South story: plantation crops get the shivers

Waiting for the mist to lift:For tea, high labour costs and a jump in global production are challenges. Coffee, which is export-driven, needs to see a rise in yields. Rubber and pepper growers are faced with lower-priced imports.

The three southern states, Karnataka, Tamil Nadu, and Kerala, are home to coffee and tea gardens, rubber plantations, and spice crops, generating employment to more than 13 lakh people. Almost 40% of tea produced in the southern States is exported and 31% of pepper grown here, too, goes to other countries. However, the plantation sector reels under issues such as challenges of climate change, increasing labour and input costs, the need to improve yield, and necessity of growers to focus on value addition.

“Overall, it is imperative now to improve the cost competitiveness of the plantation crops,” said an industry source.

Apart from tea, South India is the main grower of coffee, rubber, and spices such as cardamom, and pepper. According to data on plantation crops, of the almost 12.54 lakh plantation growers/estates in the southern, 9.73 lakh grow rubber and 1.66 lakh, coffee. In terms of area too, of the 11.47 lakh hectares (ha) under plantation crops, 6 lakh ha is under rubber, 3.55 lakh ha under coffee and 1.2 lakh ha under tea. Spices are mainly cultivated as inter-crop.

Rubber and pepper growers face problems as domestic industries and trade are able to get imported products at lower prices. In the case of tea, high labour costs and a jump in production in all the tea-growing countries are challenges. For coffee, which is largely export-driven, there is a need to increase yields.

Explaining the urgent need for plantation sector to improve yield and cost competitiveness, T. Jayaram, president of the United Planters’ Association of Southern India, says: “Prices have been under stress for quite some time for one crop or the other. Now, it is [so] for all plantation crops in the south. Internationally, prices are competitive and in south India, this labour-intensive sector has very high wage costs.”

Planters Association of Tamil Nadu chairman Suresh Jacob says wage and related costs account for more than 50% of the cost of production of plantation commodities.

The average wage for a manday in plantations in the the northeast is Rs. 130-Rs. 140 plus the social benefits. In the case of south India, it is Rs. 300 plus social benefits. “We look at exports to realise better prices,” Mr. Jayaram says.

‘Tea holds potential’

Take tea, for instance: five or six decades ago, south Indian tea was on par with Sri Lankan tea in terms of quality and prices. Gradually, production of CTC tea increased over orthodox tea in the southern estates, mainly due to high demand for the CTC from Russia two decades ago.

Today, though exports to different destinations are high in volume, it is mostly in the low-price range. Even the better gardens in south India realise (auction price) just about Rs. 100 a kg as against Rs. 240 a kg for Sri Lankan tea.

Sri Lanka continues to produce orthodox tea that has larger export demand and promotes the “Ceylon tea” varieties. To produce more orthodox tea and realise better prices, efforts should start at tea gardens. Similarly, even for mechanisation, which needs to be done more at the harvest level, the estates need to go in for replanting and re-alignment of the plants. All these require huge investments, he said.

Teabox, a Bengaluru-based startup that ships tea to more than 100 countries and works with several estates in the country, including 13 in the Nilgiris, sees potential for value addition in the Nilgiris teas. “The climate condition of the Nilgiris is favourable to make tea throughout the year. The limited edition speciality tea that comes in winter has all attributes for exotic tea. We mainly buy the winter tea. We also get tea from these estates for some of the best-selling, in-house blends. It all depends on scaling up production of such teas, introducing new varieties and getting into theme-based marketing,” says Teabox founder Kaushal Dugar.

‘Vietnam coffee’s bitter’

For coffee, exports reached an all-time high of 3.55 lakh tonnes last fiscal, with the trend continuing this year. A national-level survey in 2012 showed the domestic market too growing at 5%-6%. There are several attempts to promote estate brands, speciality coffees, sustainable coffee and the like. “Value addition is on the upswing. In our total exports, 30% [comes from] value-added items,” said an official of the Coffee Board.

Over the years, cultivation of the Robusta variety has increased over the Arabica variety. Indian Robusta has gained recognition in the international market and gets a premium. However, Arabica cultivation requires attention as it is consumed more in the domestic market and this variety is important to conserve the forest ecosystem. Arabica is susceptible to climate changes and in almost every-coffee growing country, Arabica production is affected because of climate changes, said another official of the Coffee Board.

In India, in the early 1950s, Arabica constituted 82% of coffee production and Robusta pitched in with 18%. By 2016-2017, Arabica had slumped 31.3% and Robusta had zoomed to 68.7%.

However, the cost of coffee production in countries such as Vietnam is much lower. Vietnam plantations are relatively new and hence the yields are also high. “Our wages are too high and there are problems of white stem borer attacks,” said coffee grower AL. RM. Nagappan. “It ruins the Arabica plantation. Imports of Vietnam coffee is killing the domestic market, which is price sensitive. There is a demand for good quality coffee here too. Branding by individual estates will help and efforts are on [on this front],” he said. Research activities need to be strengthened to help bring out drought- and pest-resistant varieties, added an industry source.

‘Sheet rubber in trouble’

According to Kerala-based rubber planter M.P. Cherian, most rubber-producing countries do not have a domestic market and hence export their produce. The rubber-consuming industry in India (tyre manufacturers), which was earlier using the domestic sheet rubber, is now switching over to block rubber, citing better quality.

A majority of the domestic growers are small-scale, who tap rubber and make sheet rubber from it. The larger rubber producers in India, who are few in number, make centrifuged latex which is used in surgical gloves, contraceptives, foam adhesives and mattresses.

With climate change and imports increasing, tapping for rubber has been reducing in the plantations in India as it became unviable. If import of block rubber increases further, it will affect the model of small growers making sheet rubber as value addition and selling it.

The Government brought in measures last year to regulate imports and the domestic industry has shown signs of revival. Rubber imports needs to be reviewed every quarter to protect the small and marginal rubber farmers, Mr. Cherian said.

‘Spice imports are hot’

Cardamom and pepper are the main spices on the plantation side, apart from cloves and nutmeg.

In the last 6-12 months, imports have pushed down the average price for domestic pepper growers from Rs. 697 a kgto Rs. 452.

Nishant R. Gurjer, a pepper grower, said annual Indian production of black pepper (which is known for its quality) is 60,000 to 70,000 tonnes and the demand is roughly 80,000 tonnes, including exports. India has a trade agreement with Sri Lanka to import 2,500 tonnes duty free a year. This is to meet the demand during September-December as Indian pepper starts coming into the market in December-January.

However, using this route, as also through illegal modes, pepper imports from Vietnam have shot up. “At any given point in time, it is just a little more than half the Indian prices,” he says. “It is low quality pepper that is coming in and there is no control over the spices imported. The government should levy a base minimum price for pepper imported,” he said.

Spices are sensitive to climate changes. Even a slight variation in rainfall can bring down productivity 50%-60%, he added.

Adverse climatic conditions in the last two years in several cultivation pockets have hit the cardamom crop. Though cardamom needs to be replanted every 10 years, even the younger crops were affected by drought.

It would take three to four years for the estates to revive after replanting. While the international average yield of cardamom is 350 kg per hectare, in India, it is just about 200 kg a hectare, said Mr. Jayaram of UPASI.

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