

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

LOK SABHA
UNSTARRED QUESTION NO. 1658
TO BE ANSWERED ON 21st SEPTEMBER, 2020

COFFEE PRODUCTION

1658. KUMARI SHOBHA KARANDLAJE:

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

- (a) whether coffee production has declined during the last two years due to heavy rain, floods and landslides and if so, the details thereof;
- (b) whether COVID-19 has led to a decline in the demand for coffee in the export markets;
- (c) if so, whether India's coffee export declined during the year 2019-20 and if so, the details thereof;
- (d) whether the Government has estimated the loss to coffee plantation sector due to lockdown and the COVID fallout and if so, the details thereof;
- (e) whether the Government plans to restructure existing debts with lesser interest and long term repayment options, in addition to releasing some fresh working capital to the coffee growers and if so, the details thereof;
- (f) whether the Government proposes to restore export incentive to 5 per cent from the present 3 per cent; and
- (g) whether the growers have demanded financial assistance for crop loss and one year moratorium on taxes and duties and if so, the action taken by the Government in this regard?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

- (a): Coffee production has been impacted during the last two years due to heavy rain, floods and landslides in major coffee growing regions of Karnataka, Kerala and parts of Tamil Nadu. Coffee production during 2018-19 had shown an increase of 1.10% over 2017-18. It, however, declined by 6.73% during 2019-20 as shown in the Table below:

Year	Coffee production (tonnes)	% change over previous year
2018-19	319500	1.10%
2019-20	298000	-6.73%

Source: Coffee Board

- (b): The demand for coffee in the major coffee markets, has shown a downward trend since April, 2020 due to the situation arising out of the COVID-19 pandemic.
- (c): India's coffee exports during 2019-20 have declined by 7.40% in terms of quantity and 10.32% in terms of export value realization as compared to 2018-19.
- (d): As per the assessment made by the Coffee Board, while the harvesting of the coffee crop was completed to a large extent by March 2020, some estate operations were delayed, which may have an impact on the coffee crop. However, 95% of the Coffee roasting units and instant coffee manufacturing units were closed due to the lock down. Due to restrictions imposed to contain the spread of the pandemic, demand from hotels, restaurants, cafe businesses as well as offices, vending machines, events etc., which are the major out-of-home customers, was impacted. With regard to exports, coffee exports (green coffee and value added coffee, including instant coffee) declined by about 26,400 MT during the period 25th March 2020 to 31st May 2020, as per the export permits issued by the Coffee Board and inputs received from exporters.
- (e) to (g): The Government /Reserve Bank of India (RBI), have taken various policy measures to ease the financial stress caused by COVID 19 disruptions, by providing relief on debt servicing and improving access to working capital. RBI vide its circulars dated 17th April 2020, have permitted all commercial banks, to grant a moratorium till 31st August 2020, on payment of all instalments in respect of term loans (including agricultural term loans, retail and crop loans). The repayment schedule for such loans as also the residual tenor, has been allowed to be shifted across the board. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions have been permitted to allow a deferment till 31st August 2020, on recovery of interest applied in respect of all such facilities. This facility is applicable to all loans to agriculture and allied activities including coffee sector.

No proposal for revision / restoration of export incentive to 5 percent from existing 3 percent, given under Merchandise Exports from India Scheme (MEIS) for coffee sector, is under consideration.
