

Sweet Ambitions: Growth And Challenges of Cocoa In Andhra Pradesh

¹Niveditha Kondepudi, ²A.R. Shrivanthi and ³K. N. Nithin

¹Assistant Professor, Department of Food Business Management, College of Food Science and Technology, Pulivendula, AP.

²Assistant Professor, School of Agribusiness and Rural Management, Dr. Rajendra Prasad Central Agricultural University, Pusa.

³Assistant Professor, Department of Agricultural Economics, School of Agricultural Sciences and Technology, Narsee Monjee

Institute of Management Studies, MPTP campus, Shirpur, Maharashtra

Corresponding Author : rajshravanthi@gmail.com

Manuscript No: KN-V3-1/003

Abstract

In Andhra Pradesh, the plantation industry in general and the cocoa industry in particular have been growing quickly. Since 2014–15, Andhra Pradesh has led the world in cacao cultivation for more than five years. Growing cocoa as an intercrop on their established farm estates is generating benefits for the state's coconut and oil palm growers. Ageing cocoa plants, climate change, poor minimum primary processing, a lack of farm gate buying facilities, insufficient storage amenities, market price fluctuation, income inequality throughout the value chain, etc. are some of the major issues facing the cocoa industry. Even though there are sporadic difficulties, Andhra Pradesh continues to be in a position to lead the country in cocoa output. This paper throws light on growth rate, market share, challenges of growers, future potential of cocoa and chocolate industry in Andhra Pradesh.

Key words: Andhra Pradesh, Cocoa, Current status, Challenges, Future prospects

Introduction

Native to South America's Amazon region, cocoa (*Theobroma cacao* L.) made its way into India in the first part of the 20th century. The main ingredient in chocolates, drinks, confections, and other edible goods is cocoa beans. In India, the commercial cocoa industry barely makes a dent in the global export economy. India consumes the most of processed cocoa goods. India's tropical, varied, and hospitable environment offers a vast amount of room for its production. It is grown either alone or in combination with other crops, including plantation crops (Aphsara, 2019) and fruit crops (Guiltinan et al., 2008). The cultivation of cocoa in India is rapidly increasing in recent times, due to rise in demand from domestic chocolate manufacturing firms and also because of their export potential. In India, the southern states are mostly suited for cultivation of cocoa mainly due to the climatic conditions like warm and humid climatic zones with rainfall distributed throughout the year. The highest volume of cocoa is produced in Andhra Pradesh followed by Kerala, Tamil Nadu and Karnataka. The intercropping of cocoa is mainly with coconut and areca nut, and in some places it is also grown as mono-crop.

Chocolate market in India is of USD 1.82 billion worth in 2024 and by 2030 there would be increase in growth rate of 6.57%. In addition to Kerala, Andhra Pradesh is the nation's biggest cocoa producer, accounting for 75% of the nation's total cocoa bean production (28,375 hectares of area and 8,155 metric tonnes of annual production). Major cocoa growing districts of Andhra Pradesh are West Godavari, East Godavari, Krishna, Srikakulam, Visakhapatnam and Vizianagaram. An average of 5,000 hectares more cocoa is grown each year, and the quality of cocoa beans grown in Andhra Pradesh is comparable to the highest-grade beans produced in Ghana. As more and more farmers express interest in growing the exotic commodity, the West Godavari area is gradually developing into a center for cocoa production. In this article, we will explore how Cocoa and chocolate industry is rising and showing potential to be promising sector in Andhra Pradesh.

Growth rate and performance of AP's sub-sector

From 2008-09 to 2018-19, the proportions of Andhra Pradesh's cocoa and chocolate manufacturing sub-sectors

(1073) based on NIC-2008 classification shown that reduction in the quantity of factories and capital invested, while the number of workers continued to rise. As a result, overall output decreased, and until 2011–12, gross added value was negative. Although there was a rise in the establishment of confectionary industries from 2012–13 to 2018–19, employment declined until 2016–17. Growth in the sector and employment was observed in 2017–18 and 2018–19, when total output and gross added value increased at the ideal rates.

The growth rate of AP's sub-sector 1073 (Cocoa & Chocolates, etc.) is higher than that of India, and the government of AP should devise a plan to boost the sub-sector's performance by offering interested parties financial support and training to start chocolate manufacturing businesses after taking demand into account. The percentage shares of all the chosen metrics have exhibited an increasing trend from 2008–09 to 2018–19. After taking demand into account, the state government intends to support the subsector performance by offering interested parties financial assistance and training to start chocolate manufacturing businesses. Metrics are commonly employed by financial analysts to assess a company's performance. In terms of their financial viability, return on invested capital (ROIC), operational cash flow to its invested capital, debt service coverage ratio and leverage ratio cocoa & chocolate sub-sectors is doing well during the study period.

In the study conducted by Kondepudi et al., 2023 The BCG Matrix's "Question Mark (problem children or wild cats)" quadrant contains the low market share but strong growth rate of cocoa & chocolate (1073) in Andhra Pradesh. According to the findings, they have sufficient potential but need to make a significant investment to increase their market share at the expense of more established rivals.

Challenges of Cocoa and chocolate sub-sector:

- The threat of rival crops prevents cocoa from becoming widely grown.
- The advantages of large-scale farming are also diminished by fragmented land ownership.
- Lack of sufficient source of irrigation of cultivation.
- Rise in temperature due to climate change is undermining production levels and encouraging farmers to shift from cocoa to other crops.
- Life span of cocoa
- Inadequate crop credit facilities and insurance schemes,
- Lack of policies to support farmers.
- Low knowledge on minimal processing,
- Poor storage facilities
- Variations in income throughout the value chain

Future of Cocoa:

The chocolate industry has been changing all around the world. The demand for premium chocolates has increased exponentially on a global scale due to a surge of health-conscious customers and the growing number of chocolate enthusiasts. Fine flavor is the primary characteristic that distinguishes premium chocolate. The Andhra Pradesh Food Processing Society (APFPS) is setting up cocoa processing facilities to create flavorful beans that can be shipped and sold to high-end chocolate manufacturers across the globe. It possess enough potential, but in order to overtake more established competitors in the market, need to invest heavily.

Conclusion:

In the 1980s, Cocoa was first planted in Andhra Pradesh as an experimental crop. Andhra Pradesh has been cultivating cocoa for profit since the 1990s. The cocoa cultivation landscape in India is currently dominated by the four major southern states of Andhra Pradesh, Kerala, Karnataka, and Tamil Nadu. Andhra Pradesh leads the list in terms of area, productivity, and production, with Kerala coming in second. Since Andhra Pradesh

is the nation's largest cocoa producer, efforts should be directed toward advancing improved cultivars and production methods. Andhra Pradesh's policymakers are naturally able to pinpoint the short- and long-term reasons of the shortages and make focused measures that will help the plantation industry generally and the cocoa industry specifically.

References

Apshara, S. E. (2019). *Cocoa genetic resources and their utilization in palm-based cropping systems of India*. In P. Aikpokpodion (Ed.), *Theobroma cacao - Deploying Science for Sustainability of Global Cocoa Economy*. IntechOpen. 10.5772/intechopen

Guiltinan, M. J., Verica, J., Zhang, D., & Figueira, A. (2008). *Genomics of Theobroma cacao*, "The food of the Gods." In P. H. Moore & R. Ming (Eds.), *Genomics of tropical crop plants* (pp. 145–170). Springer.

Reddy, M., Latha, P., Reddy, R., & Janakiram, T. (2022). *Status and prospects of cocoa in Andhra Pradesh*. Retrieved from https://www.researchgate.net/publication/360297775_Status_and_prospects_of_cocoa_in_Andhra_Pradesh

Kondepudi, N., Saxena, V., & Baig, M. S. (2023). *Applying the BCG Matrix to classify the sub-sectors of Andhra Pradesh food processing industry*. *Journal of Harbin Engineering University*, 44(7), 208–216.