



TREND IN IMPORT AND EXPORT OF COCOA FROM INDIA

R. Jnanadevan

Cultivation of cocoa, the chocolate tree is gaining momentum in India and is presently cultivated in an area of 71365 ha with total production of 15133 MT (2013-14). Tamil Nadu ranks first in area (23,959 ha.) where as Kerala still leads in production (6320 MT) and productivity (750 Kg/Ha.) Cocoa is getting good price during the last ten years and it become a crop that generate decent income for farmers and their families. According to market experts, industry as a whole expect substantial short fall between global supply and demand. Forecast indicates that this trend will continue in near future in addition to increase in demand expected from Asian countries. There will be a shortage of one million tons of cocoa beans anticipated by 2020. In recent years emerging global cocoa market such as Eastern Europe and Brazil have seen rise in chocolate consumption. At the same time, due to ageing of cocoa farms and farmers are depletion of available arable land, yield have at best remained stable not declined. Hence as a whole expect substantial shortfall between supply and demands by 2020, unless action is taken in major producing countries in the world. Hence increasing in production is seen as a necessity in order to meet the global demand for cocoa.

Though production in India is very small quantity and is negligible compared to major producing countries, there is much potential to enhance area and production in country and enter into the global cocoa market and earn more foreign exchange to our country through export of cocoa products and reduce import. If we look into the trend in production and demand for cocoa beans during the last ten years we can see that there is steady increase in demand and rate

of increase in demand much higher than the increase in production. Hence government of India giving more thrust for promotion of this crop as an intercrop in coconut and arecanut gardens under the centrally sponsored scheme-National Horticulture Mission (NHM) during the 12th plan. However the present domestic production of cocoa is sufficient to meet less than 50% of the demand of the processing industries and consequently has been resorting to import cocoa beans and cocoa mass from other countries. Shortage of dry cocoa beans have been one of the major issues of the cocoa processing industry in the country. The processing sector in India depend on local production and import of dry cocoa beans and products viz; cocoa powder, cocoa butter, cocoa paste chocolate other food preparations to meet the demand. If we look in to the trend in import and export of cocoa products from the country, there is tremendous increase in both import and export and the rate of increase in export is much higher than that of import in the recent years. Exports of cocoa products from the country has also been growing steadily even though non-availability of the raw material in required quantity exists indigenously to meet demand of processing units. Hence an attempt has been made to analyze the trend in import, export and price of cocoa beans and cocoa products for the last ten years to assess the scope in promotion of cocoa in India.

Trend in Import of cocoa beans and cocoa products to India

India is importing cocoa requirements from other countries. At present, ten major cocoa processing units are functioning in India under organized sector with a capacity to process 40,000 MT dry beans per year. The industry, therefore,

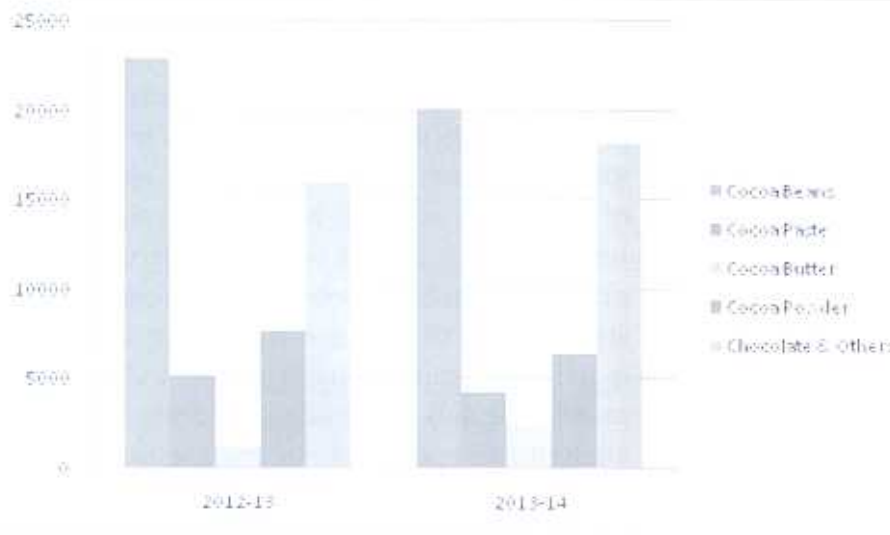
imports nearly 60 percent of requirement through imports from other countries, especially from Africa to meet the demand. The major source of cocoa import is from Ivory Coast, Tanzania, and Dominican Republic. The dependency on

imports could be reduced by increasing the domestic production and trend in increase the export should be continued to earn more foreign exchange to our country. Hence, efforts needed to achieve self-sufficiency in cocoa production.

Import of Cocoa / Cocoa products

(Qty in thousand KGS)
(Rs. in Lakhs)

Item	2012-13		2013-14	
	Qty	Value	Qty	Value
Cocoa Beans	22922.00	35014.98	20164.90	34579.31
Cocoa Paste	5174.37	11825.32	4300.09	9565.87
Cocoa Butter	1224.74	2282.76	2467.76	7242.57
Cocoa Powder	7735.36	17421.40	6498.18	9335.57
Chocolate & other food preparations	15974.64	38380.44	18196.42	46431.64
Total	53031.11	104924.90	51627.35	107154.96



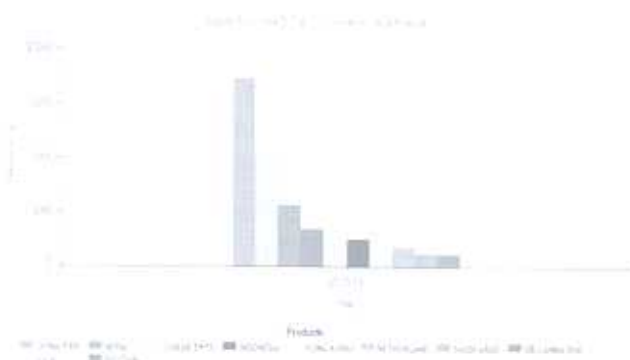
cocoa beans and cocoa products valued at Rs 1071.54 cores during 2013-14. However the rate of increase in import is showing a decreasing trend during the last two years. The total quantity of cocoa beans imported in India during 2012-13 was 53,031 MT valued Rupees 1049.24 cores where as the quantity imported during 2013-14 was 51627 MT valued rupees 1071.574 cores. The rate of increase during the period

Cocoa beans and chocolate and other food preparations contribute 74% of import in terms of quantity of the products during 2013-14. Import of cocoa beans and cocoa products also shows an increasing trend during the last ten years. Total quantity of cocoa beans and cocoa products imported in to India during 2004-05 was 8240 MT valued at Rs. 92.093 Cores. There was an increase of 526% in quantity and 1064% in value in Rupee terms compared to the imports of 51627 MT of

was only 4% in quantity and 11% in value in rupees terms. This is a positive sign which indicate that the import is reducing due to the increase in domestic production the same time the export is increasing at a very high rate. India imported 20,165 MT of cocoa beans valued rupees 345.29 cores apart from 1819.6 MTs of chocolates and other food products, 6498 MTs of cocoa powder for 1300 MTs of cocoa paste and 2.67 MTs cocoa butter during the year 2013-14.

The trend in export in relation to import and utilization of internal production

The available data shown below indicates that the quantity of dry beans processed in India increasing every year. The global market for cocoa and cocoa products is growing steadily at an average growth rate of 7% annually. Domestic demand of cocoa beans also grows steadily at an average 15% per annum. Chocolate is widely consumed in India, and domestic consumption has been growing along with per capita income. The export which began at around 2535 tons valued Rs. 24.8 crores in 2005-06, has been increased to 15963 MT valued Rs. 570.78 crores in 2013-14. India exported cocoa beans and cocoa



products to 93 countries during 2013-14. The major ten countries to which India exports cocoa beans and cocoa products are China, USA, Nepal, Indonesia, Hongkong, UAE, Netherland, Saudi Arabia, Srilanka and Bhutan.

When the import of cocoa and cocoa products was increasing, there was a steady increase in domestic production and export also. However, it was not sufficient to meet the growing demand of cocoa processing industry. Hence Indian cocoa industry's dependence on other producing countries as indigenous supply has not been able to keep pace with the processing industry's growing requirement. But the trend in exports during last few years indicates rate of increase in export is very high compared to the rate of increase in import.

The annual increase in cocoa products export was massive and all-time highest, 94% in value during 2013-14 compared to 2012-13. According to DGCI & S figures, the total value of export of cocoa beans and cocoa products from India during 2012-13 was at Rupees 293 crores. It showed an increase of 94% in value in comparison with export of 15963 MT of cocoa products valued at Rupees 570.08 crores during 2013-14



Trade Performance- Cocoa beans/cocoa products
(Rs. crores, in MT)

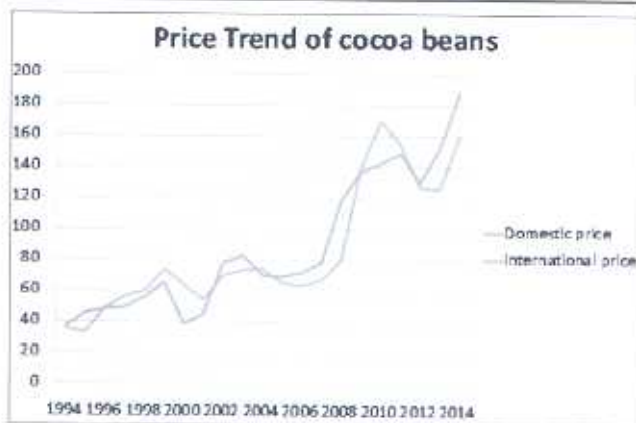
Period	Export Quantity	Export Value	Import Quantity	Import Value
2005-06	2,525.11	24.8	12125	112.865
2006-07	3,412.22	40.12	14878	135.057
2007-08	4,979.31	42.26	19627	189.36
2008-09	6,831.91	84.04	12022	243.201
2009-10	5,863.92	103.104	14348	376.069
2010-11	9,077.58	133.285	23148	584.211
2011-12	16,678.55	175.976	46233	934.322
2012-13	19,083.35	293.921	53031	1049.249
2013-14	15,962.92	570.78	51627	1071.54

Domestic Marketing and price trend of cocoa:

There is an attractive price for cocoa pods and beans prevalent now. The price of cocoa shows an increasing trend ruling at all time high Rs. 180 – Rs. 200 per kg of dry beans during the current year (2014-15). The price always moves along with the international price and the trend shows that it varies with the demand and supply of cocoa beans at international level. As per the present practice in vogue, a major portion of the produce is brought by the itinerant merchants and the representatives of a few manufacturing units who visit the growing areas during the season for collection of the produce. Only a small quantity of the produce is disposed off by the farmers themselves. M/s. Mondelez India Foods Ltd. and CAMPCO have set up procurement centers in the important growing areas and procuring the produce directly from the farmers by paying market prices. However, a major part of the produce is still sold through the middlemen. Many of the small growers do not get the price, offered by these two organizations as the middlemen used to cut their margin of profit. A stable and attractive market for cocoa should have acted as a stimulant for increasing the domestic production of cocoa. Though the efforts of Cadbury and CAMPCO opening their procurement centres in important growing areas have helped in the collection of wet beans, much more work is yet to be done. In order to ensure a steady market, proper collection and fair price to the grower, there was a consensus of opinion to have a contractual obligation with the industrial sector in the form of Memorandum of Understanding (MOU) with all the Cocoa growing states to ensure a remunerative price and proper collection process that has been contemplated as in the case of oil palm in certain states.

Domestic & International Price of Cocoa beans (Price Rs./Kg)

Year	Domestic price	International price
1994	35.30	37.01
1995	33.40	45.48
1996	48.95	48.40
1997	56.30	49.20
1998	60.00	55.70
1999	74.00	65.60
2000	64.00	38.80
2001	54.00	44.63
2002	70.00	78.02
2003	73.71	83.08
2004	74.37	70.32
2005	65.34	69.30
2006	63.58	71.94
2007	67.11	78.58
2008	80.00	118.65
2009	140.00	137.05
2010	170.00	142.74
2011	155.00	148.90
2012	127.00	130.00
2013	126.00	152.00
2014	160.00	200.40



This favorable situation, coupled with large-scale distribution of planting materials, could bring about an area coverage recording 71,000 ha under cocoa by 2013-14 with a production of 15000 MT. Though production in India is very small quantity and is negligible compared to major producing countries, there is much potential to enhance area and production in country and enter into the global cocoa market and earn more foreign exchange to our country through export of cocoa products and reduce import.