

Required Report: Required - Public Distribution

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Report Name: Coffee Semi-annual

Country: India

Post: New Delhi

Report Category: Coffee

Prepared By: Dhruv Sood

Approved By: Rhiannon Elms

Report Highlights:

FAS Mumbai forecasts marketing year (MY) 2024/25 coffee production (Oct/Sep) at 6.2 million 60-kilogram bags, four percent higher than the previous forecast due to plentiful southwest monsoon rains that will improve Robusta crop yields. However, production of the rainfed Arabica crop is expected to be negatively impacted due to excess moisture and higher temperatures. Domestic consumption is forecast to rise by 14 percent to 1.5 million 60-kilogram bags, driven by thriving demand for instant coffee, which is likely to limit carryover stocks.

Area and Production

FAS Mumbai forecasts marketing year (MY) 2024/25 planted area at 475,000 hectares, with a harvested area of 434,000 hectares, unchanged from the previous forecast. However, the MY 2024/25 production (Oct/Sep) forecast is revised up four percent at 6.2 million 60-kilogram bags, as excess monsoon rains improved soil moisture levels and crop conditions. Robusta, the most popular coffee type that accounts for over 70 percent of India's production, is forecast up five percent to 4.8 million 60- kilogram bags (288,000 MT). Arabica production is forecast one percent lower from the previous estimate at 1.4 million 60- kilogram bags (84,000 metric tons or MT), with yields expected at 396 kilogram per hectare, a five percent decrease from last year. Arabica yields are projected lower due to the Chikamagalur region in Karnataka, which accounts for 38 percent of arabica planted area in the traditional growing region, received 47 percent above normal rains with an average maximum temperature of 8-9 degrees Fahrenheit above optimal temperatures. Arabica plants are more sensitive to temperature increases and continuous exposure to higher temperatures can severely damage coffee plants, stunting growth, and yellowing leaves.

Production, Supply and Distribution

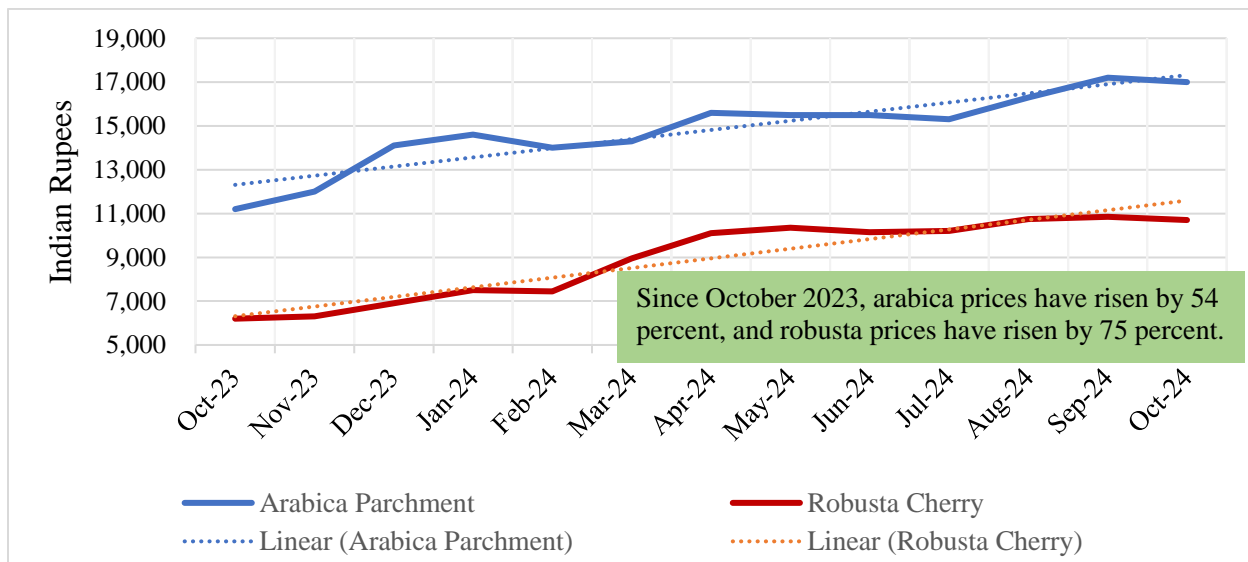
Coffee, Green Market Year Begins	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	475	480	477	477	475	475
Area Harvested (1000 HA)	433	433	434	434	434	434
Bearing Trees (MILLION TREES)	548	548	550	550	549	549
Non-Bearing Trees (MILLION TREES)	97	97	95	95	96	96
Total Tree Population (MILLION TREES)	645	645	645	645	645	645
Beginning Stocks (1000 60 KG BAGS)	168	168	139	138	253	52
Arabica Production (1000 60 KG BAGS)	1,667	1,667	1,500	1,480	1,400	1,400
Robusta Production (1000 60 KG BAGS)	4,200	4,200	4,600	4,580	4,600	4,800
Other Production (1000 60 KG BAGS)	-	-	-	-	-	-
Total Production (1000 60 KG BAGS)	5,867	5,867	6,100	6,060	6,000	6,200
Bean Imports (1000 60 KG BAGS)	1,700	1,700	1,600	1,517	1,620	1,620
Roast & Ground Imports (1000 60 KG BAGS)	10	9	20	13	10	10
Soluble Imports (1000 60 KG BAGS)	50	53	30	30	30	50
Total Imports (1000 60 KG BAGS)	1,760	1,762	1,650	1,560	1,660	1,680
Total Supply (1000 60 KG BAGS)	7,795	7,797	7,889	7,758	7,913	7,932
Bean Exports (1000 60 KG BAGS)	3,924	3,924	4,250	4,250	4,200	4,200
Rst-Grnd Exp. (1000 60 KG BAGS)	6	7	6	6	10	8
Soluble Exports (1000 60 KG BAGS)	2,490	2,488	2,080	2,150	2,130	2,130
Total Exports (1000 60 KG BAGS)	6,420	6,419	6,336	6,406	6,340	6,338
Rst,Ground Dom. Consum (1000 60 KG BAGS)	360	360	400	400	400	420
Soluble Dom. Cons. (1000 60 KG BAGS)	876	880	900	900	920	1,080
Domestic Consumption (1000 60 KG BAGS)	1,236	1,240	1,300	1,300	1,320	1,500

Ending Stocks (1000 60 KG BAGS)	139	138	253	52	253	94
Total Distribution (1000 60 KG BAGS)	7,795	7,797	7,889	7,758	7,913	7,932
(1000 HA), (MILLION TREES), (1000 60 KG BAGS)						

Exports

Post forecasts MY 2024/25 exports at 6.3 million 60-kilogram bags (380,300 MT), unchanged from the previous estimate. Post expects export demand to remain firm in MY 2024/25, especially for Indian robustas. However, trade sources indicate that current prices are limiting international buyers from placing larger orders, as Indian farmgate prices are at a decade high, driven by a global surge in international coffee prices due to supply issues. According to Coffee Board of India data, green bean prices for Arabica parchment and Robusta cherry have increased by 54 and 75 percent, respectively, since the beginning of Indian marketing year in October 2023 (refer figure 1).

Figure 1. Farmgate Raw Coffee Prices in Karnataka (Indian Rupees* per 50-kilogram bags)

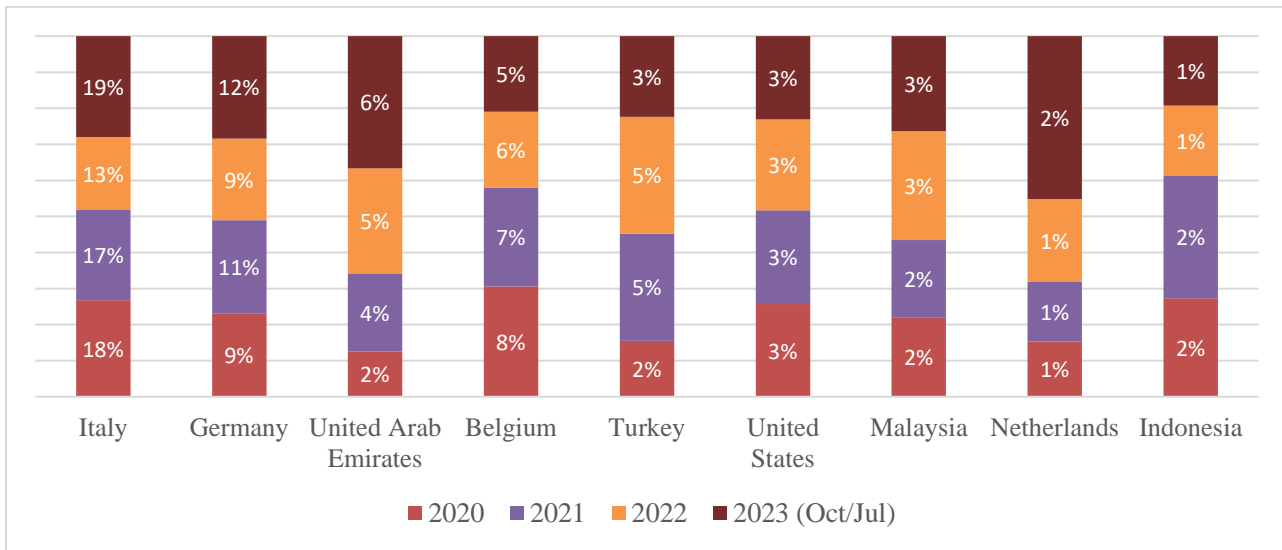


* Exchange rate equals Rupees 83.95 per dollar as of October 08, 2024

Source: Coffee Board of India

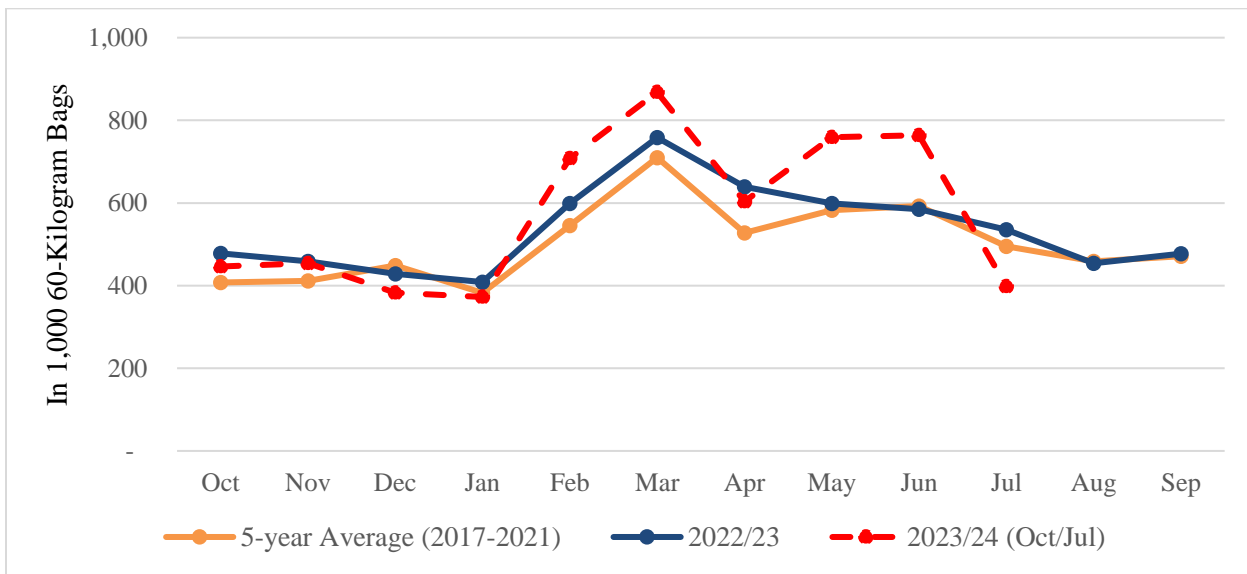
According to preliminary [data published](#) by the Ministry of Commerce, coffee exports in August 2024 were 70 percent higher by value as compared to same period last year. Similarly, cumulative (April 2024 to August 2024) coffee exports were 43 percent higher as compared to a similar period last year, as European buyers were stocking coffee in the run up to the December 30 deadline for the implementation of the proposed [the European Deforestation Regulation \(EUDR\)](#), which has since been deferred for another 12 months. The legislation aims to curb forest clearance in countries that send products, including coffee, to the European Union.

Figure 2: Coffee* Export Share by Country (in percentage)



*Includes green beans, soluble, roast and ground coffee in green bean equivalent (GBE)
 Source: Trade Data Monitor, LLC

Figure 3: Coffee* Exports by Month



*Includes green beans, soluble, roast and ground coffee (HS Code - 090111, 090112, 090121, 090122, 210111, 210112) green bean equivalent (GBE)
 Source: Trade Data Monitor, LLC

Consumption

Post forecasts MY 2024/25 domestic coffee consumption at 1.5 million 60-kilogram bags (90,000 MT), up 14 percent from the previous estimate due to increases sales of soluble/instant coffee for at-home

consumption. Post expects that household consumption of soluble coffee will constitute a much larger share (72 percent) of domestic consumption during the next year.

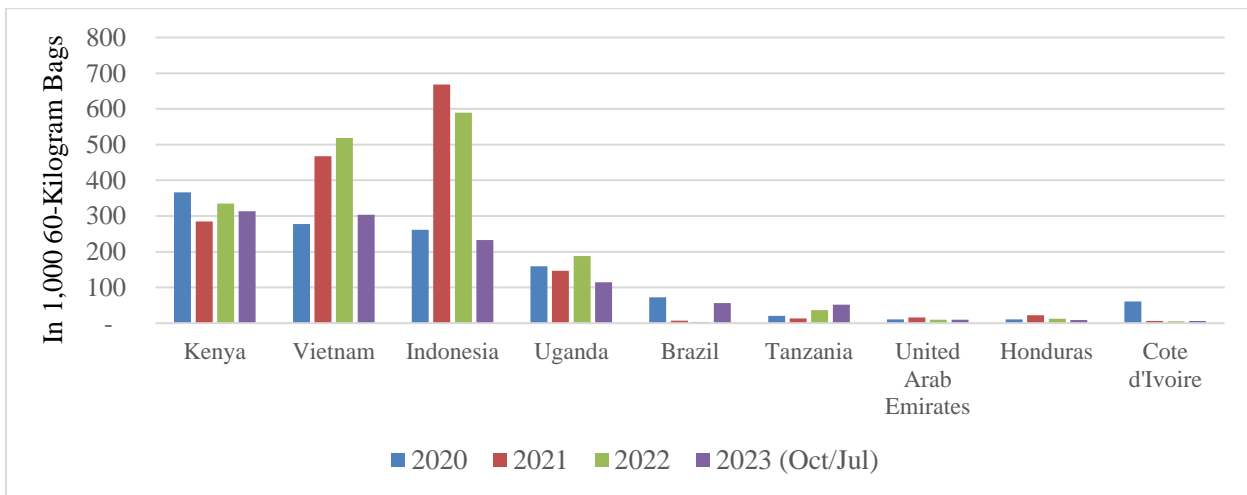
Increased instant coffee consumption is primarily driven by younger demographic in the 16-35-year age category who prefer easy-to-make low-cost options. Soluble coffee processors are expanding distribution networks, partnering with e-commerce and quick commerce brands to enhance their presence across India with innovative blends, flavors and formats.

Imports

Post forecasts MY 2024/25 imports at 1.7 million 60-kilogram bags (100,800 MT), unchanged from the previous estimate. Imports for green beans for processing and re-export will be higher, driven by rising demand for value added coffee. The import duty on raw coffee beans remains unchanged at 100 percent however, beans imported for re-export and value addition are exempted under the [advance authorization scheme](#). Most imports are green beans (95 percent share) meant for processing and re-export from Indonesia, Vietnam, Kenya, Vietnam, and Uganda.

On September 3, the Ministry of Agriculture published a [draft notification \(G/SPS/N/IND/311\)](#) liberalizing provisions governing import of coffee beans for consumption or processing (*Coffea spp.*) from all countries. The revised plant quarantine amendment allows fumigation treatment with phosphine from any country; removing the earlier restriction that allowed fumigation treatment with phosphine to countries (in Africa and South America) that had phased out methyl bromide for quarantine and pre-shipment treatment purposes.

Figure 4: Coffee* Imports by Country



*Includes green beans, soluble, roast and ground coffee (HS Code - 090111, 090112, 090121, 090122, 210111, 210112) green bean equivalent (GBE)

Source: Trade Data Monitor, LLC

Stocks

Post forecasts MY 2024/2025 opening/carryover stocks at 52,000 60-kilogram bags (3,100 metric tons), 80 percent lower than previous estimate due to strong export demand. Export shipments during MY

2023/24 were higher than anticipated as Indian exporters were concerned about the impending EUDR deadline prompting shippers to frontload shipments in the second half of the year to avoid supply chain delays leading to much lower carryover inventory. There are no government-held stocks, all supplies are privately held by either growers or traders. Trade sources indicate that current high prices have led to limited inventory of unsold coffee in the market and growers are holding between one to two percent of the production, and processors have augmented the supplies through imports.

Policy

Coffee Board Incentive Scheme

On September 4, the Government of India approved the Integrated Coffee Development Project (ICDP) scheme effective from September 4, 2024, to March 31, 2026. The scheme objective is to encourage coffee development in traditional and non-traditional areas in India. The scheme includes financial incentives for establishing new coffee roast and ground (R&G) units, and support for coffee curing units to upgrade technologies for coffee processing. For additional details, please refer to the coffee board [website](#).

Attachments:

No Attachments