

International Journal of Advance Research in Computer Science and Management Studies

Research Article / Survey Paper / Case Study

Available online at: www.ijarcsms.com

Production Pattern and Export Destinations: A Study of Coffee Industry in India

Pinky

Research Scholar

Institute of Management studies and Research

M. D. University,

Rohtak, India.

Abstract: Coffee is produced in more than 60 countries of which three countries accounts for more than half of the world's production: Brazil, Vietnam and Colombia. Arabica coffee, the fine-flavored, aromatic type makes up 60-65 per cent of the total production and usually fetches the highest prices. Indian coffee has created a niche for itself in the international market and the Indian Coffees are earning high premium, particularly Indian Robusta which is highly preferred for its good blending quality. Arabica Coffee from India is also well received in the international market. Coffee is an export product with low import intensity and high employment content. This is evident from the fact that more than six lakh persons are directly employed and an equal numbers of individuals get indirect employment from this sector, in the year 2020-21 Indian exported 334,000 MT of coffee and coffee substitutes.

Keywords: Export, destination, pattern, production and coffee.

I. INTRODUCTION

Coffee is one of the popular hot beverages in India alongside tea. The saga of Indian coffee began on a humble note, with planting of 'Seven seeds' of 'Mocha' during 1600 AD by the legendary holy saint Baba Budan, in the courtyard of his hermitage on 'Baba Budan Giris' in Karnataka. For quite a considerable period, the plants remained as a garden curiosity and spread slowly as back yard plantings. It was during 18th century that the commercial plantations of coffee were started, thanks to the success of British entrepreneurs in conquering the hostile forest terrain in south India. Since then, Indian coffee industry has made rapid strides and earned a distinct identity in the coffee map of the world. Coffee in India is grown under a canopy of thick natural shade in ecologically sensitive regions of the Western and Eastern Ghats. This is one of the 25 biodiversity hotspots of the world. Coffee contributes significantly to sustain the unique bio- diversity of the region and is also responsible for the socio-economic development in the remote, hilly areas.

Indian coffee, grown mostly in southern India under monsoon rainfall conditions, is also termed as "Indian Monsoon Coffee". Its flavour is defined as: "The best Indian coffee reaches the flavour characteristics of Pacific coffees, In current scenario the state Karnataka stands at first position in coffee production followed by Kerala and Tamil Nadu states forming the traditional coffee growing region of South further followed by the new areas developed in the non-traditional areas of Andhra Pradesh and Orissa in the eastern coast of the country. North-eastern India comes at third position in coffee production, comprising the states of Assam, Manipur, Meghalaya, Mizoram, Tripura, Nagaland and Arunachal Pradesh, also known as "Seven Sister States of India".

II. COFFEE BOARD

The Coffee Board is a statutory organization constituted under the Coffee Act 1942. The Coffee Board focuses its activities in the areas of research, extension, development, market intelligence, external & internal promotion and labour welfare measures.

III. NEED FOR THE STUDY

Indian Robusta and Arabica Coffee are highly preferred for its good blending quality; it also well created a niche for itself in the international market. Indian Coffees are earning high premium at global level. The study aims at determining the current market position of coffee production in general with regard to region wise split-up and its top destinations of export from 2018 to 2021.

IV. OBJECTIVES

- To find out the overall production quantity of coffee in India and region wise split up.
- To find out the major export destination of coffee and determine the current trends of coffee export.

V. COFFEE PRODUCTION IN INDIA

In current scenario the state Karnataka stands at first position in coffee production followed by Kerala and Tamil Nadu states forming the traditional coffee growing region of South India and further followed by the new areas developed in the non-traditional areas of Andhra Pradesh and Orissa in the eastern coast of the country. North-eastern India comes at third position in coffee production, comprising the states of Assam, Manipur, Meghalaya, Mizoram, Tripura, Nagaland and Arunachal Pradesh, also known as “Seven Sister States of India”.

Every year the Coffee Board carries out estimation of coffee crop production at two stages viz., post-blossom stage (May/June) and post-monsoon stage (Nov/Dec) to forecast the coffee crop and finally estimates the actual production in May/June of a year for the previous financial year. Accordingly, the Coffee Board has carried out the Post Blossom coffee crop estimation for the current year (FY 2021-22) and also the final harvested crop estimates for the previous year (FY 2020-21). At the first estimate at post-blossom stage for 2021-22 season crops, a higher crop is to be expected as favorable weather conditions of normal blossom and backing showers in all most all the coffee growing areas.

Final estimation of coffee production for 2020-21 and Post blossom forecast for the year 2021-22 by coffee Board of India:

State/District	Final Estimate 2020-2021			Post Blossom Estimate 2021-2022		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikkamagaluru	34,200	41,150	75,350	37,700	51,300	89,000
Kodagu	20,600	104,350	124,950	22,400	113,700	136,100
Hassan	18,200	17,000	35,200	19,800	21,700	41,500
Sub total	73,000	162,500	235,500	79,900	186,700	266,600
Kerala						
Wayanad	0	58,980	58,980	0	59,320	59,320
Travancore	820	6,800	7,620	850	7,700	8,550
Nelliampathies	1,000	1,500	2,500	1,100	1,600	2,700
Sub total	1,820	67,280	69,100	1,950	68,620	70,570
Tamil Nadu						
Pulneys	7,250	420	7,670	7,850	455	8,305
Nilgiris	1,050	4,160	5,210	1,170	4,270	5,440
Shevroys (Salem)	3,800	50	3,850	4,000	50	4,050
Anamalais (Coimbatore)	700	470	1,170	720	485	1,205
Sub total	12,800	5,100	17,900	13,740	5,260	19,000
Non Traditional Areas						
Andhra Pradesh	10,700	30	10,730	12,000	30	12,030
Orissa	610	0	610	640	0	640
Sub Total	11,310	30	11,340	12,640	30	12,670
North Eastern Region	70	90	160	70	90	160
Grand Total (India)	99,000	235,000	334,000	108,300	260,700	369,000

Source: Coffee Board of India

Production of coffee in Major States/Districts of India

Coffee areas witnessed a long period of drought after receiving blossom showers, followed by an extremely harsh monsoon in year 2020. Robusta crop leading into wet feet conditions; fruit droppings; low fruit to clean coffee out-turns resulted in decline in actual crop harvested and thus the final crop estimate for the year 2020-21 is placed at 369,000 MT, which showed increase of 35,000 MT (10.47 per cent) over the post monsoon estimate of 334,000 MT.

1. Karnataka

For the state of Karnataka the production of coffee, total final estimate of 235,500 MT the share of Arabica is 73,000 MT and that of Robusta is 162,500 MT in year 2020-2021. The production of Arabica has shown increase of 1000 MT (1.58 per cent) while Robusta increased by 22,925 MT (16.42 per cent) over the post- monsoon estimate made before crop harvesting in 2021. The final post -crop estimate for Karnataka is placed at 266,600 MT for 2021-22 with a break up of 79,900 MT of Arabica and 186,700 MT of Robusta. The final production in Karnataka has shown a hike of 31,100 MT (13.20 per cent) over the calculated period.

2. Kerala

For the state of Kerala the production of coffee, total final estimate of 69,100 MT the share of Arabica is 1,820 MT and that of Robusta is 67,280 MT in year 2020-2021. The production of Arabica has shown decrease of 130 MT (6.6 per cent) while Robusta marginal decrease by 25 MT (1.63 per cent) as compared to year 2019-2020. The final post -crop estimate for Kerala is placed at 70,570 MT for 2021-22 with a break up of 1,950 MT of Arabica and 68,620 MT of Robusta. The final production in Kerala has shown a marginal hike of 1,470 MT (2.12 per cent) over the calculated period.

3. Tamil Nadu

In year 2020-2021, Tamil Nadu produces a total final estimate of 17,900 MT with the share of Arabica is 12,800 MT and that of Robusta is 5,100 MT. The production of Arabica has shown decrease of 1400 MT (9.8 per cent) while Robusta increased by 780 MT (18.05 per cent) as compared to year 2019-2020. The final post -crop estimate for Tamil Nadu is placed at 19,000 MT for 2021-22 with a break up of 13,740 MT of Arabica and 5,260 MT of Robusta. The final production in Kerala has shown a hike of 1,100 MT (6.14 per cent) over the calculated period.

4. Non-traditional Areas and North India

In the Non-Traditional Areas and North Eastern Region, the final estimate of 2020-21 is placed at 11,340 MT against post monsoon estimate of 12,670 MT. The higher forecast has come mainly from Andhra Pradesh which showed an increase of 1300 MT (12.11 per cent) of total coffee production. The total final estimate in 2020-21 was placed at 11,340 MT with the share of Arabica is 11,310 MT and that of Robusta is 30 MT. The production of Arabica has shown decrease of 140 MT while Robusta decreased by 10 MT as compared to year 2019-2020.

POST BLOSSOM COFFEE CROP FORECAST FOR THE YEAR 2021-22

At the time of carrying out assessments for the post blossom forecast for the year 2021-22, it was observed that the widespread summer rains in key coffee growing regions brighten crop prospects. The Coffee Board has projected a 10.5 per cent increase in coffee production at 3,69,000 MT for the year 2021-22. It is the highest-ever post-blossom estimate for the coffee crop for India. The projections include 2,60,700 MT of Robusta and 1,08,300 MT of Arabica varieties for the year. Last year, the final production stood at 334,000 MT comprising 235,000 MT of Robusta and 99,000 MT of Arabica, which is 2.3 per cent shorter than the post-monsoon estimate

The Coffee Board estimates show that Robusta output could be higher by 11 per cent growth at 2,60,700 MT for the current crop year as against 2,35,000 MT produced in 2020-21 due to expectations of a normal monsoon.

TOP FIVE EXPORT DESTINATIONS OF INDIAN COFFEE

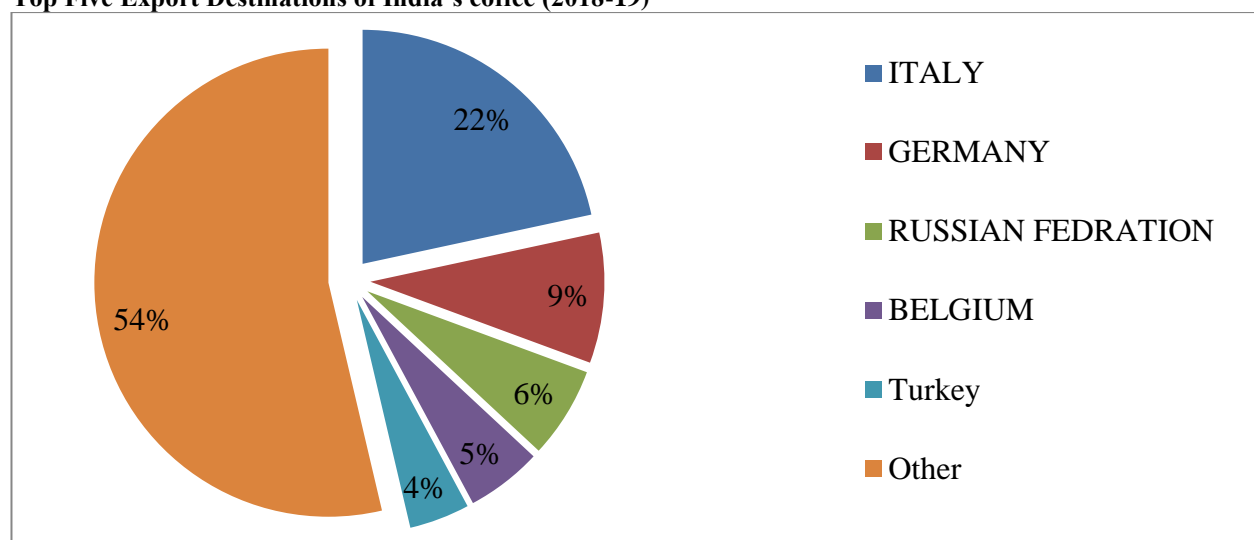
Indian coffee is grown under a thick natural shade. Coffee in India is grown in one of the world's rainiest occupied region that gets 2,500 to 4,000 mm rainfall spread over 100 days, followed by more than 100 days of continuous dry period. This is one of the 25 biodiversity hotspots of the world and is home to a large diversity of butterflies, amphibians, reptiles, birds, orchids and a large number of medicinal and aromatic plants.

Due to safety parameters and superior quality Indian coffee had large demand all over the world and becomes one of the major exported agricultural commodities from India. India exported more than 75 per cent of the total coffee produced in the country over the world. For Indian Coffee the top export destinations are as Italy, Germany, Belgium, Russian, Federation, Turkey, Poland and Libya since last three years. Composition of India's agricultural export has been changing over the time. The selected commodity, namely, coffee played very important role in export agricultural product and the changes in the pattern of their export took place due to various reasons. During 2018-19, a total quantity of 3,53,576 MT of coffee was exported from India valued at Rs. 5,81,460 crore.

Destination of India's coffee exports (2018-19)

	Destination	Quantity(MT)	% to Total	value Rs. Lakhs
2018-19	ITALY	76452	21.62	116795
	GERMANY	31818	9.00	51040
	RUSSIAN FEDRATION	22292	6.30	45262
	BELGIUM	18486	5.23	32573
	Turkey	14742	4.17	23851
	Other	189786	53.68	311939
	Total	353576	100	581460

Top Five Export Destinations of India's coffee (2018-19)



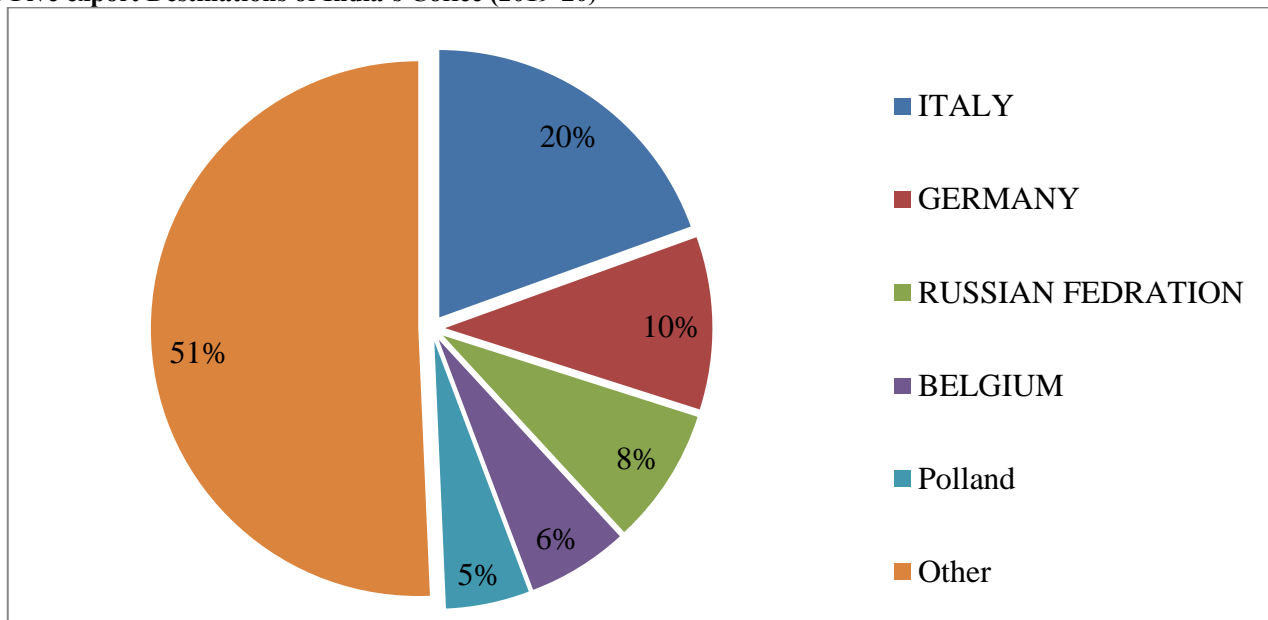
During the year 2019-20, a total quantity of 3,26,555 MT has been exported from India valued at Rs. 5,19,941 crore.

Destination of India's coffee exports (2019-20)

Year	Destination	Quantity(MT)	% to Total	value Rs. Lakhs
2019-2020	ITALY	63605	19.48	91585
	GERMANY	34099	10.44	54755
	RUSSIAN FEDRATION	26862	8.23	44300
	BELGIUM	19941	6.11	33354
	Polland	16503	5.05	23600
	Other	165545	50.69	272347
	Total	326555	100	519941

Source: Coffee Board of India

Top Five export Destinations of India’s Coffee (2019-20)



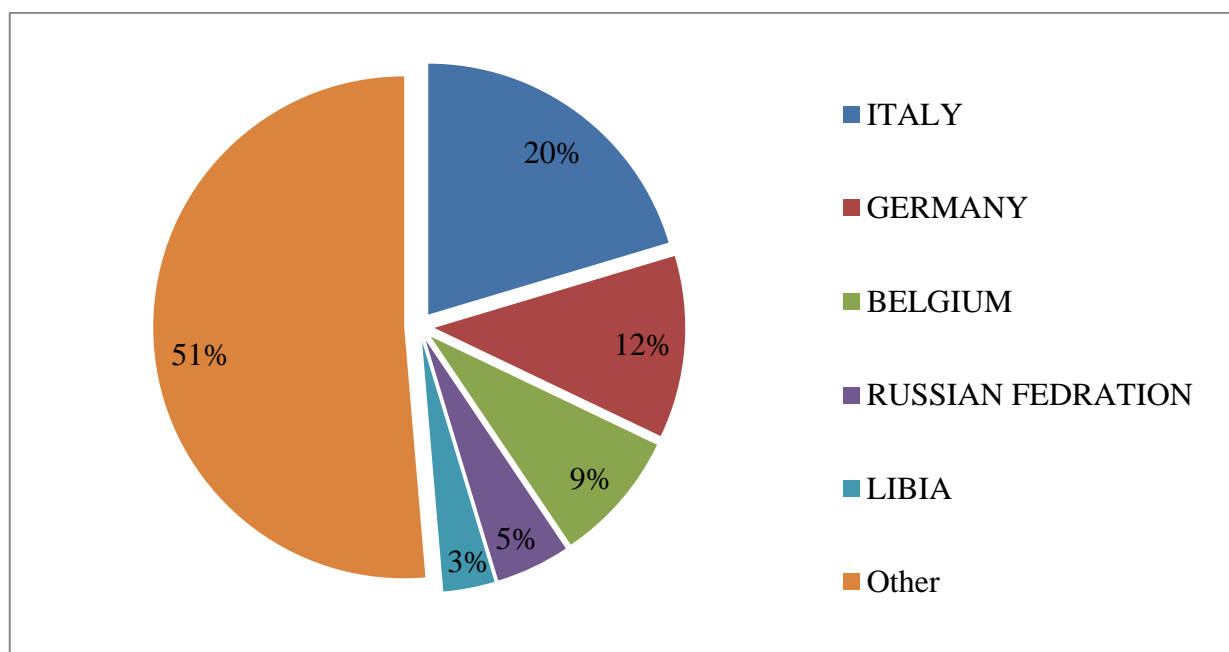
Further during 2020-21, a total quantity of 1,64,108 MT of coffee was exported from India valued at Rs. 2,78,905 crore.

Destinations of India’s coffee exports 2020-21

Year	Destination	Quantity(MT)	% to Total	value Rs. Lakhs
2020-2021	ITALY	33435	20.37	49343
	GERMANY	19239	11.72	33275
	BELGIUM	13901	8.47	24279
	RUSSIAN FEDRATION	7823	4.77	13516
	LIBYA	5441	3.32	8902
	Other	84269	51.34	149590
	Total	164108	100	278905

Source: Coffee Board of India

Top Five export destinations of India’s coffee (2020-21)



Above data shows the ranking of top five destinations along with of quantity, value and percentage of share in total coffee exported from India during 2018 to 2021. Italy stands at first position in major export destinations followed by Germany, Belgium, Russian Federation, Turkey, Poland and Libya for Indian coffee during the study period. Italy, Germany and Belgium were three most important consistent trading partners of India in coffee trade during the study period and they consistently remained at first three positions. Indian coffee exports to Italy increased during the study period with slight downs in the year 2020-2021. Indian coffee exports to Germany, the second best importer of coffee from India, marginally up from 9 per cent to 12 per cent to total share during the study period.

Russian Federation has maintained its third position in major importing countries of coffee from India in 2018- 2019 and 2019-20 with some variation, but in 2020-21 Russian Federation falls down at fourth position. In 2020-21 Belgium comes at third position in major importing countries of coffee from India with 8.47 per cent share to the total share of coffee export from India. Newly emerging perspective importers of coffee from India included countries like Algeria, Jordan, Egypt and Croatia. Coffee is the traditionally exported commodity of India and contributed a major share in total agricultural exports from India. The analysis of export demand function of coffee explained that it was the export price and world price variables which affected the export demand of coffee significantly.

Key Export Destinations

- Italy is the largest coffee importing more than 25 per cent from India from 2018 to 2021, followed by Germany, Belgium, Russian Federation, Turkey, Poland and Libya.

VI. CONCLUSION

At the time of carrying out assessments for the post blossom forecast for the year 2021-22, it was observed that the widespread summer rains in key coffee growing regions brighten crop prospects. It is the highest-ever post-blossom estimate for the coffee crop for India.

The destination wise pattern of export of coffee was analyzed in order to know the major destinations of export of coffee as well as changes in destination over study period. It was observed that in top five positions various nations played different roles i. e. some nations served as the promising partners and some served as only the small contributors. Italy and Germany served as the major importers of coffee from India. Italy maintained its position throughout the study period (2018-21). Whereas other nations like Belgium, Russian Federation, Turkey, Poland, Libya, etc. emerged as the major importers of coffee. Whereas while studying demand and supply function, it can be concluded that world export price level had a significant positive relationship with demand of coffee. This showed that world competition affected the demand for coffee significantly. Export supply of coffee was significantly affected by positive supply shocks. Thus, export of coffee was more in years of higher production and lower in years of lower production. Policies aiming at reducing yield risk in coffee production will be helpful in increasing the export supply of coffee.

References

1. A study on adoption of improved practices of coffee and cardamom by small farmers in Hassan district of Karnataka. M.Sc. (Agri.) thesis, University of Agricultural Sciences, Bangalore.
2. Akarsha, B.M. (2009): Farm Labour in the Indian Coffee Sector: Emerging Challenges for Factor Intensive Systems in Karnataka, Master Thesis,
3. Bosselmann, A. S., et al. (2009). "The influence of shade trees on coffee quality in small holder coffee agroforestry systems in Southern Colombia." Agriculture, ecosystems & environment 129(1): 253-260.
4. Coffee Board of India. (2011): Database on Coffee, March 2011 | Karnataka J. Agric. Sci., 19(4): (960-962) 2006 Constraints in Production and Marketing of Coffee in Chikmagalur District, Karnataka*
5. Development and International Relations, Aalborg University. | D'SOUZA, G.I., 1971, Crop losses on coffee estates in South India. Indian Coffee, 35: 505-508. | KANTHARAJU, 1989,
6. Humboldt university of Berlin. | Amalie, K. (2008): A Value Chain Analysis of the Coffee Sector: A Fair Share for Coffee Farmers?, Master Thesis,
7. www.indiacoffee.org

8. <http://www.knowindia.net/coffee.html>
9. http://coffee.wikia.com/wiki/Coffee_industry_of_India
10. <http://www.ibef.org/exports/coffee-industry-in-india.aspx>
11. <http://timesofindia.indiatimes.com/topic/Coffee-Board-of-India>