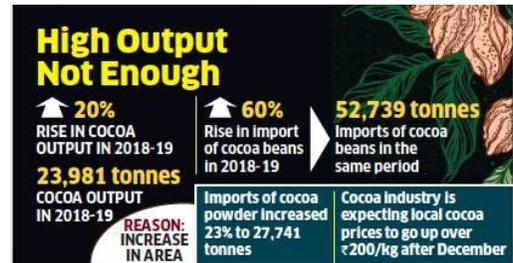


Cocoa Shortage may Turn Chocolate Dear

Kochi: Chocolate may get costlier as the cocoa industry fears a crunch in supply after heavy rains battered the southern states. Excessive rains in the chief cocoa producing states of Andhra Pradesh, Kerala and Karnataka are expected to impact the cocoa harvest starting next month. “The prolonged rain has damaged the prospects of a good crop. We expect around 50% drop in production,” said M Suresh Bhandary, MD, Campco. As the first harvest season in April was good, chocolate companies replenished the stock. But that stock is thinning and the coming harvest is unlikely to meet their full requirement. Importing beans has also become a costly option now. “West African countries have fixed a base price below which they cannot ship cocoa. As a result, the landed price of cocoa in India is around Rs 220 per kg, 15% higher than Indian bean prices now,” said Bhandary. Last year too, the second harvest season was bad. But chocolate companies resorted to cheaper import of cocoa beans to bridge the gap between supply and demand. Even Campco, which has never looked beyond domestic market, was forced to import as the local prices of cocoa surged to over Rs 240 per kg. Though international prices of cocoa are lower than domestic prices, the export restrictions imposed by African countries recently and the import duty of around 30% have increased the landed cost. Cocoa industry is expecting local cocoa prices to go over Rs 200/kg after December. “We may be forced to pass it on to the consumer as the prices of milk powder, an essential ingredient for chocolate besides sugar, are going up,” said YVS Sivaprasad, assistant manager of Lotus Chocolate Company. Milk powder prices have nearly doubled to Rs 300-350 per kg from last year while sugar prices are stable now, said Sivaprasad. As per the data of Directorate of Cashewnut and Cocoa Development, the cocoa output in 2018-19 rose 20% from previous year to 23,981 tonnes mainly because of increase in area. Since this was insufficient to meet the mounting demand, import of cocoa beans went up 60% to 52,739 tonnes. Imports of cocoa powder, which can be bought without duty from Southeast Asian countries, increased 23% to 27,741 tonnes.



Source: [Economic times, October 07, 2019](#) (verbatim reproduced)