COFFEE INDUSTRY IN INDIA: BRIDGING TRADITION AND GLOBAL COMPETITIVENESS

***Sreereshma S R, **Dr. A S Dileep, ***Dr. V S Santhosh**

Abstract

India's coffee sector holds a significant position in the global market, blending traditional cultivation practices with innovative export strategies. This study explores the dynamics of coffee production and exports, focusing on trends, challenges, and opportunities to strengthen India's global competitiveness. A mixed-methods approach was employed, analyzing secondary data from credible sources like the Coffee Board of India and FAO. The study examined production trends across traditional and non-traditional regions, export performance in key markets, and comparative growth rates using Compound Annual Growth Rates (CAGR). Findings reveal Karnataka's dominance, contributing over 50 per cent of India's coffee cultivation area, followed by Kerala and Tamil Nadu. Emerging regions like Andhra Pradesh and Odisha also add diversity to the production landscape. Despite slower production growth (CAGR: 1.72 per cent) compared to global trends, India's exports have grown significantly (CAGR: 4.15 per cent), driven by specialty coffees like Mysore Nuggets and instant coffee. However, declining exports in mature markets like Italy and Germany highlight the need for market diversification. This study emphasizes the importance of addressing production constraints, enhancing supply chain efficiency, and targeting emerging markets like the UAE and Jordan. Such efforts can ensure sustainable growth, strengthen India's global presence, and support key stakeholders in the coffee industry.

Keywords:- Coffee Production, Export Trends, Specialty Coffees, Market Diversification, Sustainability, India's Coffee Sector.

India's coffee sector plays a pivotal role in the global market, offering a blend of traditional cultivation methods and modern export strategies.

Spread across regions like Karnataka, Kerala, and Tamil Nadu, India's coffee production is marked by its diversity, with Arabica and Robusta varieties contributing significantly. Karnataka

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remains the dominant producer, while Kerala and Tamil Nadu add regional uniqueness through their cultivation. Traditional coffee-growing areas collectively account for a major share, but non-traditional regions are also emerging as contributors. These dynamics highlight India's ability to adapt to shifting agricultural and economic landscapes.

India's coffee exports further reflect the sector's resilience and innovation. Despite fluctuating production levels, exports have consistently demonstrated growth, underscoring the nation's emphasis on global trade. Notable export destinations include Italy, Germany, and Russia, with emerging markets like the UAE and Jordan showing potential. Specialty and value-added coffees, such as Mysore Nuggets and instant coffee, have bolstered India's export portfolio. However, recent declines in export volumes necessitate a deeper analysis to sustain competitiveness in the international market.

The interplay between production and exports showcases India's strategic focus on value addition and market expansion. While production growth has been steady but slower than global trends, export growth has outpaced it, reflecting India's competitive edge in branding, quality improvement, and market penetration. This dual focus highlights the opportunities and challenges in the sector, emphasizing the need for innovation, sustainability, and targeted strategies to ensure long-term growth and global relevance.

Significance of the Study

This article highlights the critical role of India's coffee sector in the global market, emphasizing its dual focus on sustainable production and export growth. By analyzing production trends, regional contributions, and the rise of specialty and value-added coffee exports, the article provides valuable insights into India's competitive advantages and emerging challenges. It underscores the importance of traditional and non-traditional growing areas, the shifting dynamics of international trade, and the need for strategic interventions to address declining export volumes. This analysis is significant for policymakers, coffee growers, and industry stakeholders aiming to enhance India's global coffee market position while ensuring long-term sustainability and economic growth for key coffee-producing regions.

Methodology

The study employs a combination of secondary data analysis and comparative statistical techniques to examine India's coffee production and export trends. Secondary data was sourced from the Coffee Board of India, FAO, and trade reports, focusing on historical data for coffee production, cultivation areas, and export quantities across key states like Karnataka, Kerala, Tamil Nadu, and emerging regions. Descriptive analysis categorized production into Arabica and Robusta varieties, comparing traditional and non-traditional coffee-growing areas, while export trends were analyzed by volume, destination, and product types, including specialty and value-added coffee.

Year-over-year comparisons and Compound Annual Growth Rates (CAGR) were used to identify fluctuations and long-term trends in production and exports. Additionally, India's coffee performance was compared with global trends to evaluate competitiveness, including its share in global production and export markets over several decades.

Discussion

In 2022–2023, India's total coffee cultivation spanned 479,669 hectares, with Arabica covering 250,126 hectares and Robusta 229,543 hectares. Karnataka accounted for the largest share (246,550 hectares), with significant contributions from Chikkamagaluru, Kodagu, and Hassan. Kerala followed with 85,957 hectares, predominantly Robusta, with Wayanad being the major contributor. Tamil Nadu contributed 35,685 hectares, largely Arabica, with key regions like Pulneys and Shevaroy. Traditional coffee-growing areas (Karnataka, Kerala,Tamil Nadu) covered 368,192 hectares, while non-traditional areas like Andhra Pradesh and Odisha added 105,830 hectares. The North-Eastern region accounted for a marginal 5,647 hectares. Overall, the coffee cultivation area slightly increased from 471,657 hectares in 2021–2022, reflecting modest growth across regions.

Total export of coffee from India to different countries is tabulated and graphically presented here. India's coffee export trends show an initial decline, likely due to global market disruptions, climate-related challenges, and production constraints, followed by a gradual recovery. The rebound suggests improving demand, better supply chain management, and possible government or industry interventions to support exports. These trends highlight the need for sustainability-driven production, price stability mechanisms, and strategic export policies to enhance India's competitiveness in the global coffee market.After a

Table 1

Planted Area by State (in hectares)

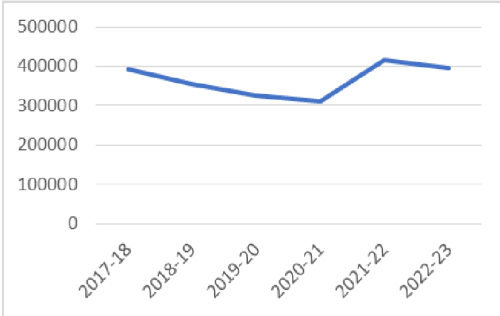
State/District	2022-2023			2021 – 2022		
	Arabica	Robusta	Arabica	Robusta	Arabica	Robusta
Karnataka	107463	139087	246550	107186	138864	246050
Kerala	4238	81719	85957	4231	81649	85880
Tamil Nadu	29413	6272	35685	29338	6314	35652
Total for Traditional Areas	141114	227078	368192	140755	226827	367582
Non Traditional Areas	109012	2465	111477	101997	2077	104075
Grand Total	250126	229543	479669	242752	228904	471657

Source: Coffee Board of India

Table 2

Export of Coffee from India to Different Countries (Year wise)

Year	Export (MT)
2017-18	391796
2018-19	353576
2019-20	326554
2020-21	310647
2021-22	416247
2022-23	396346



Source: Coffee Board of India

recovery in the previous year, the slight drop suggests potential challenges such as fluctuating global demand, weather-related impacts on production, or changes in international trade policies. This emphasizes the need for adaptive strategies, including improved resilience in coffee farming, stronger market linkages, and sustainable production and marketing practices to maintain steady export growth.

According to the Food and Agriculture Organization (FAO) statistics, India is the eighth largest exporter of coffee by volume. Indian coffee exports display seasonality, with exports peaking from March to June. At present the country exports over 70 per cent of its production. In 2021-22, the total exports recorded a share of 42 per cent rise from the previous year. In March 2022, exports of coffee were valued at a 22 per cent growth from February 2022. In the year 2023 (until September 2022), export of coffee showed 32.54 per cent rise as compared to the same period in the previous year. This rapid growth in the export of coffee may improve the quality of life of the coffee growers in the key states of India namely Karnataka, Kerala, and Tamil Nadu.

World Production and India's production shows a general upward trend. India's Share fluctuated over the years, peaking around 4.62 per cent in 2001-02, but showed a declining trend after 2011-12, reaching 3.41 per cent in 2021-22. India's export growth share is more prominent than its production share, reaching a peak of 5.28 per cent in 2017 and remaining above 5 per cent in recent years. India's production growth has been steady but relatively slower compared to the global scale, reflected in a declining share after 2001-02. However, India's export share has seen notable growth, indicating an improvement in export competitiveness despite varying production levels. The gap between production share and export share suggests India is effectively focusing on exports even when overall production growth is moderate.

Compound Annual Growth Rates (CAGR) from 1993 to 2021:

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Table 3

Production and Exports: India Vs World * (In '000 bags of 60 kilo each)

Year	Production (Coffee Year commencing)		India's Share(%)	Year	Exports (Calendar Year)		India's Share (%)
	World	India			World	India	
1993-94	90366	3533	3.91	1993	75168	2103	2.80
1994-95	95154	3002	3.15	1994	70716	2526	3.57
1995-96	85250	3717	4.36	1995	67872	2488	3.67
1996-97	101865	3417	3.35	1996	77685	3114	4.01
1997-98	95872	3805	3.97	1997	80414	2693	3.35
1998-99	106163	4417	4.16	1998	80265	3495	4.35
1999-00	115117	4867	4.23	1999	86145	3637	4.22
2000-01	116619	5020	4.30	2000	89559	4225	4.72
2001-02	108451	5010	4.62	2001	90859	3730	4.10
2002-03	123723	4588	3.71	2002	88832	3550	4.00
2003-04	103982	4508	4.34	2003	86371	3707	4.29
2004-05	116062	4592	3.96	2004	91101	3804	4.18
2005-06	111247	4567	4.11	2005	87562	3396	3.88
2006-07	128209	4800	3.74	2006	91745	4083	4.45
2007-08	116455	4367	3.75	2007	96302	3569	3.71
2008-09	128636	4372	3.40	2008	97599	3547	3.63
2009-10	123042	4827	3.92	2009	96242	3005	3.12
2010-11	139600	5033	3.61	2010	97067	4647	4.79
2011-12	147904	5233	3.54	2011	104449	5414	5.18
2012-13	149623	5303	3.54	2012	108444	5044	4.65
2013-14	152232	5075	3.33	2013	108567	5025	4.63
2014-15	148565	5450	3.67	2014	115548	4817	4.17
2015-16	156137	5800	3.71	2015	116396	4971	4.27
2016-17	160713	5200	3.24	2016	121334	5929	4.89
2017-18	167868	5267	3.14	2017	119519	6315	5.28
2018-19	170322	5325	3.13	2018	126598	5814	4.59
2019-20*	168833	4967	2.94	2019	131694	5807	4.41
2020-21*	169634	5567	3.28	2020*	129416	5106	3.95
2021-22*	167170	5700	3.41	2021*	128924	6562	5.11

Source: Coffee Board of India

CARG= (Ending Value/Beginning Value) $^{1/n}$-1

India's Coffee Production CAGR: 1.72 per cent

World Coffee Production CAGR: 2.22 per cent

India's Coffee Exports CAGR: 4.15 per cent

World Coffee Exports CAGR: 1.95 per cent

India's export growth (4.15 per cent) significantly outpaced its production growth (1.72 per cent), indicating a stronger focus or success in the export market. While India's global production growth rate was higher than India's, it was more than double the global export growth rate.

India's coffee production grew at a CAGR of 1.72 per cent, while global production grew at 2.22 per cent. This indicates that India's production growth has been slower compared to the global trend. Despite increasing production volumes, India's share in world production has seen a decline over the years, reflecting this slower growth rate. India's coffee exports had a much stronger CAGR of 4.15 per cent, compared to the global export growth rate of 1.95 per cent. This suggests that India has been improving its competitiveness in the international market, managing to grow exports faster than the global average despite its slower production growth. The significant gap between India's production and export growth rates indicates effective strategies to capture export markets, possibly through better processing, quality improvements, or marketing initiatives.

India's stronger export performance, despite relatively slower production growth, suggests that the country is focusing more on value addition and expanding its market share abroad. This trend might be driven by efforts to boost the quality and branding of Indian coffee, positioning it as a desirable export product. However, the slower production growth rate compared to the global average may suggest constraints in domestic cultivation, such as land use, climate challenges, or productivity issues that might need attention to ensure long-term sustainability. These insights can help stakeholders understand India's position in the global coffee market and guide future strategies for boosting both production and exports.

The table 4 shows the export of coffee from India to various countries over the fiscal years 2015-16 to 2023-24 (in metric tons).

Top Importers: Italy has consistently been the largest importer of Indian coffee, with a peak in 2021-22 (75,502 MT). However, there is a significant drop in 2023-24 (19,619 MT), which might indicate a shift in trade patterns or changes in market demand. Germany, Belgium, and Russia are also prominent importers, showing strong and stable demand over the years.

Growth in Specific Markets: The United Arab Emirates (UAE) shows a remarkable increase, peaking at 17,476 MT in 2022-23 from just 1,911 MT in 2015-16. This suggests a growing market for

Table 4

Top 10 Coffee Exporter Destinations of India - FY 2017-18 to 2023-2024 (Green Bean Equivalent - Quantity in MT)

Destination	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24*
Italy	79024	76452	63605	59002	75502	58276	19619
Germany	39128	31818	34099	32205	37949	42792	14781
Russian Federation	26345	22293	26862	16179	24802	38664	10506
Belgium	18106	18510	19941	23856	29495	27096	9456
Turkey	15951	14742	10723	6029	15497	19431	6875
Poland	13709	14056	16503	11749	12790	16126	5147
Libya	10545	10301	3811	9790	10722	11840	2853
Indonesia	12152	10113	5060	2636	2738	5515	NA
Malaysia	6918	9201	7735	8588	8317	10983	3099
Jordan	10778	9095	7604	9197	17837	14087	5806

Source: Coffee Board of India

Indian coffee in the UAE. Jordan and Malaysia also indicate strong growth, especially in recent years, pointing to rising popularity or demand for Indian coffee.

Declining or Fluctuating Markets: Turkey and Poland have shown fluctuating imports, with peaks in some years followed by declines. This could be due to changes in local coffee preferences or competition. Indonesia had a significant export volume in 2017-18 but dropped sharply afterward, suggesting possible changes in trade agreements or shifts in local production affecting imports.

Impact of Global Events: There appears to be a decline during 2020-21, which aligns with the COVID-19 pandemic. This impact could be due to disruptions in supply chains and shifts in global demand. Post-pandemic, there's a recovery seen in some markets, like the UAE and Italy, but the numbers remain lower than pre-pandemic levels for many destinations.

Total Exports Trend: The total export volume peaked in 2021-22 at 413,942 MT, reflecting recovery and possibly increased global coffee demand post-pandemic. However, 2023-24 shows a decline to 138,153 MT, indicating either a significant market shift or incomplete data collection.

General Observations:

- **Mature Markets** (e.g., Italy, Germany, Russia etc.): These markets show a decline, possibly due to high competition from other coffee-exporting nations, changing preferences, or economic slowdowns.
- **Emerging Markets** (e.g., Lebanon, UAE, Bangladesh etc.): These markets show potential for growth,

signalling an opportunity for Indian coffee exporters to explore new strategies for market expansion.

- **Small and Volatile Markets** (e.g., Senegal, Benin, Latvia etc.): These markets experience erratic growth patterns, often influenced by external factors such as political, trade barriers, or temporary market demand.

Possible Reasons for Decline or Growth:

- **Economic Factors**: Economic recessions, inflation, or currency fluctuations in import countries may impact purchasing power and import demand.
- **Competition**: India faces stiff competition from Brazil, Vietnam, and Colombia, which are large coffee producers with lower production costs.
- **Consumer Preferences**: Changes in consumer preferences (e.g., shift towards specialty coffee, sustainability concerns) could influence import patterns.
- **Geopolitical Issues**: Sanctions, trade agreements, or political instability in certain regions (e.g., Ukraine) can disrupt coffee trade flows.

The traditional markets show contraction, but some newer or smaller markets are growing rapidly, presenting opportunities for Indian coffee exporters to diversify their portfolio and focus on emerging markets. Meanwhile, the significant decline in major European markets should prompt a re-evaluation of strategies to regain market share.

Major Findings of the Study

1. Karnataka remains the dominant coffee producer in India, contributing over 50 per cent of the total cultivation area, followed by Kerala and Tamil Nadu. Non-traditional areas like Andhra Pradesh and Odisha are emerging as contributors, adding to the diversity of India's coffee production landscape.
2. India's total coffee cultivation area slightly increased from 471,657 hectares in 2021–2022 to 479,669 hectares in 2022–2023. Arabica accounted for 52.1 per cent of production, while Robusta contributed 47.9 per cent, reflecting a balanced distribution between the two varieties.
3. Coffee exports peaked in 2021–22 at 413,942 MT, reflecting recovery post-pandemic. However, a decline to 138,153 MT in 2023–24 highlights potential challenges in global demand, market preferences, or supply chain disruptions.
4. India's coffee export growth (CAGR: 4.15 per cent) outpaces its production growth (CAGR: 1.72 per cent), showcasing an emphasis on value addition and international market expansion. However, India's share in global coffee production has declined over the years, indicating slower domestic production growth compared to global trends.

6. Mature markets like Italy and Germany show declining imports, while emerging markets like the UAE and Jordan demonstrate strong growth, presenting opportunities for diversification and strategic market focus.

7. The slower growth in production compared to exports suggests constraints in cultivation, such as land use and productivity. Despite these challenges, India's ability to focus on high-quality exports positions it as a competitive player in the global coffee market.

These findings underscore the need for targeted interventions to sustain production growth, enhance export strategies, and address challenges in traditional and emerging markets.

Conclusion

India's coffee sector showcases resilience and adaptability, with Karnataka leading production, contributing over half of the total cultivation area, followed by Kerala and Tamil Nadu, while non-traditional areas like Andhra Pradesh and Odisha emerge as contributors. Despite a steady increase in cultivation area, slower production growth compared to global trends highlights challenges like land use, climate issues, and productivity. On the export front, India excels with growth outpacing production, driven by specialty coffees like Mysore Nuggets and instant coffee. However, recent declines in exports and challenges in mature markets like Italy and Germany necessitate strategic interventions. Emerging markets such as the UAE and Jordan offer new opportunities, and by addressing production constraints and diversifying markets, India can strengthen its position in the global coffee market.

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