

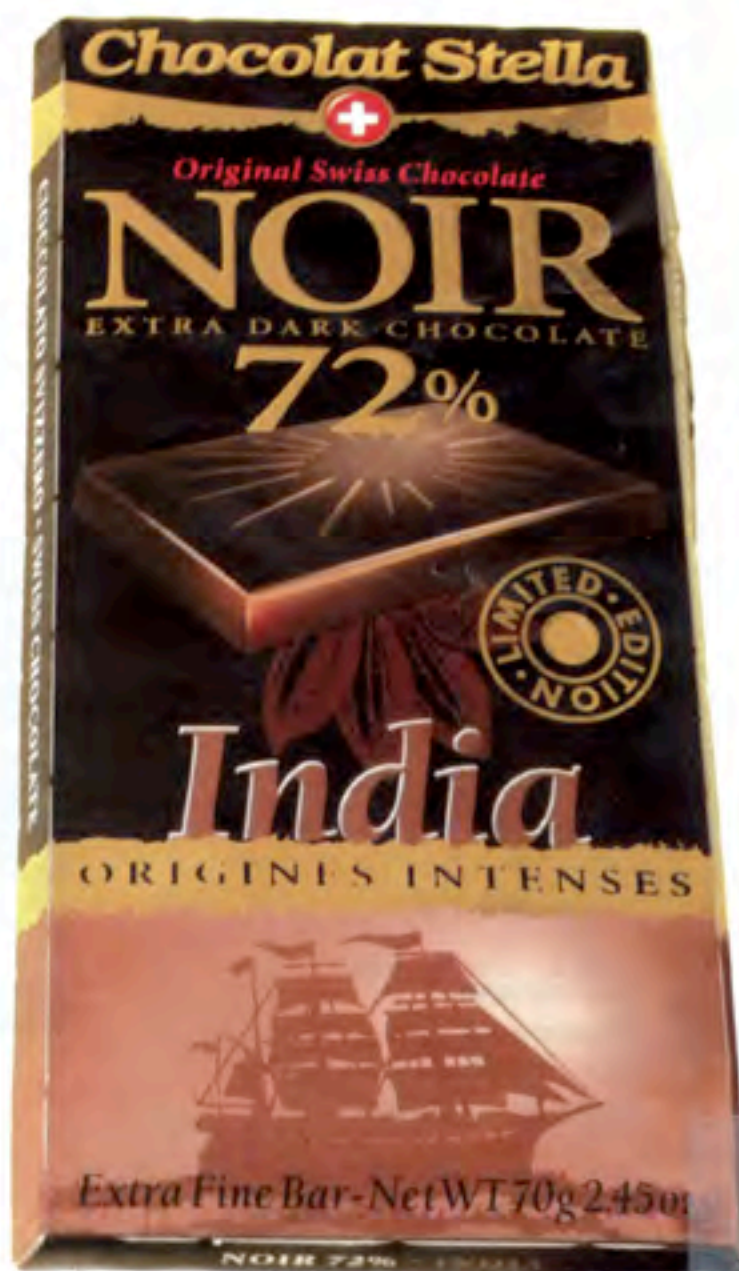
Civil Society



SWISS CHOCO BREAK



Chocolat Stella works with Indian farmers to make their cocoa world class



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SWISS CHOCO



At the Chocolat Stella factory Indian farmers learn about cocoa processing

Indian cocoa makes it really big

Shree Padre
Kasargod

AN iconic Swiss confectioner has for the first time made a dark chocolate from Indian cocoa and proudly acknowledged India as the source of the cocoa beans on the wrapper.

Chocolat Stella's dark chocolate was released globally in January at the International Confectionery Fair held in Cologne in Germany. The event was called 'Incredible India'. The chocolate is now also available in all Indian metropolitan cities.

The 70 gm bar is 72 per cent cocoa. In the past Indian cocoa has never been able to meet the exacting standards set by the Swiss for dark chocolate. But Chocolat Stella worked with farmers in Kerala for around five years to show them how to get the quality of the dry beans right.

Significantly, the Indian cocoa used is both organic and Fair Trade certified. The farmers eliminated all middlemen and dealt with the Swiss confectioner through their own producer-company, the Indian Organic Farmers' Producer Company Limited (IOFPCL) based in Aluva, in Kerala. IOFPCL is India's first producer-company.

The quantities being exported are very small, but Indian cocoa now enjoys a new status. This is a milestone. It raises the bar for Indian farmers and opens up international opportunities.

"It is an achievement to be proud of," exclaims Venkatesh N. Hubballi, Director of the Cashew Nut and Cocoa Directorate in Kochi.

"Other Swiss companies have now come forward to train Indian cocoa farmers in good agricultural practices, better post-harvest processing and to get their products organically certified."

The domestic consumption and production of cocoa and chocolate has

BREAK



Joykutty Vincent, Joshy V. Cherian, Vivek Mathew and P.J. Chakochoan at the factory

been increasing annually in India. But a significant global market lies untapped because Indian farmers haven't been able to make the grade.

Chocolat Stella showed a lot of patience. It became interested in India because of Antony Panakal, the export account manager. Panakal belongs to Kerala and has worked with Chocolat Stella for 30 years. It was he who drew the attention of the company to Indian cocoa.

Fifteen years ago, Chocolat Stella gave India a try. It imported semi-finished cocoa products from a Kerala company. "But the quality was not at all up to the mark. So we kept the project aside," recalls Panakal.

In 2006, the company made a second attempt. This time it decided to talk to IOFPCL. After several rounds of discussion, Chocolat Stella sent Markus Lutz, Chief Technologist, and Panakal to India in 2007. They visited cocoa plantations and studied the post-harvest processing methods used by farmers.

The team gave farmers hands-on tips for improving fermenting and drying of wet beans – both are important stages of post-harvest processing. Subsequently, IOFPCL exported two containers of dry beans to Switzerland. "Unfortunately, this consignment too didn't meet our quality standards. After extracting cocoa butter to salvage whatever we could, we had to abandon the product," says Panakal.

Most companies would perhaps have given up at this stage. But, interestingly, Chocolat Stella did not. It decided to make yet another attempt. This time the company invited a team of Kerala farmers to its factory in Switzerland for in-house training.

IOFPCL and their farmers agreed enthusiastically and in April 2009, four farmers arrived at the Chocolat Stella factory on a study tour. There was P.J. Chakochoan from Wayanad, Joykutty Vincent from Kannur, Dr Joshy V. Cherian from Coimbatore and Vivek Mathew from Mannarkad.

The one-week in-house training was very pur-



Chocolates being made at Chocolat Stella



Antony Panakal

Chocolat Stella showed a lot of patience. It became interested in India because of Antony Panakal, the export account manager. He drew the attention of the company to Indian cocoa.

poseful. The farmers were given the best dry beans from Ghana, Peru, Papua New Guinea, Sri Lanka and Indonesia for tasting. They began to understand the intricacies of making chocolate and the delicate nature of cocoa.

"Cocoa beans are very sensitive," says Chakochoan. "They absorb smell from their immediate surroundings. What makes a lot of difference is fermenting and drying your beans at the right temperature by using the right methods. If beans are not fermented, they acquire the flavor of fresh beans. Too much or too little fermentation also affects quality."

The beans have to be dried on a plastic sheet or on the cemented floor. If they are dried on soil, they begin to acquire an earthy smell. If you dry beans during rainy, humid days, they become moldy. By making the farmers from Kerala taste perfectly processed and wrongly done beans all these points were made crystal clear to them. Says

Vincent, "Although the company's team had explained all this to us earlier, we couldn't achieve their high standards of quality. But by visiting the factory we were able to realize the intricacies involved in post-harvest processing. We saw the care and concern the company takes to produce world-class chocolates. We then began to understand our lapses in fermentation and drying."

It still took several months for the farmers and IOFPCL to get to the levels that Chocolat Stella wanted. Finally, in 2009, 12 tonnes of dry beans were accepted. It was a historic achievement for the farmers. The chocolates now in the market were produced from this consignment.



"The reason why we Indian cocoa farmers did not take post-harvest processing seriously was that whichever way it was done, there were buyers," says Dr Cherian. "But both fermenting and drying need utmost care. By and large it is this stage that changes the quality of dry beans."

Generally, three types of chocolates are made with cocoa – milk chocolate, white chocolate and dark chocolate. Milk chocolate, which is very popular in India, has only around 15 per cent of cocoa. The rest consists of milk solids and sugar. But internationally, milk chocolates are not much liked.

White chocolate doesn't have milk solids. Its main ingredient is cocoa butter. That is why it lacks the characteristic aroma of chocolate. Internationally, white chocolates are also not much sought after.

It is dark or bitter chocolates that are favoured in the West. Taste apart, there are health reasons. Cocoa has antioxidants among other benefits.

"In India, we eat chocolates as a sweet. But in the West, it is consumed as a food. They consider it a nutraceutical supplement," explains Chakoan.

While the new 'India' chocolates by Chocolat Stella have 72 per cent of cocoa there are some chocolates that have 100 per cent cocoa. A fourth category, called dark milk chocolates, has 35 per cent cocoa.

"For milk chocolates, ingredients like milk solids and sugar mask minor defects of post-harvesting processes. But for dark chocolates the quality of cocoa has to be very good. Any lapse would reflect in the end product," says Cherian.

A FAMILY BUSINESS: Chocolat Stella is a family owned business with a rich tradition of producing quality chocolates. In 1947, Walter Muller and his wife Karin started the Chocolate Bernrain company from their 300-year-old ancestral home. Walter had years of experience working in different chocolate plants in Switzerland. The couple introduced an enrobed chocolate into the market and it became a success.

Walter and Karen's son, Adalbert, continued the tradition. In 1980, Chocolat Stella, another company, became part of Chocolate Bernrain. With Adalbert's sustained efforts, Chocolat Stella became a name to reckon with globally in the specialty chocolate segment. Monica Muller, Walter's granddaughter, now runs the business.

Chocolat Stella was the first chocolate company to embrace Fair Trade practices way back in 1980. Since the past 15 years the company has been producing organic chocolates. They have introduced chocolates made from cocoa grown in Brazil and Ecuador. Their specialty chocolates include those made with Baobab fruit, orange, vanilla, almond and even chillies. The company has 140 employees.

COCOA IN INDIA: India grows about 12,500 tonnes of dry cocoa beans on about 46,000 hectares. Annual domestic demand has risen. Therefore, around two-thirds of the cocoa required is imported from other countries in the form of dry beans and as semi-finished products like cocoa butter, cocoa powder etc.

In 2008-2009, India imported 12,022 tonnes of cocoa and its semi-finished products for ₹243,201 crores. In 2010-2011 we imported 4,348 tonnes at a total cost of ₹135,930 crores.

Kerala is the biggest producer of cocoa, followed by Karnataka. In recent years, cocoa production has spread to Tamil Nadu and Andhra Pradesh, but

yields are yet to stabilize in most of these plantations.

"Around 500 cocoa plants can be grown on one hectare of arecanut or coconut. At the rate of three kg of dry beans, one can earn an income of ₹200,000 after six years," says Venkatesh N. Hubballi, a farmer.

In India, commercial cultivation of cocoa started in the mid-sixties. Cocoa can't be grown as a mono-crop. It requires partial shade so it is mainly interspersed with coconut and arecanut. Idukki district in Kerala has emerged as a frontrunner in cocoa production. Here, cocoa is being grown in forested areas and productivity is high.

Till the 1980s farmers were assured of a fairly remunerative price for their cocoa. Cadbury India, the multinational, was the only big confectioner buying cocoa from farmers. Decent prices and large-scale distribution of planting

materials led to the steady expansion of the area under cocoa cultivation to 29,000 hectares.

But in the early eighties a crisis hit the cocoa farmers. Cadbury's, the monopoly buyer, who popularized the crop, suddenly stopped procuring beans from farmers, leaving them high and dry. Farmers were compelled to convert beans worth millions of rupees into compost. Many farmers even cut their cocoa trees.

The creation of the Central Arecanut Marketing and Processing Co-operative, CAMPCO, a multi-state co-operative giant in the 1990s, helped but its procurement of cocoa was paltry. As a result, expansion of cocoa came to a standstill despite better pricing offered by CAMPCO.

At that time the impression created was that Indian cocoa was not good enough for making quality chocolates. At best it could be used for blending. Due to this perception it became difficult to get permission and finance to start the CAMPCO chocolate factory. Varanashi Subraya Bhat, then president of CAMPCO, wracked his brains to find a way out.

By chance, he met a French scientist who was touring India at that time. "I requested him to make a qualitative, verifiable analysis of our cocoa beans. He took samples to France. Luckily, he found that our cocoa was of good quality and suit-

able for making chocolate."

Today CAMPCO produces a range of chocolates, cocoa beverages and exports semi-finished cocoa products. For a long time, CAMPCO was doing job work for Nestle too.

In 1997-1998 non-traditional cocoa regions in Karnataka, Andhra Pradesh and Tamil Nadu began showing an interest in cocoa. India's cocoa production of 12,500 tonnes is meagre compared to the total world production of 300,000 tonnes. But during the crisis years of the 1980s when there were no buyers for cocoa beans, CAMPCO salvaged the situation by launching a chocolate factory using local beans. Now, after two decades, a second breakthrough has been achieved – Indian cocoa beans have achieved Swiss chocolate standards.

KERALA'S COCOA MAP: "We never dreamed of ever being part of the world famous Swiss chocolate. This was not at all on our minds," says Chakoan of Wayanad.

Farmers in this backward district were growing crops with heaps of chemical pesticides. Chakoan says in 2005, a survey by school students of Tavinjal village in North Wayanad found 238 cases of cancer.

"These farmers were cultivating vegetables in wetlands. Traces of pesti-



Monica Muller

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Cocoa bean extraction from pods



Drying of fermented cocoa beans

cides sprayed on their crops found their way into the drinking water well," says Chakochoan. Organic farming was the only option left. Farmers began to explore ways and means of augmenting their income. Chakochoan grows organic coffee and vanilla, which he exports through IOFPCL.

After returning from Switzerland, it took IOFPCL and their members eight or nine months to master the intricacies of fermenting and drying. They set up a central processing centre at Thodupuzha where all the wet beans were fermented. After that the beans were transported to Tamil Nadu since drying facilities were better there.

"If we have to bargain for better prices, we should have quantity and quality. Most of our cocoa growers haven't bothered to add value to their cocoa crop. They are content selling their wet beans to the nearest buyer. When you sell like this, the returns are low. Many times, you don't get paid promptly," says Dr Mathew Mathew, an elderly farmer and former director of IOFPCL.

In 2000, a few Kerala farmers began searching for ways and means to market their produce for better prices. They came to know that organic products got better prices abroad. But they realized achieving such standards and prices would require an organized effort.

Therefore, IOFPCL was started. Small farmers joined hands and got organic certification. They came to know about Fair Trade certification too. IOFPCL got this certification done as well for its farmers.

Recalls Dr Mathew, "Earlier, we used to process wet cocoa beans individually. After drying we would pool all our beans together. What emerged was a blend of beans of different quality. Finally, the quality of the whole heap would stoop to the lowest quality beans produced by some farmer."

Earlier, fermenting was done in gunny bags. Now farmers use wooden boxes, a far superior method which makes it easy to turn the beans. IOFPCL is equipped with sufficient boxes and it can ferment 10 tonnes per day.

PRICEY COCOA: "Ours is not a very big company. Yet we have a reputation in specialty chocolates," explains Panakal. "We have received feedback from some chocolate companies in Switzerland about the India chocolate. They are quite positive."

But after buying the first consignment and launching this pioneering chocolate, Chocolat Stella is encountering problems. Last year, the price of cocoa beans in the domestic market was higher than the international price. So Chocolat Stella couldn't source cocoa beans from here.

Ninety per cent of Kerala's cocoa comes from the hilly district of Idukki. To prevent others from buying cocoa beans some companies offer a higher value only in Idukki.

"Convincing farmers about the merits of an international deal was pretty

hard even in 2007," recalls Panakal. "Perhaps this was because of their earlier bitter experiences with multinationals."

Subsequently, Chocolat Stella officers informed farmers about their 20-year-old pleasant relationship with South American farmers. They also pointed out that in the entire confectionery industry their company was the first to adopt Fair Trade practices. After much persuasion the cloud of suspicion finally lifted.

In 2008, IOFPCL started buying wet beans from farmers and processing them at their own facility. Says Shiny Mathew, Chief Executive of IOFPCL, "At that time, the price of wet beans was ₹16 per kg. Once we started procurement, big companies began competing with us. Prices went up to ₹26 and then ₹35. This competition continues even now."

For Chocolat Stella a steady supply of beans is necessary to keep producing the Indian chocolate. "We would like to maintain a long and sustainable relationship with farmers. That doesn't mean that we can keep hiking prices. The relationship should be worthwhile for both parties," says Panakal, who recently visited India to convince farmers.

Shiny Mathew says due to climate change the cocoa crop decreased last year. "Those who generally bought a tonne had to be satisfied with two quintals. Supplying to Chocolat Stella has become difficult. We are striving to supply 12 tonnes to them next January." IOFPCL hopes to procure 100 tonnes of cocoa next season and is optimistic about yields from the districts of Wayanad and Kannur. The total quantity of cocoa exported to Switzerland is miniscule. Yet, this exposure that Indian cocoa has received from a reputed Swiss chocolate company has opened a big international market for growers.

"We have a few more export orders in front of us. They are offering good prices too," says Shiny Mathew. IOFPCL has started building two centralized cocoa processing units one in Kannur and the other in Wayanad.

Of late cocoa farming has spread to some districts in Assam.

IOFPCL has about 300 to 400 organic cocoa farmers from three to four states under its umbrella.

From a modest price of ₹56.30 in 1997, the price of cocoa beans, as indicated on the website of the Directorate of Cashew nut and Cocoa Development, rose to ₹63.58 in 2006. This year it has risen to around ₹150. In the 1980s there were only one or two chocolate producers. Today there are 10 including Amul, Hindustan Lever, Britannia, Sathe, Nestle, Lotus and Morde.

According to Vivek Mathew, who was part of the team which went to the Chocolat Stella factory, the price of cocoa beans has doubled in the past five years. "Now it has reached a level that is viable for growers. Since consumption is rising domestically and globally, farmers can confidently grow cocoa on at least a part of their land." ■

Website of IOFPCL: www.iofpcl.com Website of Chocolat Stella: www.swisschocolate.ch

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