

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 4710
TO BE ANSWERED ON 24th MARCH, 2021

DECLINE IN COFFEE PRICES

4710. SHRI PRAJWAL REVANNA

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the Government is aware of the double whammy of unseasonal rains in the midst of a harvesting season due to which falling of coffee berry from trees and falling prices of coffee has made the farmers worry about their crops in Kodagu (Coorg), Chikmagalur and Sakleshpur in Hassan - a major coffee-growing region;
- (b) if so, the details thereof ;
- (c) the steps taken by the Government for the welfare of coffee planters; and
- (d) the details of export potential and coffee production in Karnataka?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री हरदीप सिंह पुरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI HARDEEP SINGH PURI)

(a) & (b): During the month of December 2020 and January 2021, there was heavy rainfall in the coffee growing areas of Karnataka, causing loss to the coffee crop.

The domestic price of coffee is dependent on international market prices and local factors. As per the International Coffee organization (ICO), the annual average of the composite indicator price declined by 15.23% to 107.94 US cents/lb in 2020 compared to annual average composite indicator price of 127.34 US cents/lb during 2016. As per the International Coffee Organization, surplus production during the last five years is mainly responsible for the low prices. However, during the last four months, the monthly average ICO composite indicator price is showing upward trend from 109.70 US cents/lb in November 2020 to 119.35 US cents/lb during February 2021.

(c): The Coffee Board is implementing the Integrated Coffee Development Project under which various interventions such as research & development, technology transfer, capacity building, support to

mechanization of estates, coffee area development, market development, support to value addition etc. are undertaken for the overall improvement of production, productivity and quality of coffee. Financial support is also provided to small growers/SHGs/Cooperatives for marketing of coffee on community basis. Coffee Board is also providing advisory service on production related aspects to the coffee growers through Field Force Mobile App and soil fertility through Kaapi Soil Health Monitoring and Management(KSHEMAM)web-portal. During the last three years i.e. 2017-18 to 2019-20, the Coffee Board has provided financial assistance amounting to Rs.107.98 crore towards various components of the Scheme.

(d): The details of the total coffee production in Karnataka during last three years and current year are as under:

Year	Production in Karnataka (Qty. in MT)
2017-18	222300
2018-19	219550
2019-20	203445
2020-21*	242300

*Post Monsoon Estimate

Source: Coffee Board

The Indian coffee is primarily an export-oriented commodity with over 75% of the annual production being exported. Karnataka is the leading producer of coffee in India with a share of about 70% in total production. Indian coffee has created a niche in the international market as high quality coffees and there is an increase in demand for Indian coffees in the international market. The Indian Arabicas earn premiums under 'Other Milds' category and Indian Robust as are rated as the best in the world. The premium for Indian Arabicas reached peak during 2020 earning about 40 US cents/lb (about 30% increase) over Inter Continental Exchange (ICE) New York price.
