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ISSN (Online) : 2455 - 3662  
SJIF Impact Factor :4.924

## EPRA International Journal of **Multidisciplinary Research**

Monthly Peer Reviewed & Indexed  
International Online Journal

Volume: 4 Issue:10 October 2018



**Published By :**  
**EPRA Journals**

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**EPRA International Journal of  
Multidisciplinary Research (IJMR)**

**PROBLEMS AND PROSPECTS OF COFFEE  
PRODUCTION – A STUDY ON VISHAKAPATNAM  
DISTRICT OF ANDHRA PRADESH**

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**ABSTRACT**

*‘Coffee’ is the name of a tree; its fruits, seeds (known botanically as the ‘genus Coffee’) and the raw product produced from them, and is also the name of the roasted product when the green Coffee beans are processed. “Coffee” is also the name of the beverage in the cup for consumption. Coffee was known to the Yemenis and Ethiopian Natives of the Eastern Africa almost 1,000 years ago, it began its world wide spread only in the 16 century A.D. Today, there is hardly any place in the world where coffee is not consumed. During the course, it has spawned a comprehensive agro-industrial activity known as the coffee industry that includes cultivation of the coffee crop, curing and processing of coffee beans, manufacture, marketing and exports of coffee varieties as well as research and development work in all its aspects. The present research study is an exploratory investigation into the problems and prospects of coffee industry in Andhra Pradesh. The geographical scope of study is confined to the boundaries of Vishakapatnam district of Andhra Pradesh. The Coffee grower of the same district was considered as sample respondents for the study. The researcher has selected the topic for the study relating to problems and prospects of coffee industry and topical scope also covers the evaluation of the problems and prospects of the coffee industry in the study area.*

**KEYWORDS:** *Coffee processing, Industry problems, Coffee Production.*

## STATEMENT OF THE PROBLEM

South Indian plantation sector is wilting and is on the verge of extinction. While fluctuating on commodity prices was not unknown, never before had all the major plantation crops simultaneously faced such a protracted distress situation arising from a sharp fall in prices to levels way below the cost of production. The decline had started in 1997 for Rubber, 1998 for Coffee and 1999 for tea. Meanwhile, the cost of production of all plantations had gone up substantially due to a steep hike in labour wages and prices of inputs like fertilizers. The average price of coffee had declined from Rs.117 per kg in 1998 to Rs.80 in 1999, remained at Rs.80 in 2000 but plummeted to Rs.57 in 2001.

The case of Robusta was even worse. From Rs.72 per kg in 1998, the auction price of Robusta cherry AB grade had dropped to Rs.59 in 1999, Rs.40 in 2000 and Rs.29 in 2001. India's Coffee plantation sector could have suffered an estimated loss of Rs.3,000 crore going by the fall in Coffee prices over the last four years and taking 1998 as the base, according to United Planters' Association of Southern India. A similar situation confronted tea, from Rs.69 per kg in 1998, the average auction price of tea had, declined to Rs.57 per kg in 1999 and Rs.45 in 2000, remaining at Rs.46 in 2001. It is believed that if the distress situation continued, closure would become inevitable.

The plantation sector now realizes the folly of achieving massive production targets without supportive marketing strategies. It is high time the planners realized this and formulated long-term market-oriented plans. It is the duty of the Government and commodity boards to periodically advise growers on the economic viability of different crops and caution them against unbridled expansion. In fact, a de novo look is required in respect of the entire gamut of the plantation sector.

Therefore, the challenge before the heritage enterprise in India—a heritage system of growing, processing and trading in place, is the might of these heritage systems, and involving oneself in the attitude change are necessary on such a broad scale. The challenge emerged mainly because during the marketing process, consumers are interested in getting what they want at the lowest possible cost. Producers are interested in obtaining the highest possible returns from the sale of produce and intermediaries engaged in performing various marketing tasks are interested in the profitability of their particular business operation. Conflicts of interest do arise among various groups seeking these goals. The continuous birth and solution of these problems are what give marketing its essential dynamic character. Change is the one general role of marketing - the status-quo is never permanent. These challenges are also justified because:

Coffee is a seasonal commodity harvested in the first four months, of the calendar year, but required for marketing throughout the year. Coffee

can be characterized as a fragmented industry along with a greater dependency of global market. A typical characteristic of a fragmented industry is that it produces products which are difficult to differentiate. Largely a commodity market and if it entered into commodity aggression relief for the industry can be expected with an improved performance both in the export and domestic front.

Multi-tier industry structure starting from growers, moving through agents and curers and culminating in exporters and roasters who do the final marketing. This is the industry having very less producers share in consumers Dollar of just about 15 percent which can be improved with the tie-up of producers with the trade and the consumer with the initiative such as curving out specialty Coffee, evolving in Fair Trade Initiative etc. Prices are very volatile and move at the change in perceptions of worldwide demand and supply situation. Consumption station mostly in developed countries the markets which ask for a phenomenon changes in our offering.

'Buyer-driven' international market (specifically, roasters driven). The distinctive characteristics of increase trade of small quantities of specific quality beans (Mild Arabica) in the consuming markets.

On the domestic market front, there is a compulsion to increase consumption throughout the world. Though the country's market is historically an export oriented, it is the single largest market for Coffee grown in the country. No one can ignore the domestic market not just because of present glut in export front but for the future survival of the Coffee industry as a whole in the country.

## SIGNIFICANCE AND NEED FOR THE STUDY

India is an agrarian country. It produces many types of crops for exports and domestic consumption. There is a considerable scope for increasing the exports and production of commercial crops.

Hence, India should take advantage of this by strengthening its production and post-production processing facilities.

There is a need to make a separate study of problems of coffee production. Andhra Pradesh is growing the major part of the total production of coffee in India, but still it is not in a position to obtain good crop yields and finished quantities. Hence, the researcher feels that it is necessary to undertake a study of problems and prospects of the coffee industry, at least in a limited area of one geographical district -Vishakapatnam.

Its findings and suggestions will also prove useful to coffee growers, research workers, export houses as well as State and Central Governments. Under the new policy of globalization and liberalization, a study of the problems and prospects of the coffee industry will

become a pathfinder for new and existing growers, exporters and policy-makers.

**SCOPE OF THE STUDY**

The present research study is an exploratory investigation into the problems and prospects of coffee industry in Andhra Pradesh. The geographical scope of study is confined to the boundaries of Vishakapatnam district of Andhra Pradesh. The Coffee growers of the same district were considered as sample respondents for the study. The researcher has selected the topic for the study relating to problems and prospects of coffee industry and topical scope also covers the evaluation of the problems and prospects of the coffee industry in the study area.

The analytical scope of the present study is limited to the fulfillment of the objectives set out for the study. The present study has focused on the problems and prospects of coffee industry of Vishakapatnam district with objective to understand problems faced and satisfaction level of coffee growers. The functional scope is confined to offering a set of meaningful suggestions for resolving the problems being faced by the coffee industry in Vishakapatnam district, in particular.

**OBJECTIVES**

In order to study the problems and prospects of Coffee production in Vishakapatnam district of Andhra Pradesh, the following objectives were framed.

1. To explore the trends and patterns of Coffee production in Andhra Pradesh
2. To analyze the problems faced by the Coffee growers in the study area.
3. To evaluate the economic constraints and satisfaction level of the Coffee growers in the study area.
4. To assess the prospects of Coffee production in the study area.
5. To suggest certain measures in order to resolve the problems encountered by the coffee growers in the study area.

**RESEARCH METHODOLOGY**

**Research Design**

Research design is the conceived plan and structure of investigation to obtain answers to the Research Objectives. The problem under the research is to describe certain characteristics such as applications, dependency, acceptability and advantages of the subject matter under consideration. Hence, the research design that has been adopted for this research is “Exploratory Research Design”.

**Sample Design, Sampling Units, Sample procedure and Sample Size**

For the purpose of this research work sampling was drawn by using Purposive and Proportionate Random Sampling Method. Vishakapatnam district was selected as the sampling area in Andhra Pradesh as it is the only district producing coffee. Coffee production area in Vishakapatnam district is the universe of the study. In the first phase, the coffee production mandals were identified in the district. There are six major coffee production mandals in Vishakapatnam district of Andhra Pradesh. They are Chinthapalli, G.K.Veedhi, Paderu, Pedabayalu, Araku vally and Anantagiri mandals. In these mandals the coffee growers were identified with the help of registered farmers with the coffee board. Again the coffee growers were bifurcated into two groups namely, coffee growers growing Arabica variety and Robusta variety from each mandal. Thus 50 sample respondents from each mandal were randomly identified through purposive and proportionate basis.

Thus a total sample size of 300 was fixed for the study involving 50 respondents from six mandals in the district. The total number of coffee growers in Vishakapatnam district was found to be 1535. Hence, the sample selected for the study constitutes 20 percent of the universe.

The details of the select sample and the sample size are given in the tabular form below:

Sample Size

Name of the Mandal	No. of coffee growing Respondents	Arabica variety	Robusta variety
Chinthapalli	50	25	25
G.K.Veedhi	50	25	25
Paderu	50	25	25
Pedabayalu	50	25	25
Araku Valley	50	25	25
Anantagiri	50	25	25
<b>Total</b>	<b>300</b>	<b>150</b>	<b>150</b>

Source: Field Study

## Data Sources

Both primary and secondary data were used in this study. Primary data was collected from field survey and secondary data was selected from books, magazines, records available with coffee board and ITDA authorities.

## Data Collection Tools

In the basis of information collected a comprehensive interview schedule was drafted, field tested and used to collect primary data by personal interview method. A structured questionnaire was prepared and administered on the sampling coffee growers in order to extract data through personal interview method. Information was elicited from the sample respondents and recorded by the researcher to draw meaningful conclusions through encoding and decoding methods for empirical analysis.

## Pilot Study

A pilot study was made by administering the tentative interview schedule to 6 coffee growers in each mandal to assess its comprehensive strength and coverage. Thus the pilot study was made with the help of 36 respondents and necessary amendments were made to the interview schedule.

## Statistical Tools for Data Analysis

The primary data collected from the respondent-coffee growers was processed on a computer by developing specific software and under expert supervision. The statistical findings derived from this exercise, juxtaposed against the theoretical background, were interpreted through an intellectual exercise for the purpose of drawing conclusions.

## LIMITATIONS

The present study has the following limitations

1. The study is limited to only District of Andhra Pradesh namely Vishakapatnam. Therefore the findings have to view in the specific context of the conditions prevailing in the study area and cannot be generalized for other coffee production areas. Thus, the results of the study cannot be generalized.
2. The study pertains to the agriculture year 2016-17 and is limited to 300 purposively and proportionately random selected coffee growers.
3. The conclusions drawn and the explanation of various aspects of the problems of coffee growers have been based on the behavior of sampled growers and the availability of data during the study period.
4. The respondents were not in the habitat of maintaining records of their income and expenditure. The entire information was provided by recollecting the past events by the coffee growers in the study area.

## FINDINGS OF THE STUDY

The major findings are presented under the following headings

## DEMOGRAPHIC PROFILE OF THE RESPONDENTS

- The result shows that majority (29%) of the respondents are in the age group of 36-45 years and among them majority of Robusta variety growers.
- The result shows that majority (16%) of the respondents had studied up to 7<sup>th</sup> standard followed by respondents with education level up to SSC and among them majority are Arabica variety growers.
- The result shows that majority (39%) of the respondent coffee growers are Hindus by religion and among them majority are Arabica variety growers.
- The result shows that majority (44.7%) of the respondent coffee growers belong to Backward castes and among them majority are Arabica variety growers.
- The result shows that majority (46.6%) of the respondent coffee growers speak Telugu language and among them majority are Arabica variety growers.

## AGRICULTURAL PROFILE OF THE RESPONDENTS

- The result shows that majority (51.3%) of the respondents family land holdings are Ancestral in nature and among them majority are Arabica variety growers.
- The result shows that majority (29%) of the respondents family land holdings are marginal (5.01 to 10.0 acres) in their extent and among them majority are Arabica variety growers.
- The result shows that majority (60 %) of the respondents coffee grown soil in their fields is of the Light Lateritic type and among them majority are Robusta variety growers.
- The result shows that majority (33%) of the respondents are having below 2.5 acres size of rain-fed land holding and among them majority are Robusta variety growers.

## COFFEE CULTIVATION PRACTICES

- The result shows that majorities (28.3%) of the respondents are having an extent of 5.01 to 10.00 acres of land acreage under coffee plantation and majority of them are Arabica variety growers.
- The result shows that majority (54.3%) of the respondents are having Rain-fed type of land under coffee plantation and among them majority are Arabica variety growers.
- The result shows that majorities (89%) of the respondents are practicing natural gradient irrigation method and majority of them are Arabica variety growers.
- The result shows that majority (46.3%) of the respondents had felt that availability of water for coffee plantation is insufficient

and among them majority are Arabica variety coffee growers.

- The result shows that majority (60.7%) of the respondents had opined that they are using improved plantation techniques and among them majority are Arabica variety growers.
- The result shows that majority (81.7%) of the respondents had felt that Coffee Board (Publications/ Experts) is the source of information on improved coffee plantation techniques and among them majority are Arabica variety growers.

#### **COFFEE MARKETING: PROBLEMS AND PROSPECTS**

- The result shows that majority (51.3%) of the coffee growing respondents had opined that they use Pre-dispatch Processes undertaken in Coffee production and among them majority are Arabica variety growers.
- The result shows that majority (54.3%) of the respondents are using their own godowns for storing the harvested coffee produce and among them majority are Arabica variety growers.
- The result shows that majorities (39.7%) of the respondents are storing their harvested coffee produce for a period of less than 2 weeks and among them majority are Robusta variety growers.
- The result shows that majority (51.7%) of the respondents are using hired vehicle as the means of transport of their coffee produce to the purchaser and among them majority are Robusta variety growers.
- The result shows that majority (49%) of the respondents had opined that pre-sale grading process is being done by purchaser (by sight) and among them majority are Arabica variety growers.
- The result shows that majority (53.3%) of the respondents had disclosed that the mode of payment of sale proceeds is by immediate single payment method and it applies for both the Arabica and Robusta variety growers.
- The result shows that majority (35.7%) of the respondents are mildly satisfied on cash realization of coffee produce and among them majority are Robusta variety growers.

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