

India's Coffee Export Growth

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India's Coffee Export Growth: Surpassing the \$1 Billion Mark

Context:

India, traditionally known as a leading tea exporter, has made notable strides in the global coffee market. For the first time, the total value of coffee exports from India surpassed the **\$1 billion mark** by November in the current financial year, according to data from the **Centre for Monitoring Indian Economy (CMIE)**. This is a significant achievement for India's coffee industry, which is seeing a surge in exports.

Despite these gains in the coffee market, India's tea exports have remained relatively stagnant. Expectations had been high for India to tap into new markets, especially after the economic crisis in **Sri Lanka**—one of the world's largest tea exporters. However, India's tea exports have not seen a major shift, highlighting the challenges of expanding into new markets despite favorable conditions.

India's Coffee Landscape

India is a unique player in the coffee industry, being the only country in the world where **coffee is grown entirely under shade**. This distinction plays a crucial role in the country's ability to produce high-quality coffee while maintaining a sustainable environment. Additionally, **India ranks as the seventh-largest coffee producer globally**, with the industry showing remarkable growth.

Types of Coffee Grown in India:

1. Arabica (*Coffea arabica*):

- Grown at higher altitudes ranging from **900 to 1,800 meters**.
- Known for its **mild aromatic flavor**, Arabica coffee has a **higher market value** compared to Robusta coffee.
- Requires a **cool climate** and **lower rainfall** to thrive.

2. Robusta (*Coffea canephora*):

- Grown at **lower altitudes**, between **500 and 1,000 meters**.
- Robusta coffee is more resilient to diseases and yields higher production rates.
- It is favored in the production of **instant coffee** due to its stronger, more robust

flavor.

Key Coffee-Producing States:

1. Karnataka:

- The **largest producer**, accounting for about **70% of India's total coffee output**.
- Notable coffee-growing regions include **Kodagu** (which alone produces **33%** of the country's coffee), **Chikmagalur**, and **Hassan**.

2. Kerala:

- The **second-largest producer** of coffee in India.
- Key regions include **Wayanad**, **Idukki**, and **Palakkad**.

3. Tamil Nadu:

- Known for coffee estates located in the **Nilgiri Hills**.
- Important coffee-growing regions include the **Pulneys**, **Nilgiris**, and **Shevaroy**s.

4. Non-traditional Areas:

- Emerging coffee-growing regions in **Andhra Pradesh**, **Odisha**, and the northeastern states, especially **Arunachal Pradesh** and **Nagaland**.
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Climatic Conditions for Coffee Cultivation:

- **Temperature:** Ideal range is **15°C to 28°C**.
 - **Rainfall:** **1,500 to 2,500 mm** annually, with well-distributed precipitation.
 - **Soil:** Coffee grows best in **well-drained, organic-rich soil**.
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Factors Behind the Surge in Coffee Export Value

The significant rise in India's coffee export value can be attributed to multiple factors. Key drivers include:

1. **Surge in Robusta Coffee Prices:** The growth in Robusta coffee prices has contributed to higher revenues from coffee exports.

2. Stocking in Anticipation of EU's New Deforestation Regulation:

- The **European Union's Deforestation Regulation (EUDR)**, aimed at preventing products sold in the EU from being sourced from **deforested land**, is expected to raise the cost of coffee and several other agricultural exports to the EU.

- Originally scheduled for implementation in **December**, the European Parliament decided to extend the regulation's timeline by another year.

3. Impact of the EUDR on India's Exports:

- According to the think tank **Global Trade Research Initiative (GTRI)**, the EUDR is expected to impact India's agricultural exports to the EU, valued at **\$1.3 billion**, more severely than exports from competing countries due to India's higher **deforestation rate**.

Conclusion:

India's coffee industry is experiencing rapid growth, fueled by **higher global prices**, increased export value, and a proactive approach to global market trends. However, challenges remain, especially concerning **regulatory changes** in major markets like the EU, which could shape the future trajectory of India's coffee exports.



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