



## GOVERNMENT SUPPORT FOR COFFEE SECTOR IN INDIA

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## COFFEE IN INDIA



- Grown in some of the rainiest inhabited hill ranges
- Annual rain fall of 2000-4000mm, most of it in about 100 days during monsoon season
- Followed by more than 100 days of dry period
- In elevations ranging from 2500 feet to 5000 feet

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# COFFEE GROWING CONDITIONS

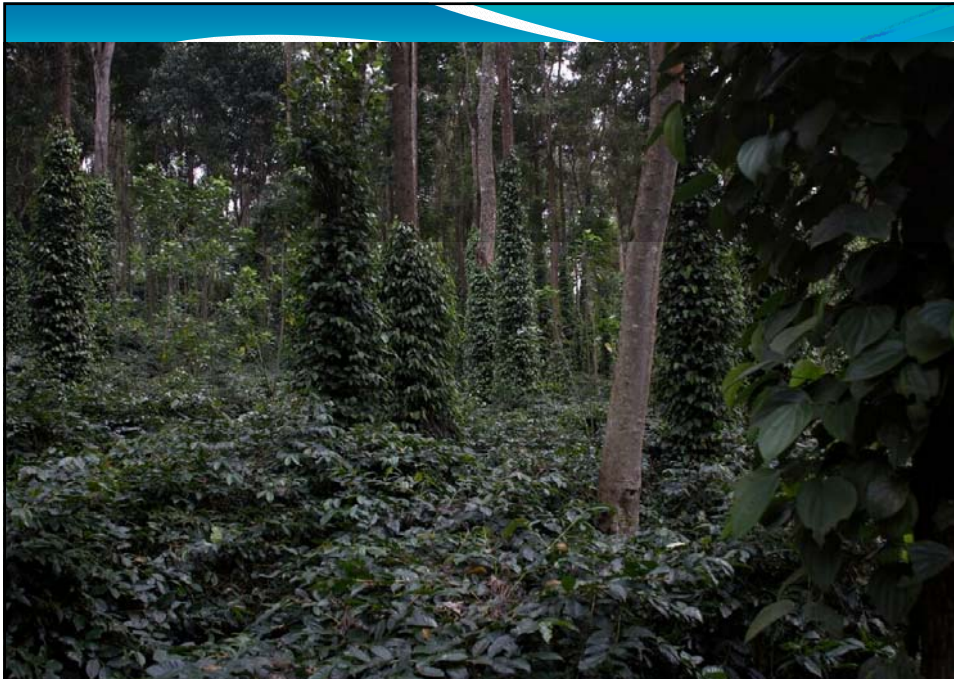


- Under a two tier shade - to maintain the microclimate needed for coffee
- This provides opportunity for associated crops in the form of /with the shade trees – supporting greater biodiversity
- Labour intensive cultivation practices , with labour cost accounting for over 65% of the cost of cultivation

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## COFFEE PLANTATIONS AND LABOUR

- Coffee in India is grown in the remote hilly and inaccessible areas and in resource poor settings, hence the only source of employment
- More than 500, 000 workers are on coffee plantations i.e., about 2 million people's livelihoods are directly linked to coffee plantations
- 99% of the coffee growers are small and account for 70% production



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## LABOUR WELFARE

- Employment on plantations require the social infrastructure and social benefits to the workers
- All coffee holdings above 5 hectares are required by law to provide basic housing, water supply and Sanitation to their workers.
- Also extend benefits for the health care to the workers and their families and education to their children, apart from provident fund, insurance etc,



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## WHY GOVERNMENT SUPPORT

- 99% growers are small (with less than 10 Ha)
- 75% are tiny, with less than 2 Ha holdings
- Large work force in resource poor settings
- -Conditions that make these populations extremely vulnerable to shocks from market and changing climate
- All their vulnerabilities cannot be catered to by the market mechanisms
- Additionally, coffee plantations are also instrumental in preserving the biodiversity in the ecologically sensitive hill ranges
- Democratic welfare state has to respond to these challenges



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## SUPPORT REQUIRED

- Coffee sector requires support in several areas:
  - Capacity building
  - Investment support
  - Risk management
  - Market development



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## CAPACITY BUILDING – RESEARCH AND EXTENSION

- Central Coffee Research Institute (113 scientists and 277 extension personnel) provides:
  - New and improved plant material
  - Package of practices for different agro-climatic zones
  - Transfer of technology – on shade management, agronomic practices, eco-friendly plant protection measures, quality improvement measures etc
  - Timely advisories to respond to changing weather



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## INVESTMENT SUPPORT

- Government extends support to coffee growers for
- Replanting
  - Graded subsidy from 25% to 40% for growers with different size holdings
- On farm infrastructure
  - Water augmentation – 25% subsidy
  - Quality up-gradation, pollution abatement measures – 20% subsidy



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## RISK MANAGEMENT SUPPORT

### (Rainfall Insurance Scheme for Coffee Growers (RISC))

- RISC provides insurance cover for critical periods – against
  - Inadequate rain for flowering
  - Deficit rain for backing
  - Excess rain during monsoon season
- The premium is determined by actuarial method
- Govt subsidizes 50% of the premium, for small growers with holdings upto 10 Ha



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## NON-TRADITIONAL TRIBAL GROWERS AND MDGs

- Tribal farmers in remote areas, mostly below the poverty line – are extended support to raise coffee plantations
- Start with the establishment of shade on completely barren lands under the guidance of the coffee board
- Farmer is paid wages for his labour - under rural employment guarantee scheme
- Additionally coffee board extends support :
  - \$330 per hectare spread over three years.
  - For construction of drying yard at 50% of the cost
  - 90% subsidy on the cost of baby pulpers
- In the last 10 years more than 70,000 tribal farmers were covered,



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## SUPPORT FOR ASSOCIATED CROPS I

- Pepper: subsidy on pepper threshers at \$ 150 per grower
- Bamboo mats at 50% subsidy for others and 90% subsidy for tribal growers
- Moisture meters at \$55 per meter
- Support for organic certification at 50% of certification costs
- Support for conversion to organic production at \$100 per hectare spread over two years
- Vermi-compost units at \$50 per unit



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## SUPPORT FOR ASSOCIATED CROPS II

- Oranges: Assistance for rejuvenation at \$ 220 per hectare for 2 hectares
- Bee Keeping: 50% subsidy for small farmers
- Farm machinery: Some coffee growing states provide subsidy on farm machinery like weed cutters and sprayers up to 33% of the cost
- Cardamom: Supply of suckers
- 5% interest subsidy on crop loans for coffee with associated crops



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## MARKET DEVELOPMENT SUPPORT

- Regular Consumption and attitude surveys
- Promotional Campaigns – coffee and health
- Support to set up roasting units – 25% on the cost of equipment in each unit for individuals and 40% of the cost of equipments for groups, ceilings of \$ 55,000 and \$ 88,000 respectively
- Kaapi Shastra - Capacity building on roasting, grinding and brewing



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## CONCLUSIONS I

- Small holders among coffee growers account for more than 70% of coffee production
- Small holder's livelihoods are the most vulnerable in the whole coffee chain
- Being a perennial crop, exiting coffee is not an option
- Productivity and quality improvement are crucial for their sustainability
- To improve productivity and quality, large permanent investments with long payback period are needed on several counts



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## CONCLUSIONS II

- Small holders cannot afford to make such investments merely on promises of higher returns /prices
- The changing weather patterns have only increased the uncertainties of already vulnerable lot
- Considering that coffee in India is grown under precarious conditions, the assistance to the coffee producers is highly calibrated to protect the livelihoods
- Hope this provides some clues to others grappling with similar challenges



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THANK YOU

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