COFFEE DIVERSIFICATION INITIATIVES IN INDIA – A CASE STUDY

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Profile of coffee growing regions and producers
- Mainly grown in 3 southern states
- Total area - 0.35mn. ha
- Grows both arabica & robusta
- Av. prodn. 4.7mn. bags - 4% of global production
- 100% shade grown, hand picked & sun dried
- Mixed cropping with spices & fruit crops
- Predominantly small & marginal holdings
- 0.5 mn. workers in plantations

Area & production

Major diversification initiatives at farm level
- No major public initiatives to promote horizontal diversification in coffee holdings
- Mixed cropping evolved over the last century
- Climatic conditions dictated choice of intercrops
- Public efforts mainly limited to research studies & economic analysis
- No scope for diversification away from coffee
Benefits of horizontal diversification initiatives

- Arabica holdings: 12-37% income from intercrops
- Robusta holdings: 25-40% income from intercrops
- Subsistence measure for small holders
- Medium & large holdings maximize their farm incomes through mixed crops to reduce unit cost of coffee production

Impact of vertical diversification initiatives

- 150% increase in quantity of exports of specialty & value added coffees between 1996 and 2005
- 65% increase in total export earnings from these coffees
- Recognition of India as a source of diverse specialty coffees in the world market
- Resurgence of domestic market for coffee

Lessons from diversification initiatives in Indian coffee

- Small & marginal growers only subsist by mixed cropping in their holdings but are not efficient producers
- They are not able to meet the volumes and quality expectations
- Vertical diversification largely benefited the big individual and corporate plantations
- Small holders coffees can benefit from trickle down effect of vertical diversification, but
- They require hand holding to move up the value chain

What needs to be done for small holders?

- Enable group/community approach to improve their competitiveness in quality & quantities of their coffees & other products
- Support & training for quality improvement
- Identify & popularise alternate viable intercrops (medicinal & aromatic plants?) and subsidiary activities (fisheries, dairy etc)
- Crop insurance scheme
- Fair Trade certification?

Major diversification initiatives at product level

- Public
  - Coffee Board’s efforts to develop/promote specialty coffees
- Private initiatives
  - Estate brands
    - SCAI
  - Soluble coffee industry
  - R&G brands by growers
    - Ginimao, Hunkel Heights, SHGs etc.
  - Farm to consumer - integrated chains
    - Tata Coffee, Café Coffee Day, Kalmane Coffee etc.