International Journal of Research in Social Sciences
Vol. 9 Issue 2, February 2019,
ISSN: 2249-2496 Impact Factor: 7.081
Journal Homepage: http://www.ijmra.us, Email: editorijmie@gmail.com
Double-Blind Peer Reviewed Refereed Open Access International Journal - Included in the International Serial Directories Indexed & Listed at: Ulrich's Periodicals Directory ©, U.S.A., Open J-Gage as well as in Cabell's Directories of Publishing Opportunities, U.S.A

VALE ADDITION AND EXPORT PROMOTION IN SPICES SECTOR; WITH SPECIAL REFERENCES TO PEPPER AND CARDAMOM

Raziya M*

Though spices products are not a major item in India's export basket, it is the source of livelihood for millions of small and marginal farmers and provides employment for millions of workers (Joseph 2009). Spices crops are mainly grown in Kerala, part of Karnataka, Tamil Nadu, West Bengal and North Eastern states of India. Spices sectors has played an important role in the socio- economic development of these regions and provided employment for millions of people. With the growing economic integration among the countries of the world in recent years, likely any other sector of the Indian economy, the Spices sector of India is also exposed to heighten the international competition. In open economy, competitiveness of a product is not only important from export point of view, it is equally important to survive in the domestic products from the international market into domestic market.

Role of Spices in Indian Export

Years	Aggregate export	Spices export	Share of spices export
1985-86	10895	282.52	2.59
1986-87	12452	282.00	2.26
1987-88	15674	298.08	1.90
1988-89	20232	281.87	1.39

* Assistant Professor,Government first grade college ,Maski

1989-90	27658	282.55	1.02
1990-91	32558	242.14	0.74
1991-92	44042	380.97	0.87
1992-93	53668	418.64	0.78
1993-94	69751	571.44	0.81
1994-95	82674	620.10	0.75
1995-96	106353	804.43	0.76
1996-97	118817	1230.72	1.04
1997-98	130101	1466.82	1.08
1998-99	139752	1796.10	1.29
1999-00	159561	2043.68	1.28
2000-01	203571	1833.53	0.88
2001-02	209218	1940.55	0.93
2002-03	255137	2086.71	0.82
2003-04	293367	1911.60	0.65
2004-05	375340	2200.00	0.59
2005-06	456418	2627.62	0.58
2006-07	571779	3806.05	0.66
2007-08	655864	435.50	0.68
2008-09	840755	5300.25	0.63
2009-10	845534	5560.5	0.66
2010-11	1142922	684071..71	0.60
2011-12	1465959	9783.42	0.67
2012-13	1633419	12112.76	0.74

Source: Calculated from data obtained from Spice Statistics 2004 &Statistical Division of Spices Board, Cochin.

Reserve Bank of Indian Hand Book 2013-14.

India's spices export over the past 32years (1985-86 to 2018) has witnessed a tremendous increase both in value and volume During this period export volumes have increased about mine fold, while export value has increased about 43 fold, in rupee terms. The country enjoyed global monopoly in the export of spice and spices products. The major spices exported are pepper, cardamom ,chilli ,ginger ,turmeric, garlic etc. The major markets for spices are USA, Germany, UK, Korea, Japan, France, and china etc.

Presently India is the global leader in value added products development and export with well developed industrial establishments. The value added forms of spices are mainly spice extractives (essential oils, oleoresins and encapsulated forms), ground spices, curry power, consumer packed spices and organic spices .The export of value added items registering an increasing trends both in quantity and value and growth was significant from 2003-04 onwards value added spices accounts for an impressive share of 50% in the total spices export earnings. The country enjoys a formidable lead in organic spice sector too. But value addition is going to be a greater strength to sustain or increase the spices export.

Pepper

Black pepper is rightly considered the 'King of Spices' as judged from the volume of international trade, being the highest among all the spices known. Apart from this, pepper is one among the major items of our exports which fetches the major part of our export earnings. India exports black pepper, white pepper and pepper products like dehydrated green pepper, pepper oil and pepper oleoresin to USA, Russia, Canada and East European countries in large quantities.

Quantity and Value of Value added production of pepper in India

	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07		2007-08	
ITEM	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
MILLED/CURSHER PEPPER	-	-	-	-	2529	2008.92	3200.5	3096.59	2636.8	3617.63	2190.8	1863.0	2439.97	1901.07
PEPPER POWDER	2637.2	2912.7	3381.2	2381.6	2986	2423.72	3509.1	3564.03	3833.6	5303.80	2174.6	1745.9	2097.22	1670.84
PEPPER WHITE	186.1	390.4	219.9	273.6	171	293.17	452.1	718.25	202.6	450.97	237.9	352.2	189.75	289.96
DEHY. GREEN	325.6	670.4	771.1	1272.5	637	1054.71	453.2	970.41	604.0	1925.49	440.3	839.8	512.24	875.30

PEPPER														
FR.DR. GREEN PEPPER	12.3	110.7	44.2	344.1	80	668.81	12.3	118.34	68.3	389.30	32.2	272.1	45.10	353.16
WHITE PEPPER POWDER	-	-	-	-	1018	1317.66	1102.5	1591.59	1321.1	2485.22	396.1	570.9	743.82	1014.11
PEPPER IN BRINE	1050.3	751.7	942.7	508.9	1070	492.99	1048.5	549.04	1082.7	804.35	1024.5	446.6	1157.51	565.61
PINK PEPPER IN BRINE	-	-	-	-	44	43.23	12.4	17.13	8.8	14.93	3.4	3.8	27.65	32.76

2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
QTY	value	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
1473.8	2518.56	1240.8	2053.70	759.12	1608.64	1240.8	2053.70	759.12	1608.64	660.02	3034.29	719.74	3773.69	1333.45	8399.14
4112.8	7594.52	5260.5	8671.26	3443.57	7027.61	5260.5	8671.26	3443.57	7027.61	4307.96	18498.30	5484.01	28875.54	5848.68	36770.03
382.0	934.79	158.3	407.17	213.84	677.01	158.3	407.17	213.84	677.01	173.13	1027.20	201.59	1457.06	524.05	4349.19
554.1	1931.50	537.3	1574.26	528.44	1779.3	537.3	1574.2	528.44	1779.30	695.10	6082.90	574.39	5607.49	607.54	6471.

					0		6								70
24.1	242.29	35.0	313.48	55.32	397.92	35.0	313.48	55.32	397.92	53.03	869.63	68.20	1164.50	53.99	982.92
978.0	2419.73	1259.4	2649.93	952.00	2439.94	1259.4	2649.93	952.00	2439.94	697.19	3951.72	702.61	4575.05	977.47	7435.34
1095.6	1056.75	967.6	855.58	1043.72	922.72	967.6	855.58	1043.72	922.72	859.35	2020.99	769.67	1817.20	882.21	2185.59
36.7	90.01	23.7	62.93	-	-	23.7	62.93	-	-	-	-	-	-	-	-

Source : DGCI&S Kolkata/Exporters Returns/DLE from Customs

During 1960s, with 25 per cent share in world production and 20 per cent share in world export, India was the major producer and exporter of pepper in the world. During the period 2001 to 2008, India's share in world production and export has come down to 17 per cent and 8 percent respectively. Though production increased by nearly three times i.e. from annual average 25.54 thousand tonnes during 1961-1970 to annual average 70.89 thousand tonnes during 2001 - 2008, it was unable to meet the growing domestic demand. The domestic consumption of pepper has increased from an annual average of 4.84 thousand tonnes during 1961-1970 to annual average of 60.50 thousand tonnes during 2001-2007. However, during 2007, domestic consumption of pepper was 34.84 thousand tones. Year 2007 seems to be an exceptional year as domestic consumption of pepper was very low compared to previous years. With increase in domestic consumption, and inability of additional domestic production to meet growing demand, the share of pepper export from domestic production has come down from 82.16 per cent during 1961-70 to 35.31 per cent during 2001-07. India's pepper which was more export oriented during the earlier period, has became more domestic oriented. And, imports registered 9.90 per cent growth per annum during 2001-07. India's pepper import share in world import, which was less than one per cent until 1990, increased to 1.21 per cent during 1991-2000 and to 5.32 per cent during 2001-07. In absolute terms, India's pepper import has increased from annual average of less than one thousand tones until 1990 to annual average of 14.47 thousand tones during 2001-07 and

23.86 in 2013-14. With increasing domestic demand for pepper, Indian export unit value of pepper has increased, leading to decline in export competitiveness.

In recent years, India allowed duty free import for value addition and re-export. However, pepper producers raised the concern for duty free import for value addition and re-export; as such imports depress domestic prices, if rules of origin are weak. In 2009-10 India's estimated pepper imports jumped 63 per cent to 17,500 tonnes, while exports fell 22 per cent to 19,500 tonnes (Thomson Reuters, 2010). It follows that India's pepper import dependency is continuously increasing and pepper producers dependency on domestic market is also increasing continuously. This raises important questions. i) The impact of import on domestic prices ii) is imported product competes with domestically produced product?

India imports pepper mostly from Indonesia (35%), Sri Lanka (33%) and Vietnam (30%). These countries are source for low priced pepper and especially Vietnam expanding its pepper export, production, area under pepper cultivation and productivity rapidly. With further reduction in tariffs under India- ASEAN FTA, India's pepper import from Vietnam would increase. Here question comes, does cheaper pepper import from Vietnam affect the India's domestic price of pepper. Can India make value addition to such low priced pepper product and re-export? India has given concession to these countries under FTA and special concession is given to Indian export oriented businesses for processing, value addition and re-exports. This raises the role of duty free pepper imports for re-export. There is need to investigate the impact of duty free pepper imports on domestic prices and the share of duty free imported pepper in re-exports of pepper. Due to lack of secondary data, the present study is not in a position to assess the impact of duty free pepper imports on domestic prices and re exports.

Indian Pepper Trade Direction

During 1991, former USSR (47.2%) and USA (20.7 %)) were the major destination for India's pepper exports. Around 68 per cent of India's pepper was exported to these countries. In recent years, India's pepper export is scattered. India lost former USSR market and share of USA has increased to 44.4 per cent during 2009. It is evident from USA pepper import direction that, India is facing competition from Vietnam and Indonesia. During 1996, 31.38 per cent of USA pepper import demand was met by India and it came down to 18.16 per cent during 2006 and further declined to 16 per cent during 2009. Since 2001, Vietnam share in USA pepper import has been increasing. Vietnam increased its share from 4.57 per cent during 2001 to 12.06 per cent during 2006 and further increased to 13.59 per cent during 2009 in USA total import of pepper. As Vietnam increased its share in USA pepper import, India's share in USA pepper import has come down. It is to be noted that USA is the major pepper importer of the world. During 2001-07, USA imported 22.42 per cent of the total world pepper import. In the case of import, India's more than 98 per cent of import demand is met by Indonesia, Sri Lanka and Vietnam and in absolute terms also it has been increasing.

It follows from the above discussion that due to domestic demand pressure for pepper, emergence of Vietnam as a major producer and exporter of pepper in the international market and emergence of Netherland, Germany, and USA in exporting value added pepper in the international market, India is losing its pepper export competitiveness in the international market. India has opportunity in exporting value added pepper in the international market, especially in European market. There is a need to equip pepper producers for making use of this opportunity in the international market. There is a need to investigate the impact of duty free pepper imports on domestic prices and the share of duty free imported pepper in re-export of pepper. There is high possibility that Vietnam may increase its low priced pepper export to India and therefore it is important to assess the impact of India-ASEAN, FTA on Indian pepper economy.

Cardamom (small)

In case of cardamom small, India increased its export from 0.86 thousand tones during 2002 to 1.98 thousand tones during 2006. As indicated in, we find that area under cultivation under cardamom (small) has almost remained stagnant during 2002-06. Though, production has declined during this period, with decline in domestic consumption, share of export in production has increased. Import of cardamom (small) has also declined during this period. Looking at the domestic price of India Cardamom (small graded and ungraded) and India Import Unit Value (IUV) of Cardamom, it can be noted that domestic prices of Indian Cardamom (small graded and ungraded) are much higher than the Indian Import Unit Value (IUV) of Cardamom.

ITEM	2001-02		2002-03		2003-04		2004-05		2005-06		2006-07		2007-08		2008-09	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
CARDAMOM(S) POWDER	2.6	22.2	11.1	77.4	9	46.34	39.4	73.53	49.3	124.87	40.3	194.85	12.0	73.3	5.63	42.52
CARDAMOM(L) POWDER	1.1	2.2	2.7	5.0	5	16.73	2.9	7.97	7.4	14.31	8.2	20.52	13.0	20.8	1.84	7.08

ITEM	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	value	QTY	VALUE	QTY	VALUE
CARDAMOM(S) POWDER	62.0	483.08	50.77	738.48	62.0	483.08	50.77	738.48	64.61	500.51	41.44	403.19	66.21	562.26
CARDAMOM(L) POWDER	10.1	24.77	10.99	43.88	10.1	24.77	10.99	43.88	2.74	20.93	37.74	399.52	12.00	194.23

Source : DGCI&S Kolkata/Exporters Returns/DLE from Customs

Indian cardamom export competitiveness

Among the major cardamom exporting countries of the world such as Guatemala, India and Indonesia, the cardamom export unit value of Indonesia is the lowest since 2001. This indicates, the Indonesia is source for low priced cardamom export in the world. The cardamom export unit value of India has been increasing continuously since 1996 from US $ 2.93 during 1996 to US $8.09 during 2009.

Cardamom Trade Direction of India

Historically, former USSR was the traditional market for Indian cardamom. In recent years, India lost Russian federation market and Saudi Arabia has emerged as the major export market for Indian Cardamom. During 2009, India exported 47.75 per cent of cardamom export to Saudi Arabia. The other major countries importing cardamom from India are U.A.E and Pakistan. Most of India's cardamom import demand is met by Nepal. During 2009, India's 92.58 per cent of cardamom import demand has been met by Nepal. Nepal, not being a major producer, this has to be seen as export of other producing countries through Nepal, a major concern for the Indian growers for long time. Nepal, not being a major producer, this has to be seen as export of other producing countries through Nepal, a major concern for the Indian growers for long time.

Scope for promotion sector through Value Addition

The analysis of deferent plantation crops, competitiveness of products, domestic demand and export orientation reveal that there is wide scope for importation of cheaper plantation products from those countries where they are available at a cheaper rate for the purpose of re exportation through the process of value addition. Besides, the domestic supply of such products can also be upgraded through the process of value addition. In this connection there is a need to stress the role of information technology to disseminate the knowledge of value addition to farmers through different means such as farmer's exhibitions, meetings, and advertisements, involvement of recognized institutions, NGOs, Co-operatives, Research centres and Universities. The active involvement will provide the scope for value addition and their by promotion of trade in the plantation sector with the help of information technology.

Refferences

- Bhall, V.K (2002) World Trade Organisation converting crisis into opportunities, Charted secretary, ISCI, New Delhi, vol.XXXII, January.
- Elizabath Thomas (2002). A study on futures' trade in pepper, projected report Mahathma Ghandhi University, kottayam
- Gopal N. and Chadurvedi T (2002). Challenges to Indian argriculture in the WTO era.

- Hirashima, S (2002). Role of agriculture in Indian development - A medium terms perspective. Proceedings of Tenth Annual Conferences of AERA , Marathwada agricultural university, Parbhani, Maharastra.
- Jayashree E. (2005). Value addition of major spices at farm level, spice India,August.
- John Zacharia, T. (2005). Value added products from black pepper, spice India,January.
- John K C(2003). Spices export from India)- A Stock Talking, Economic and political weekly, Vol.XXXVIII,No.19.
- Joseph George (2000). A study on export performances of spices with special references to pepper , project report, Mahathma Ghandhi University, kottayam.
- Kannan S. (2005). Marketing of cardamom, spice India, July.
- Swaminathan Commission Report (2002). WTO concerns for Kerala, Kerala State Planning Board, Trivandrum.
- Madan Lal (2004). Impact of SPS measures on agro-products, Spice India , November.
- Manoj Shanker Guptha (2007). WTO and Indian Economy ,Serial Publication , New Delhi.
- Milind Chaudari (2000) seed spices – a prespective , Indian Spices ,October. Vol 37, No 4 .
- Nalin Kumar C. and Muraleedaran , V.R(2007). SPS Regulations and Competitiveness: An Analysis of Indian Spice Exports, South Asia Economic journal ,Vol 8, No 2.
- Parthasarathy V.A and Madan M.S (2008) India is fast becoming a hub for value addition in spices. The Hindu Survey of Agriculture.
- Punam (2007) WTO: some opportunities and challenges to Indian Agriculture, WTO and Indian Economy , Serial Publication, New Delhi.
- Ramesh,C (2002). WTO ; trade liberalization and Indian Agriculture. Mithal Publications New Delhi.