



Template Version 2.08

Voluntary Report - public distribution

Date: 11/17/2003

GAIN Report Number: IN3112

India

Coffee

Report

2003

Approved by:

Chad R. Russell
U.S. Embassy, FASNEWDELHI

Prepared by:

A. Govindan

Report Highlights:

MY 2003/04 coffee production is forecast at 4.6 million bags, unchanged from the 2002/03 level. Although coffee exports increased marginally in MY 2002/03, export values were lower. Coffee consumption in CY 2003 is estimated higher at 70,300 tons. The government is considering various measures to protect the interest of coffee growers.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Production

According to the Coffee Board's post blossom forecast, India's MY 2003/04 (Oct-Sep) coffee production will be 275,225 metric tons (4.6 million bags of 60 kg), which included 106,500 tons (1.8 million bags) of arabica and 168,725 tons (2.8 million bags) of robusta, 5,000 tons below Post's pre-blossom forecast. The 2003/04 production remained more or less unchanged from the 2002/03 production of 275,275 tons (4.6 million bags), which included 102,125 tons (1.7 million bags) of arabica and 173,150 (2.9 million bags) robusta. A prolonged drought in the prime growing areas in Karnataka this summer, combined with insufficient or delayed blossom showers, negatively impacted production. Poor plant management in response to lower returns to growers and increased incidents of white stem borer also contributed to lower yields.

Consumption

According to a recent coffee consumption survey sponsored by the Coffee Board, coffee consumption has surged to 70,300 tons in CY 2003 from a static level of around 60,000 tons in recent years. About 70 percent of the coffee consumption occurs in urban areas, mostly in southern states.

Trade

Coffee exports in MY 2002/03 increased marginally to 213,190 tons from 206,470 tons in 2001/02. However, export values were lower at \$230 million, compared with \$240 million in 2001/02, reflecting lower international prices. Exports in MY 2003/04 are likely to be lower at 200,000 tons, due to static production combined with increasing domestic consumption.

Policy

The government of India (GOI) is considering the possibility of augmenting the size of the rs. 5 billion (\$110 million) Price Stabilization Fund (PSF) by seeking access to funds from the World Bank and other multilateral agencies. The GOI created the PSF in 2003/04 federal budget with a view to providing price stability to small growers of coffee, tea, and rubber. The fund included rs. 4.83 billion as a one-time contribution by the GOI and rs.170 million from a one-time membership fee from participating growers at the rate of rs. 500 per participant. The interest earned from this fund would be used to provide financial support to participating farmers at the rate of rs. 1,000 per grower for ten years. However, in view of the meager protection the fund provides, not many growers are reported to be interested in this program.

The Coffee Board is planning to launch a risk management instrument for coffee growers beginning next year to insulate them from global price fluctuations. The scheme is being developed in collaboration with the Commodity Risk Management Group of the World Bank.

Table 1: Commodity, Coffee Green, PSD Table

PSD Table								
Country:	India							
Commodity:	Coffee, Green							
		2002		2003		2004		UOM
	Old	New	Old	New	Old	New		
Market Year Begin		10/2001		10/2002		10/2003	(MONTH/YEAR)	
Area Planted	347	347	349	349	349	349	(1000 HA)	
Area Harvested	321	321	323	323	323	323	(1000 HA)	
Bearing Trees	550	550	555	555	555	555	(1000 TREES)	
Non-Bearing Trees	65	65	65	65	65	65	(1000 TREES)	
TOTAL Tree Population	615	615	620	620	620	620	(1000 TREES)	
Beginning Stocks	363	363	831	831	1063	695	(1000 60 KG BAGS)	
Arabica Production	2018	2018	1702	1702	1750	1775	(1000 60 KG BAGS)	
Robusta Production	2992	2992	2886	2886	2910	2812	(1000 60 KG BAGS)	
Other Production	0	0	0	0	0	0	(1000 60 KG BAGS)	
TOTAL Production	5010	5010	4588	4588	4660	4587	(1000 60 KG BAGS)	
Bean Imports	0	0	0	0	0	0	(1000 60 KG BAGS)	
Roast & Ground Imports	0	0	0	0	0	0	(1000 60 KG BAGS)	
Soluble Imports	0	0	0	0	0	0	(1000 60 KG BAGS)	
TOTAL Imports	0	0	0	0	0	0	(1000 60 KG BAGS)	
TOTAL SUPPLY	5373	5373	5419	5419	5723	5282	(1000 60 KG BAGS)	
Bean Exports	2689	2689	2500	2852	2800	2582	(1000 60 KG BAGS)	
Roast & Ground Exports	1	1	1	1	1	1	(1000 60 KG BAGS)	
Soluble Exports	752	752	700	700	750	750	(1000 60 KG BAGS)	
TOTAL Exports	3442	3442	3201	3553	3551	3333	(1000 60 KG BAGS)	
Rst,Ground Dom. Consum	925	925	970	986	980	1000	(1000 60 KG BAGS)	
Soluble Dom. Consum.	175	175	185	185	190	200	(1000 60 KG BAGS)	
TOTAL Dom. Consumption	1100	1100	1155	1171	1170	1200	(1000 60 KG BAGS)	
Ending Stocks	831	831	1063	695	1002	749	(1000 60 KG BAGS)	

							BAGS)
TOTAL DISTRIBUTION	5373	5373	5419	5419	5723	5282	(1000 60 KG BAGS)