labour use.

4.3.1 Number of stills

This is predominantly a small-scale industry with the bulk of the distillers (73%) having only one still for distillation. Less than 3% of the distillers owned five or more stills.

Table 18: Number of stills per distiller

Number	Percent	Cumulative Percent
1	72.9	72.9
2	19.1	92.0
3	3.6	95.6
4	1.3	96.9
5 or more	3.1	100
Total	100.0	

N=388

4.3.2 Still ownership

Almost all distillers owned their own still for distillation. A tiny percentage said that they did not own their own still (2%).

Table 19: Ownership of stills

	Percent
No	2.5
Yes	97.5
Total	100.0

N=216

Still rented out

There is a small rental market for stills. 95% of the distillers said they do not rent out their stills.

Table 20: Rental of Stills

	Percent
No	95.4
Yes	4.6
Total	100.0

N=211

4.3.3 Type of still

A majority claimed to use semi-traditional techniques of production – 78%. Also 20% claimed to using the traditional techniques. By traditional we mean the use of clay or earthen pot for heating the cashew juice in the distillation process. By semi-traditional we mean various innovations including the popular use of copper pots instead of clay. There have been innovations to also change the recipient receptacle where distillation takes place. Modern distillation here means the use of mechanised crushing equipment and or steel distillation unit/vessels.

Table 21: Type of Stills

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

N=389

4.3.4 Frequency of still change

Distillers when asked how often they change the still equipment, about half said every year and another half said only when it is damaged. From the information, provided, while the pot is not changed every year some of the fittings are. The pot and receptacle is replaced only when they are damaged. So the numbers below have to be carefully interpreted.

Table 22: Frequency of Still change

	Percent
Every year	48.4
Every 2-5 years	1.1
More than 5 years	.8
Only when it is damaged	49.7
Total	100.0

N=376

4.3.5 Location of still (for distillation)

Most of the production is very localized. Bulk of the production takes place in the orchard area (mainly own orchard – 69%). Some produce it near their home (when orchard area is close by)- 24% and very few produce elsewhere – 7.5%.

Table 23: Still location

	Percent
At or near home	23.5
Own orchard area	69.0
Other's orchard area	6.2
Others	1.3
Total	100.0

N=387

4.3.6 Who supervises

The feni production is almost entirely supervised by self or family. Less than one percent of distillers used hired hands to supervise the distillation. The retail business even though dominated by self or family supervision, however, uses more hired managers to supervise than the distillers. In the whole sale business too there seems to be an involvement of a higher proportion of hired managers though as in the other categories, self involvement is still very high (80%).

Table 24: 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

All the bottlers have registered companies which are privately held. 85% of them do not produce feni but bottle and brand it. Only 15 % of the bottlers produce their own feni. The bottlers employ between 3-12 employees with 53% employing more than 5 or more persons. Most bottlers procure feni from small distillers and then produce brands for sale.

4.4 The Product

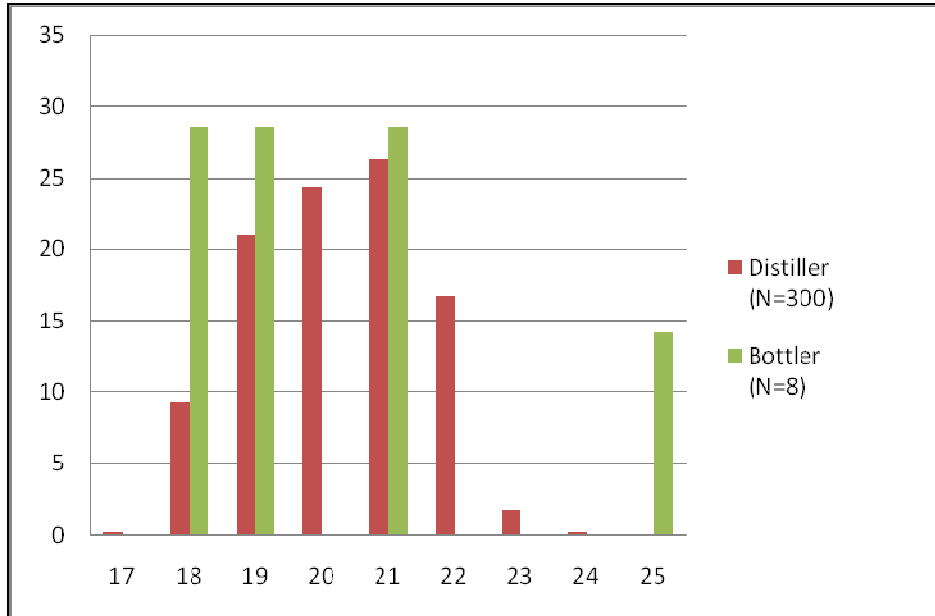
Traditionally there are supposed to be three extracts of the cashew apple juice – urak, cazulo and feni (the first, second and third distillate). The survey reveals that cazulo is rarely manufactured, if at all. This section details the findings on the alcoholic concentration of Urak and Feni, the sale price, the proportion of branded and unbranded sale, etc. It is evident that neither urak nor feni are homogenous products. They differ in terms of concentration, across distillers as does the price.

4.4.1 Feni's alcoholic concentration

The concentration of feni as measured in *Grau* varied between 17-24% with the bulk of distillers claiming a concentration between 19-22 -- almost 88% of the distillers. However, 21% was the most commonly produced concentration (mode). The bottlers said their feni concentration was

between 18-25, a shade higher than that of the distillers. 86% of the bottlers however had concentration levels between 18-21%.

Figure 2: Alcoholic concentration of Feni

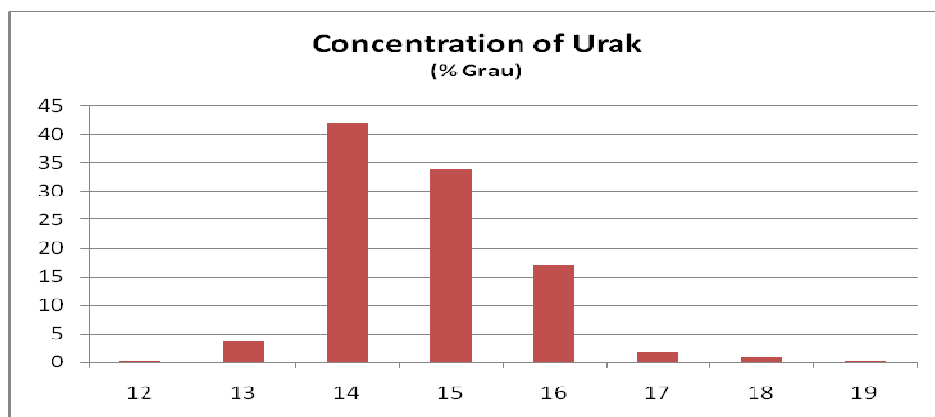


4.4.2 Urak's alcoholic concentration

The concentration of Urak ranged from 12-19 % grau but the bulk of distillers ranged between 14-16 grau (almost 95%).

The manufacture of Urak like feni does not have a defined concentration and ranged between 12-19. However the bulk of the distillers (93%) claimed concentration of 14-16% grau.

Figure 3: Alcoholic concentration of Urak



N =303

Cazulo does not seem to be produced anymore.

4.4.3 Quantity

Almost 91% of the distillers said they on average produce 10 cans of feni every season. In the case of Urak too 93% of the distillers claimed they produce 10 cans.¹³ However, the reliability of this information is doubtful as under reporting of production for tax purposes is not uncommon as Excise department has flying squads to check on .

4.4.4 Price

The range of prices reported for Urak sale ranged from Rs 200- 1500. However, 67% of the distillers charged between Rs 400-600 per can. 78% of the distillers of feni on the other hand charged between– Rs 800-1200 can.

A little more than half the distillers (55%) said they maintain the same price over the year, 45% said they increase the price as the year goes by. However, while 34% said they charge the same price to all customers, 66% percent said they have different prices for different customers depending on whether the customer came and purchased or whether the seller had to go to their residence to make transaction.

Most of the retailers (82%) too said that they too do not change prices at different times of the year. The whole sellers too (86%) said that they do not charge different prices at different time of the year.

The retailers and whole sellers were however unanimous that they do not charge different prices for different customers. So at least the retail and whole sale market seems more anonymous and competitive than the distillers selling behavior.

Retailers: The price of cashew feni has gone up according to 71.7 % of the retailers while 25.6% felt there was no change and 3.7% felt that this price was due to an increase in demand.

Whole seller: A majority of whole sellers said the price of cashew feni had gone up and about 42% felt there was no change in the last five years.

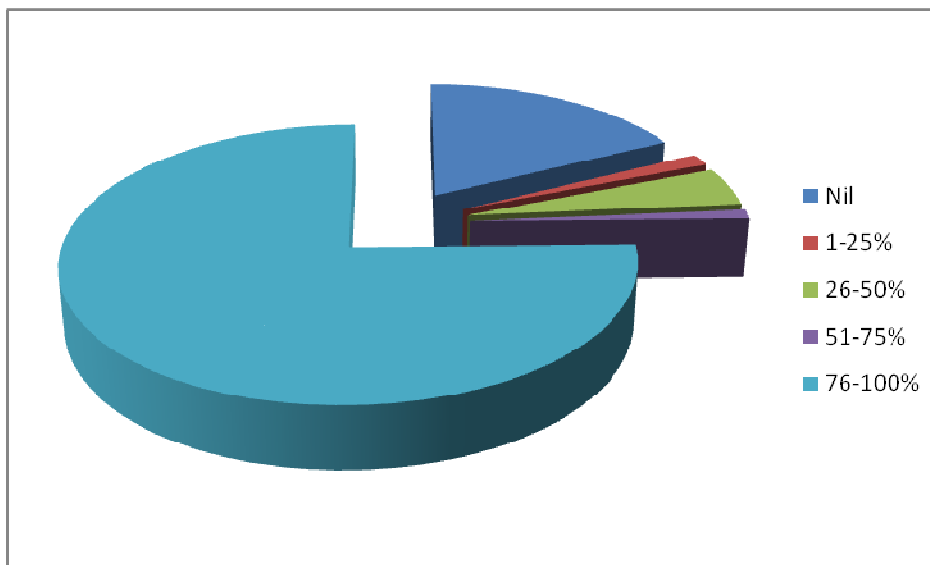
Table 25:Feni price change in last 5 years (percent)

	Retailer (N=39)	Whole seller (N=12)
Gone up	71.7	58.3
No change	25.6	41.7
Gone down	3.7	0
Total	100	100

Distillers: 96% percent of the distillers said that they do not produce any Feni for themselves. The major sales seems to be made to bars directly. 75% of the distillers sell to bars directly more than $\frac{3}{4}$ of their product.

¹³ Each can of feni contains 2.5 causos of feni and each causo is 18 bottles of 750 ml or 15 BL.

Figure 4: Proportion of Feni Production for bar & restaurants (distillers N= 369)



Whole sellers: Direct sales to customers constituted 94.5% of the transactions of the whole sellers. Another 50% said they sold to retailers too. None of them recorded sale to large bottlers, exports or kept any portion for self consumption.

Bottlers: The bulk of their production is sold through whole sellers. 85% sold their entire production to whole sellers and another 15% route most of their produce through whole sellers and some through retailers.

4.4.5 Profitability: Urak or Feni

Is it more profitable to produce Urak or Feni ? While this question was not asked directly, respondents were requested to rank profitability of each product on a three point scale. 52% felt that it was most profitable to produce Urak in comparison to 28% who felt it was most profitable to produce Feni. Even among retailers, it seems that Urak is the preferred product for sale offering higher profits. It is at the whole-sellers level that we find a reversal of this profit expectation. Feni emerges as the more profitable product. The whole sellers were also asked which of the two products had a higher demand – 79% said it was Feni and 21% felt it was Urak.

Table 26: Profit ranking between Urak and feni

	Distiller (N=266)		Retailer (N= 48)		Whole seller (N=17)		Bottler (N=8)	
	Urak	Feni	Urak	Feni	Urak	Feni	Urak	Feni
Most profitable	84.6	22.6	58.3	49.0	41.7	70.6	0	100
Equally profitable	15.4	76.9	41.7	51.0	58.3	29.4	100	0
Least profitable	0	.05	0	0	0	0	0	0
Total	100.0	100.0	100	100	100	100	100	100

4.4.6 Time taken at plantation/hrs per day

Production of feni is a very labour-intensive task. Plantation maintenance takes long hours as plantations are ranged on undulating hill sides. About 86% of the respondents said they spent upto 8 hours to maintain plantations. At the time of ripening of the cashew apple, there has to be intensive collecting of the apple (locally called *inchta*). This is done manually and again 86% of the respondents said they spend 4 hours a day to collect cashews during this season. They also spend another 4 hours in distillation (71%).

Table 27: Time taken at plantation -- hours per day

Number of hours	Percent
3-7	2.8
8	86.2
9 or more	11
Total	100.0

N=354

Table 28: Time taken for Other activities -- hours/per day

Hours	Collecting (N=350)	Distillation (N=180)
1-3	6.6 %	18.9%
4	86.3%	71.1%
5 or more	5.1%	10 %
Total	100.0	100.0

69% of the distillers said they had no prior commitment to sell to anyone buyer before production began in comparison to 31% who said they had prior commitments. 99% of the distillers said that they do not undertake any form of advertising for their product. The retailers were unanimous that they do not advertise their feni.

4.5 Quality Issues

4.5.1 Importance of cashew and distillation in determining feni quality

Distillers were asked what might be the factors that determine the taste of feni – like cashew, distillation process etc. The distillation process was ranked by 70% as the most important determinant of Feni Quality followed by Cashew quality (67%) as being Important (but not the most important).

Table 29: Importance of different factors in determining feni Quality

	Cashew (N=350)	Distillation (N=349)
Most imp	29.0	70.4
Important	66.9	9.5

Less Important	4.2	19.8
Least Important	0	0.3
Total	100.0	100.0

4.5.2 Test for Quality

Almost all (99%) the distillers said they conduct a test to check for quality of cashew liquor (and 90%) claimed to be using the *grau* test. 6% used a taste based method while another 5% said they used traditional methods (like pouring feni from height for froth) to check the feni quality. Among the retailers, 64% said they do a test for quality and 6% don't. It is interesting that most of the retailers do a taste based test for feni. The whole sellers who responded to this question said that when they did a test it was a *grau* test. The majority of the bottlers (86%) used the *grau* test while 14% said they used a taste based test for quality.

Table 30: 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.

When asked about the quality of their product in comparison to that of their neighbours' product, not surprisingly 89% of the respondents felt that their own feni was of better quality and only 11% felt it was same as the others. No one felt that their own quality was worse than others in the same area. When retailers were asked the same question 97% of them said their quality was better than the others. Among the bottlers too the feeling amongst the majority was that their feni was better than the competition (83%) and the rest felt it was the same quality.

4.5.3 Quality comparison to others

The distillers overwhelming (94%) said that quality has remained the same in the last 5-10 years while the remaining felt it had improved. None said the quality has gone down. Half the bottlers felt that quality of feni has not changed in the last 5-10 years while the other half felt that it has improved.

Table 31: Quality comparison

	Distiller (N=358)	Retailer (N=32)	Bottler (N=8)
Better	89.4	96.8	83.3
Same as others	10.6	3.2	16.7
Not as good	0	0	0
Total	100	100	100

4.6 Sales

The sale structure suggests that the bulk of sale takes place directly to retail outlets. 75% of the distillers sell to retailers directly. Around 95% of the distillers do not sell to Whole sellers, middlemen, large distilleries or keep for self consumption. Their main sales seem to be retailers (75%). Interestingly, it also seems that bulk of the sales from retailers is not tourists but to locals. This could be interpreted in two alternative ways. One possibility is that sellers did not distinguish between Indian tourists and locals. So when they categorized consumers, only non-Indians were identified as tourists. The second interpretation could be that the perception that tourists are major consumers of feni is incorrect and the bulk of the consumers remain locals.

Table 32: Sale by distillers

	Retailer	Whole seller	Middleman	Large distillery	Self Consumption
No	24.6	96.5	94.4	96.5	96.8
Yes	75.4	3.5	5.6	3.5	3.2
Total	100.0	100.0	100.0	100.0	100.0

N=342

4.6.1 Retail sale of Feni

Retailers responded that almost 80% of the sales is through restaurants and half the retailers sold it through their own restaurants.

Restaurant sale

	Sale through restaurant	Own restaurant
No	11.9	39.0
Yes	79.7	52.5
999	8.5	8.5
Total	100.0	100.0

4.6.2 Proportion of Unbranded feni sold

The sale of feni by the retailers is dominated by unbranded sales. We asked retailers as to what proportion of their sale is branded and unbranded feni. Almost 88% of the interviewed retailers said that their entire sales of feni was unbranded. Only 5% of those interviewed said that one fifth of their sales was branded feni.

Proportion of feni sales	Percent
80.00	5.0
90.00	5.0
95.00	2.5
100.00	87.5
Total	100.0

N=40

4.6.3 Brands

Among the most mentioned cashew feni brands sold by retail outlets were: PVV and Big Boss followed Cashew King, Cazulana, Express, Goan Overseas, Philippines, White House, Cinthol, Colva, Rambo, Ranger, Bachelor, Blue Sea, Goan Boss, Crown, President, Colva Premium.

The whole sellers mentioned the following as the highest selling brand name: PVV, Big Boss, Philippines followed by Colva, Premium Goa, Philippines, Rambo, Coromandel, Pacific and Rainbow.

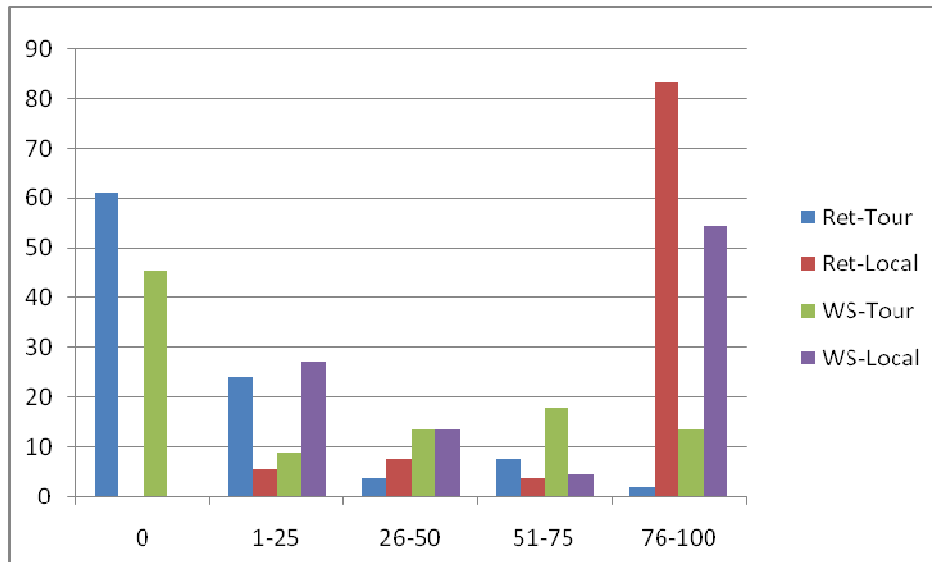
The bottlers interviewed named the following as their best selling brands: Cazulana, Colva, Diamond, Goan Salazar, Yes Boss. The second best selling brand of these distillers were: Brut 77, Captain, Cazupina, Goan Boss.

Some bottlers reported that Urak is also being bottled now and some of the brand names that came up are: Captain, Goa Lords, Cazulana, Cazupina, Ranger.

4.6.4 Consumers

The retailers said that of their total sales less than 39 % of their sales are tourists while 83.3% sell mainly to locals. The whole sellers reported a slightly larger sale of feni to tourists than the retailers.

Figure 5: Proportion of sale to tourists (by Retailers (N=59) & Whole sellers (N=22))



4.7 Financing Structure

In this section we discuss the structure of financing in the feni industry. This industry is largely self-financed. 84% of the distillers were able to meet all their financial requirements from own sources. There is very little borrowing either from a money lender or a formal financial institution like a bank. A similar response was received from the retailers as well as whole sellers. The bottlers however had a slightly different financing structure.

Table 33: Financing sources of Distillers

	Self financing	Money lender	Bank
0-25	4.8	91.5	95.5
25-50	5.7	7.4	3.1
50-75	15.1	0	0.5
76-80	16.2	0	0.6
81-100	83.8	1.1	0.3
Total	100.0	100.0	100.0

N=352

4.8 Member of Association

Distillers: When asked if they were members of any distiller group, 99% claimed that otherwise. This once again re-affirms the expectation that this is a largely unorganized industry as far as the

distillers, retailers and whole sellers are concerned. However when bottlers were asked about this 71% said they were members of a producer group.

Table 34: Producer Groups and Bottlers

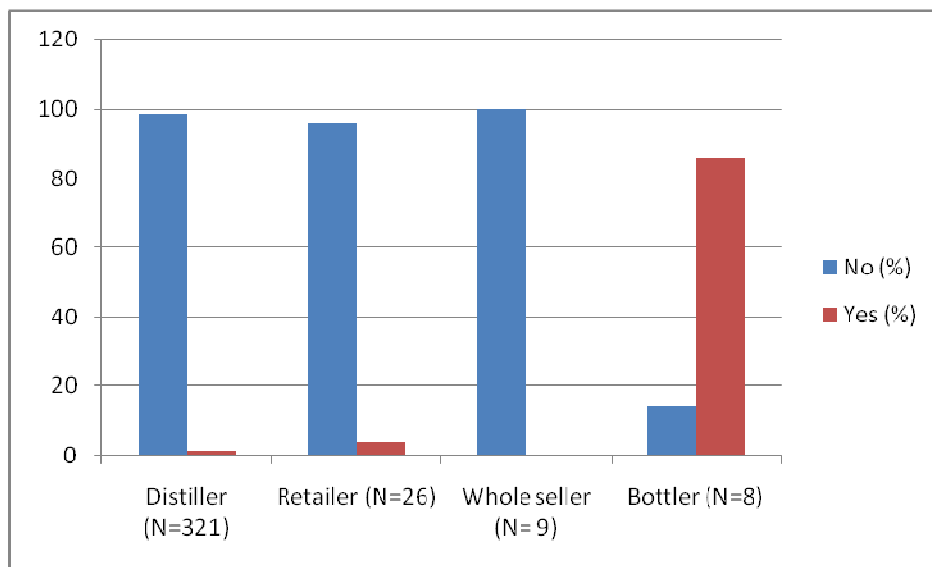
	Percent
No	28.6
Yes	71.4
Total	100.0

N=8

4.9 GI for Feni: Information & Role of Government

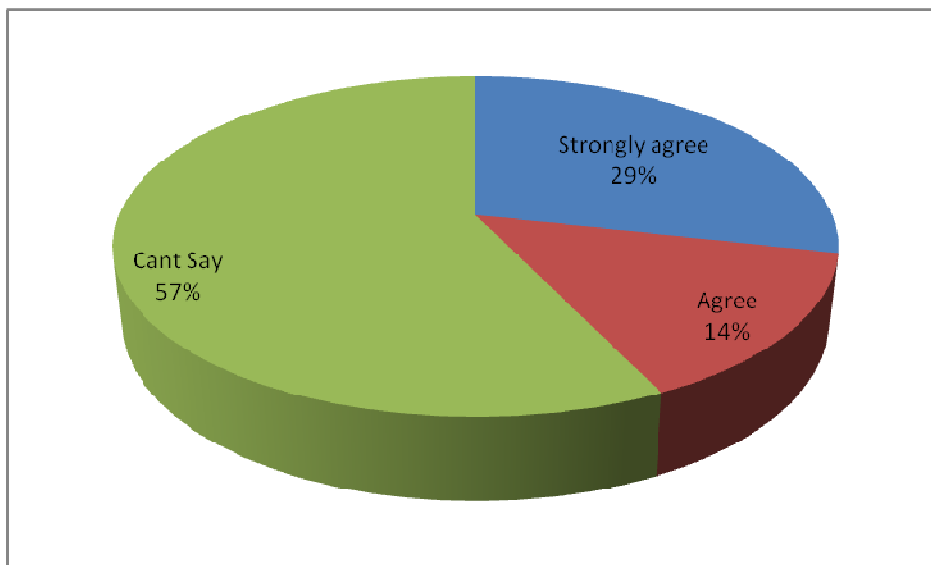
Bulk of the distillers (98.5%) had no idea what GI means or that there was an application pending for registering Feni for GI protection. The same was true for the retailers and whole sellers too. However, the bottlers were informed about the move for GI protection. Most of them had received this information from fellow bottlers and some from the media.

Figure 6: Information about GI



The bottlers were the only ones who responded to questions on GI and how it might affect the scenario. They felt that GI protection would increase the branding effort, as well as prices. It might also be an avenue for opening up of export market.

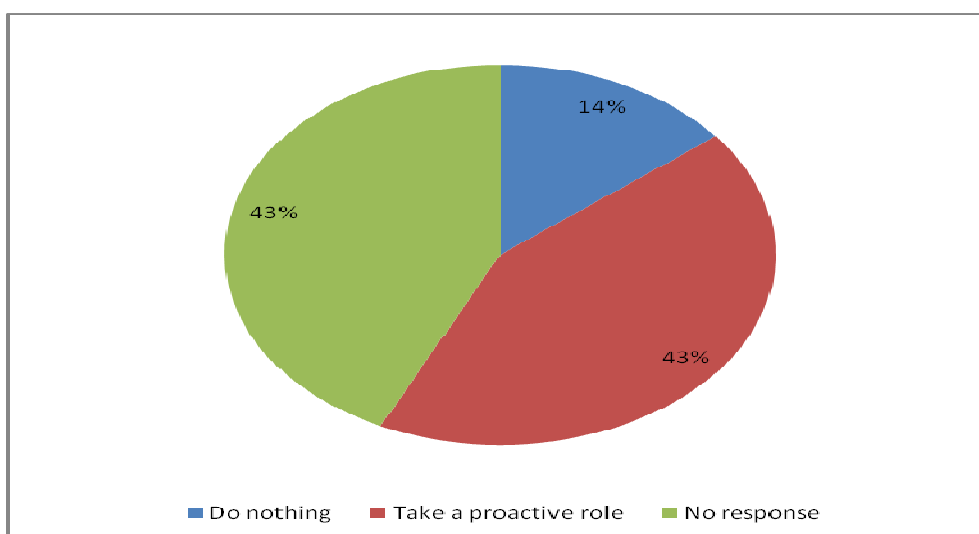
Figure 7: Expected Impact of GI on market Size (Bottlers N=7)



A little more than half the bottlers were not sure if the GI would market size. However, a sizable proportion either “Agreed” or “Strongly agreed” that GI would increase their market size. No one felt that market size would decrease.

The Bottlers were also asked what role they envisaged for the government in the GI process. A small number felt that it should do nothing. But a majority felt that it should take a pro-active role in the GI process.

Figure 8: Role of Government (Bottlers N=8)



5 Conclusion

Feni is probably the best known of all country liquors in India. Its “fame” comes from wide media attention in India on the “Goan USP”, of which feni is an important ingredient.

This survey conducted over the summer and autumn of 2007 covered four categories of agents involved in the feni trade – the distillers, the retailers (including restaurants and bars), wholesalers and the bottlers.

The idea of this survey was to create a baseline data readily accessible in the public domain on the structure of Goa’s Feni industry – a segment of the Goan economy we found missing in the literature. In 2005 there were 1532 cashew zones, 6589 retailers, 94 whole sellers, and 19 bottlers and 2656 licensed stills. This suggests that a fairly large number of people depend on this industry for their livelihood.

The distillers on average showed a lower level of educational attainment in comparison to the whole-sellers and bottlers. Most distillers have other occupations for the period that they are not engaged in the feni trade or manufacture. There seems to be a fairly large proportion of distillers who are first generation in the business.

Expectedly being a home industry, the stills are almost entirely self owned and the production technique is predominantly semi-traditional. Few of the bottlers use their own distillate to produce brands while the rest procure from smaller distillers.

Interestingly, Urak and Feni do not seem to be homogenous products as distillers reported a variance in the alcoholic concentration of their product. There is some price differentiation at the distiller level but none at the retailers and whole-seller level.

Sales of feni seem to be geared to end up in bars. The branded segment of the market is very small and is largely an unorganized, self financed industry except for the bottlers.

The overwhelming majority of the respondents had no information about GIs or that there was an effort on to get GI protection for Feni. The only exception were the bottlers who felt that the GI would lead to an increase in market size for Feni. The bottlers however sought an active role for the government in the GI process.

Reference

AIDA (undated) "With a current sale of Rs 60.75 crore, feni has more markets to be conquered - the government willing," All India Distillers' Association web-site at <http://www.aidaindia.org/aida/canfeni.htm>, last accessed December 30, 2005.

Ali, S. H. Azam & E. C. Judge (2004) **Small-scale cashew nut processing**, FAO, <http://www.fao.org/inpho/content/documents/vlibrary/ac306e/ac306e00.htm#Table%20of%20Contents>, last accessed on October 15, 2007

Anon (2007) "Feni Goa-ing Global," *Ambrosia*, May pages 28-33.

Couto, Maria Aurora (2005) **Goa: A Daughter's Story**, Penguin Books, New Delhi.

de Souza, Teotonio R. (1994) *Goa to Me*, Concept Publishing Company, New Delhi.

FAO (2007) <http://faostat.fao.org/site/567/DesktopDefault.aspx?PageID=567>, last accessed November 24, 2007

GoG (2007) Economic Survey 2006-2007, Directorate of Planning and Statistics, Government of Goa, Government Printing Press, Panaji, March

GoG (Various Years) **Statistical Handbook of Goa**, Directorate of Planning and Statistics, Government of Goa, Government Printing Press, Panaji

GoI (2007) *Economic Survey 2007-2008*. <http://indiabudget.nic.in>, last accessed June 18, 2007

Kamat, Prakash (2002) "Goan distillery to patent feni, tap potential," Times News Network, May 16.

Mandal, R.C., D.G. Dhangar, C.V. Dhume (1985) "Cashew Apple Liquor Industry in Goa," *Acta Horticulturae* (ISHS), 108: 172-175, http://www.actahort.org/books/108/108_32.htm

Mathew, Jose (2004) "Cashing in On Apples," Times Food Processing Journal, August-September, http://www.etfoodprocessing.com/aug_sept04/marketmaking.htm, last accessed December 29, 2005.

Menezes, Ervell E. (2005) "The spirit of Goa," *The Tribune*, June 12, <http://www.tribuneindia.com/2005/20050612/spectrum/main2.htm>. Last accessed October 20, 2007

Newman, R.S. (1999) "The struggle for a Goan Identity," in N. Dantas (ed.) The Transformation of Goa, Other India Press, Mapusa, pp.17-42.

Newman, R.S. (2001) "Konkani *mai* Ascends the Throne: The cultural basis of Goan statehood," in R.S. Newman (ed.) Of Umbrellas, Goddesses and Dreams, Other India Press, Mapusa, pp. 54-80.

Pandit, H. & A. Mascarenhas (1999) "Houses of Goa", Architecture Autonomous, Salvador do Mundo.

Prabhudesai, S. (2002) "Mallya also plans feni export," August 20, *Goa News*, <http://www.goanews.com/20aug02.htm>, last accessed June 15, 2007.

Pinto, Cecil (2006) **With love for Caju Feni**, Defending the holy grail from insults, posted December 2006 at <http://www.goanet.org/index.php?name=News&file=article&sid=697>. Last accessed October 24, 2007.

Rao, E.V.V. Bhaskara (1998) "Integrated Production Practices Of Cashew In India," in Integrated Production Practices Of Cashew In Asia Edited By Minas K Papademetriou, Edward M Herath, Food And Agriculture Organization Of The United Nations Regional Office For Asia And The Pacific, Bangkok.

Roy, R. (2003) "Feni now seeks global flavour," *The Times of India*, 3 May. <http://www1.timesofindia.indiatimes.com/cms.dll/html/uncomp/articleshow?msid=45195573>. Last accessed June 24, 2007.

Sawkar, K., L. Noronha, A. Mascarenhas, O.S. Chauhan, and S. Saeed (1998) "Tourism and the Environment: Case Studies on Goa, India, and the Maldives," Case Study 19681, World Bank Institute, Washington.

Sreekumar, A., A. Siqueira, S. Desouza, A. Botelho, R. Sequeira & M. Khanolkar (1995) Tourism Critique and Tourism Movements in Goa, Equations, Bangalore.

TERI (2000). 'Population, Consumption and Environment inter relations: A tourist Spot Scenario'. TERI Project Report No. 97EM50. Tata Energy Research Institute, New Delhi, India, <http://static.teriin.org/reports/rep16/rep16.pdf>, last accessed March 25, 2007

Wilson, D. (1997) "Paradoxes of Tourism in Goa." *Annals of Tourism Research*. 21(1): 52-75.

Xavier, P. D. (1993) *Goa: A Social History (1510-1640)*, Panaji: Rajhauns Vitaran.

Annexure 1 Figure 9: Map of Goa (showing Talukas)



Source: <http://en.wikipedia.org/wiki/Image:Goamap.png#file>

Annexure 2-Figure 10: The Feni Calendar

