

## **Coffee Industry in India – A Historical Perspective**

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**Abstract:** The coffee industry of India is the sixth largest producer of coffee in the world, accounting for over four percent of world coffee production, with the bulk of all production taking place in its Southern states. It is believed that coffee has been cultivated in India longer than anywhere outside of the Arabian Peninsula. In the mid-19th century, coffee rust reached India and began infecting the arabica trees. By 1869, the rust had become an epidemic. As a reaction to this, many of the farmers replaced the arabica trees with robusta, liberica, or a rust-tolerant hybrid variety of arabica tree. These more resistant trees are still commonly grown in India. There are over 1, 71,000 coffee farms in India, cultivating nearly 900,000 acres of coffee trees. Most coffee production in India is on small farms, with over 90 percent of all farms consisting of 10 acres or fewer. However, such farms account for just over half of all land used for coffee production and a minority of all coffee produced. Most coffee in India is grown in three states: Karnataka, Kerala, and Tamilnadu. These states accounted for over 92 percent of India's coffee production in the 2011-2012 growing season. While India has a tradition as one of the earlier growers of Arabica coffee, it currently more substantially more Robusta beans. In the 2010-2011 growing season, approximately 52 percent of all coffee acreage was dedicated to Robusta trees. However due to the higher yields of this tree, Robusta accounted for 64 percent of all coffee produced in India.

**KEY WORDS:** COFFEE COFFEE INDUSTRY IN INDIA – A HISTORICAL PERSPECTIVE

Date of Submission: 10-08-2018

Date of acceptance: 24-08-2018

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### **I. HISTORY & ORIGIN OF COFFEE IN INDIA**

The history of coffee in India dates back to around 1600 AD, when the Indian Sufi saint, Baba Budan, went on a pilgrimage to Mecca. He made his 'legendary' journey from Mocha, a port city of Yemen that overlooks the Red Sea, to his homeland.

Besides being a trading hub for coffee, Mocha was the source of the popular Mocha coffee beans. Baba Budan discovered coffee in the form of a dark and sweet liquid called Qahwa1 on the way. He found the drink refreshing and secretly brought back seven coffee beans from Mocha by strapping them to his chest, since the Arabs were extremely protective about their coffee industry.

### **II. ORIGIN OF COFFEE IN INDIA**

After returning from his pilgrimage, Baba Budan planted the Seven Seeds of Mocha1 in the courtyard of his hermitage in Chikmagalur, Karnataka – the birthplace and origin of coffee in India. The coffee plants gradually spread as backyard plantings, and later on to the hills of what is now known as Baba Budan Hills.

### **THE HISTORY OF COFFEE CULTIVATION & COMMERCIAL PLANTATIONS**

Coffee cultivation grew and thrived in India during the British rule and beyond. The Dutch began to grow coffee in the Malabar region, but a major transition happened when the British led a relentless drive to set up Arabica coffee plantations across the hilly regions in South India, where they found the climatic conditions to be apt for the crop.

Commercial coffee plantations in India started with an ambitious and enterprising British manager named JH Jolly, who was working Parry & Co., a trading company. He felt that the coffee beans growing in the plantations of Chandragiri had huge potential, and sent a petition to the Mysore government of the day for 40 acres of land to grow coffee.

The success of this endeavor encouraged more people to take the plunge into the coffee plantation business, and led to the proliferation of plantations across the region. Slowly but steadily, a vibrant ecosystem also began to evolve.

## **HOW THE COFFEE BOARD OF INDIA WAS FORMED**

The coffee industry suffered a huge setback during the Great Depression. The government stepped in by setting up the Coffee Cess Committee, which later became the Coffee Board of India. Initially, the Board provided funding to exporters. When World War-II sealed export routes, the board began to buy coffee from planters, and took upon itself the responsibility of marketing the produce.

## **COFFEE CULTIVATION AND PLANTATIONS AFTER 1947**

Pooling of coffee produce was the norm in the initial decades of independent India. However, the coffee industry gathered pace in the post-liberalisation era (i.e. after 1991), when the government allowed coffee planters to market their own produce, rather than selling to a central pool.

- Today, India is home to 16 unique coffee varieties.
- Indian coffee is grown under a canopy of thick natural shade in ecologically sensitive regions of the Western and Eastern Ghats.
- Indian coffee is traditionally grown in the Western Ghats spread over Karnataka, Kerala and Tamil Nadu.
- Coffee cultivation in India has expanded rapidly to non-traditional areas like:
  - Andhra Pradesh and Odisha on the Eastern Coast
  - Assam, Manipur, Meghalaya, Mizoram, Tripura, Nagaland and Arunachal Pradesh in the North East

## **TYPES OF COFFEE**

There are basically two types of coffee consumed most commonly worldwide - Arabica and Robusta - that grow from the two main species of coffee plants: *Coffea Arabica* and *Coffea Robusta* respectively. Although there are numerous varieties of coffee plants, Arabica and Robusta are the most important from a commercial standpoint.

### **ARABICA COFFEE**

Arabica coffees (or Arabicas) have a delicate flavour and balanced aroma coupled with a sharp and sweet taste. They have about half the amount of caffeine compared to Robustas. Arabicas are harvested between November to January, and are typically grown on higher altitudes ranging from 600 to 2000 metres in cool, moisture-rich and subtropical weather conditions. They require nutrient-rich soil to be able to conform to the highest international coffee standards.

Four popular varieties of Arabica coffee are:

- Kents Coffee
- S.795 Coffee
- Cauvery Coffee
- Sln.9 (Selection 9) Coffee

### **ROBUSTA COFFEE**

Robusta coffees (or Robustas) have twice the level of caffeine compared to Arabicas. Robusta coffees have a very strong taste, a grainy essence and an aftertaste somewhat similar to that of peanuts. It is possible to grow this variety at lower heights. Robusta coffee plants are harvested from December to February, and can better withstand the onslaught of unfriendly weather and plant pests.

Robustas have a better yield and take less time to bear fruit than Arabicas. Although the Arabica variety is preferred in international markets, high quality Robustas are also highly sought after in espressos due to their strong taste and the crema that they help generate.

Two popular varieties of Robusta coffee are:

- S.274 Coffee
- CxR Coffee

## **IMPORTANT COFFEE VARIETIES<sup>1</sup> – BY PLANT TYPE**

**Kents Coffee** *Kents* – the earliest variety of Arabica coffee – was selected by an English planter with the same name during the 1920s. It remained popular with planters until the 1940s due to the lower susceptibility of this particular coffee plant to rust. Although it is currently grown in a few areas only, Kents coffee is known for its exceptional cup quality.

### **S.795 Coffee**

*The most popular variety of Arabica coffee in India, S.795 was launched in the 1940s. The S.795 coffee plant is known for its superior quality, high yields, bold beans and better relative tolerance to leaf rust. The S.795 coffee plant was developed using the Kents Arabica coffee plant, known for its top quality. A widely cultivated Arabica variety, it has a balanced cup with the subtle flavour notes of Mocha coffee.* **Cauvery Coffee**

Also known as Catimor, the Cauvery coffee plant is a hybrid descendent of Caturra (a natural mutant of the high quality Bourbon variety) and *Hybrido-de-Timor*. The *Cauvery* coffee plant inherited the superior quality attributes of Caturra and the tough resistance of *Hybrido-de-Timor*.

Sln.9 Coffee (Selection 9 Coffee)

The Selection 9 coffee plant is a hybrid between Tafari-kela (an Ethiopian Arabica collection) and the tough and resistant *Hybrido-de-Timor*. It boasts of all the superior cup quality traits of Tafari-kela, and won the Fine Cup Award for best Arabica at the Flavour of India – Cupping Competition 2002 organised by Coffee Board of India.

### **IMPORTANT COFFEE VARIETIES – BY REGION**

13 different varieties of Indian coffee can be identified based on their origins.

- Major Arabica producing regions include Anamalais, Bababudangiris, Biligiris, Araku Valley, Brahmaputra, Shevaroyis, and Pulneys
- Major Robusta producing regions include Wayanaad (largest producer of Robusta) and Travancore.

In addition, Coorg, Chikmaglur, Nilgiris and Manjarabad are famous for both the Arabica and Robusta varieties. The details for each of the 13 regional varieties of Indian coffee are given below.

### **COFFEE GROWING REGIONS OF INDIA**

India's coffee growing regions can be divided into three categories:

- Traditional coffee growing regions, such as Karnataka, Kerala and Tamil Nadu
- Non-traditional (i.e. relatively new) coffee growing regions, such as Andhra Pradesh and Orissa on the Eastern Ghats
- North-Eastern coffee growing regions, such as Assam, Manipur, Meghalaya, Mizoram, Tripura, Nagaland and Arunachal Pradesh

Coffee in India is grown in different geographies, under varying degrees of rainfall (ranging from 800 mm to 4500 mm) – and altitudes (ranging from 700 m at Chikmaglur to 2000 m at Pulneys). These differences bring subtle but exciting variations to the flavour Indian coffee.

### **COFFEE STATISTICS**

Commercial plantations of coffee started in India during the 18th century. Over the years, the Indian coffee industry has earned a distinct identity on the coffee map of the world. India is the only country in the world where all coffees are grown under a 'well-defined two-tier shade canopy of evergreen leguminous trees'. India is today home to 16 unique varieties of coffees sourced from 13 distinct coffee growing regions; most of them in the southern part of the country. The different varieties of Indian coffees are well suited for cappuccinos and espressos alike and have no parallel in any other coffee growing nation globally. India's coffee regions are one of the 25 biodiversity hotspots in the world.

### **PRODUCTION**

Coffee production in India grew rapidly in the 1950s, increasing from 18,893 tonnes in 1950-51 to 68,169 tonnes in 1960-61. Growth in India's coffee industry, however, has been especially robust in the post-liberalisation era, backed by the government's decision to allow coffee planters to market their own produce, rather than selling to a central pool. Coffee production in India stood at 316,000 metric tonnes (MT) in 2017-18. Robusta variety accounted for 221,000 MT (70 per cent) of this production, while Arabica accounted for 95,000 MT (30 per cent). India has emerged as the seventh largest coffee producer globally; after Brazil, Vietnam, Columbia, Indonesia, Ethiopia and Honduras. It accounted for 3.3 per cent of production and 5.4 per cent of global exports in 2017-18 (provisional estimates) as compared to 3.15 per cent and 3.57 per cent respectively in 1994-95.

The area under coffee plantations in India has increased by more than three times, from 120.32 thousand hectares in 1960-61 to 454.72 thousand hectares in 2017-18 (provisional). Most of this area is concentrated in the southern states of Karnataka (53.83%), Kerala (18.89%) and Tamil Nadu (7.83%). Productivity has also improved from around 567 kg/Ha in 1961 to around 765 kg/Ha during 2017-18. For the traditional areas, productivity has grown from 412 kg/Ha in 1961 to 886 kg/Ha in 2017-18. The industry is driven by the enterprise of around 280,241 coffee growers, out of which 99% are small growers, while 1% are medium to large growers. These plantations employ an average of around 659,865 people on a daily basis, as per provisional estimates for 2017-18.

**Table: 4.8** Production in Major States/Districts Of India(in MTs)

State/District	Final Estimate 2017-18			Post Blossom Estimate 2017-18		
	Arabica	Robusta	Total	Arabica	Robusta	Total
Karnataka						
Chikmagalur	31,600	43,275	74,875	35,900	48,110	84,010
Kodagu	19,550	97,000	116,550	20,500	113,000	133,500
Hassan	17,875	13,000	30,875	18,900	15,350	34,250
Sub total	69,025	153,275	222,300	75,300	176,460	251,760

Kerala									
Wayanad				0	55,525	55,525	0	58,160	58,160
Travancore				960	6,275	7,235	885	6,500	7,385
Nelliampathies				1,200	1,775	2,975	1,200	1,775	2,975
Sub total				2,160	63,575	65,735	2,085	66,435	68,520

Tamil Nadu									
Pulneys				7,170	340	7,510	7,800	340	8,140
Nilgiris				1,400	3,150	4,550	1,700	3,350	5,050
Shevroys (Salem)				3,530	50	3,580	4,100	70	4,170
Anamalais (Coimbatore)				1,300	500	1,800	1,300	500	1,800
Sub total				13,400	4,040	17,440	14,900	4,260	19,160

Non Traditional Areas									
Andhra Pradesh				9,580	20	9,600	10,050	50	10,100
Orissa				740	0	740	670	0	670
Sub Total				10,320	20	10,340	10,720	50	10,770
North Eastern Region				95	90	185	95	95	190
Grand Total (India)				95,000	221,000	316,000	103,100	247,300	350,400

Source: Coffee Board

## EXPORTS

India exports coffee to over 45 countries. The total coffee exports from the country stood at 395,014 MT in 2017-18 (provisional based on export permits) fetching a value of Rs 157,215/tonne. Export earnings have increased from Rs 2070.68 crore in 2009-10 to Rs 6210.23 crore in 2017-18 (provisional based on export permits for 2017-18), growing at a CAGR of 14.7% during the period. Italy was the largest export market for Indian coffee, importing 80,099 MT (20.28% of India's total exports) in 2017-18. It was followed by Germany (39,233 MT), Russian Federation (26,418 MT), Belgium (18,126 MT) and Turkey (15,951 MT). Significantly, value added coffee exports have improved from 75654.4 MT in 2007-08 to 136628.4 MT in 2017-18.

**Table: 4.9** No.of Holdings

Name of the Region	2016-17		
	< 10	>10	Total
Chikmagalur	20513	1338	21851
Hassan	13751	387	14138
Madikeri	21492	245	21737
Virajpet	21204	231	21435
Total for Karnataka	76960	2201	79161
Kerala	77370	275	77645
Tamil Nadu	17656	350	18006
Total for Traditional Areas	171936	2826	174762
Non Traditional Areas	167370	26	167396
NER Region	10477	9	10486
Grand total	349783	28614	352644

Source: Coffee Board

**Table: 4.10** Export of coffee from India – Top 10 countries in 2017-18

Destination	Quantity (in MT)	Unit value in Rs/tonne
Italy	80,099	141,547
Germany	39,233	161,354
Russian Federation	26,418	171,756
Belgium	18,126	205,908
Turkey	15,951	170,688
Poland	13,709	158,771
USA	13,405	104,981
Indonesia	12,344	137,953
Jordan	11,162	175,108
Libya	10,545	144,861

*Source: Coffee Board*

### DOMESTIC MARKET

While coffee in India has traditionally been an export-oriented commodity, coffee planters in India are finding significant traction in the domestic market as well. India's domestic coffee consumption has increased steadily from around 50,000 MT in 1998 to 115,000 MT in 2011 (provisional estimates), registering a CAGR of 6.09%. This led to the setting up of a number of international and Indian coffee retail chains in the country in recent years like Lavazza, Café Coffee Day, Costa, Gloria Jean's Coffee, Coffee Bean & Tea Leaf and Starbucks.

Besides viewing India as a market, these chains are also recognising the fine quality and value proposition that is characteristic to India's coffee plantations; thanks to a rich legacy that spans more than four centuries. Consequently, they are also looking to develop a deeper and sustainable sourcing relationship with Indian coffee growers. India is witnessing a dramatic evolution of the coffee consuming culture across the Indian market.

The ecosystem from the farm to the cup is evolving at a rapid pace to address this cultural shift; an evolution that is getting further catalysed by the entry of international players. Apart from this, a number of homegrown entrepreneurs are emerging to help spread the coffee culture and transform the entire coffee experience in homes through provision of freshly roasted coffee beans, a range of distinguished varieties of coffee as well as coffee brewing equipment. The impact of this is expected to be particularly visible in North India, which has not been a traditionally coffee drinking market like South India.

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IOSR Journal of Humanities and Social Science (IOSR-JHSS) is UGC approved Journal with Sl. No. 5070, Journal no. 49323.

Sasubilli Paradesi Naidu "Coffee Industry in India – A Historical Perspective." IOSR Journal Of Humanities And Social Science (IOSR-JHSS). vol. 23 no. 08, 2018, pp. 29-33.