

GROWTH OF INDIAN EXPORT AND IMPORT OF SPICES

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ABSTRACT

This paper attempts to know the growth of Indian export and importing spices, The data of export and import for 8 years from the year 2005-06 to 2012-13 of major spices such as Cumin, Ginger, Fenugreek, Chilli, Cardamom, Curry powder, Coriander, Turmeric, Oil & Oleoresins, Garlic & Mint products for analysis. Compound Annual Growth Rate tool is used to analyse the statistical data. India is known as the home of spices and boasts of a long history of trading with the ancient civilisations of Rome and China. Today, Indian spices are the most sought-after globally, given their exquisite aroma, texture and taste. India has the largest domestic market for spices in the world. India is the world's largest producer and exporter of spices of the 109 varieties listed by the International Organization for Standardization (ISO), as the country produces and exports about 75 varieties of spices. The agriculture and food processing sector plays an instrumental role in augmenting the growth of the economy, as it is an important source of raw material for the industrial sector.

KEYWORDS: Export, Flavour, Import, India, International Market, Spices

INTRODUCTION

A spice a dried seed, fruit, root, bark, or vegetable substances primarily used for flavouring, colouring or preserving food. Sometimes a spice is used to hide other flavours. Spices are distinguished from herbs, which are parts of leafy green plants also used for flavouring or as garnish. Many spices have antimicrobial properties. This may explain why spices are more commonly used in warmer climates, which have more infectious disease, and why use of spices is especially prominent in meat, which is particularly susceptible to spoiling.

A spice may have other uses, including medicinal, cosmetics or perfume production, or as a vegetable. For example, turmeric roots are consumed as a vegetable and garlic as an antibiotic. India primarily exports pepper, chilli, turmeric, ginger, cardamom, coriander, cumin, fennel, fenugreek, celery, nutmeg and mace, garlic, tamarind and vanilla. Processed spices such as spice oils and oleoresins, mint products, curry powder, spice powders blends and seasonings and also exported. The export of processed spices such as curry powder, mint products and spice oils and oleoresins accounted for 44.2 per cent of total exports. Mint products accounted for a large volume of spice exports in 2012-13 with a share of 29.7 per cent. Mint product exports grew from US \$ 235.4 million in 2008-09 to US \$ 415.3 million in 2012-13. Spice oils and oleoresins exports grew from US \$ 156.9 million in 2008-09 to US \$ 241.1 million in 2012-13. Indian spices exports have been able to record strident gains in both volume and value in Rupee terms.

It is first time in the history of Spices export the growth in volume registered an all-time growth of 26 per cent. Spices exports have registered substantial growth during the last five years, registering compound annual average growth rate of 23 per cent in value and 11 per cent in volume and India commands a formidable position in the World Spice Trade.

During the 2012-13, a total of 7,26,613 tonnes of spices and spice products valued Rs.12,112.76 crore (US \$ 2,212.13 Million) has been exported from the country as against 5,75,270 tonnes valued Rs.9,783.42 crore (US \$ 2,037.76 Million) in 2011-12, registering an increase of 26 per cent in volume and 24 per cent in rupee terms and 8.5 per cent in dollar terms of value. During this period, the achievement in export earning is high and it is mainly due to the rigorous focus and initiatives taken by the Board for value addition and higher end processing of Spices. (Source: Spices Board India). As per the current Foreign Trade Policy, there is no quantitative restriction on import of spices into the country except for items like 'seed quality' spices, Fresh Ginger and Poppy seed.

The tariffs for import have also been steadily brought down. Under Free Trade Agreement with Sri Lanka, duty free import of spices is permitted. Duty free imports are also allowed under the Advance Authorization Scheme for value addition and re-export. The US is the major importer followed by China, the UAE, Malaysia, Saudi Arabia, the UK, Germany, Singapore and Sri Lanka. Exports to the US grew at a rate of 11.6 per cent from US \$ 215.4 million in 2007-08 to US \$ 334.8 million in 2011-12. (Source: India brand equity foundation 2013).

OBJECTIVES

- To analyse the degree and direction of spices export from India.
- To study the import quantity and value of spices by India.

METHODOLOGY

The secondary data are used to study. Secondary data were collected from following sources: Spices Board of India, Spices Board Reports, India brand equity foundation and also necessary information gathered from various Journals, Books, Media Reports and internet website. The data of export and import for 8 years from the year 2005-06 to 2012-13 of major spices such as Cumin, Ginger, Fenugreek, Chilli, Cardamom, Curry powder, Coriander, Turmeric, Oil & Oleoresins, Garlic & Mint products for analysis. The data have been analysed with statistical techniques, Compound Annual Growth analysis of data and drawing table and graphs.

Table 1: Commodity-Wise Export of Spices from India during 2005-06 to 2012-13 (Quantity in Tonnes)

| SPICES | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Cagr |
|-------------------|----------|----------|----------|----------|----------|----------|----------|----------|-------|
| Pepper | 17,363 | 28,750 | 35,000 | 25,250 | 19,750 | 18,850 | 26,700 | 15,363 | -3.89 |
| Cardamom | 1,909 | 2,150 | 1,825 | 2,625 | 2,975 | 1,950 | 5,585 | 3,589 | 12.00 |
| Chilli | 1,13,174 | 1,48,500 | 2,09,000 | 1,88,000 | 2,04,000 | 2,40,000 | 2,41,000 | 3,01,000 | 12.33 |
| Ginger | 9,411 | 7,500 | 6,700 | 5,000 | 5,500 | 15,750 | 21,550 | 22,207 | 18.06 |
| Turmeric | 46,405 | 51,500 | 49,250 | 52,500 | 50,750 | 49,250 | 79,500 | 88,513 | 8.25 |
| Coriander | 23,756 | 20,500 | 26,000 | 30,200 | 47,250 | 40,500 | 28,100 | 35,902 | 7.72 |
| Cumin | 12,879 | 26,000 | 28,000 | 52,550 | 49,750 | 32,500 | 45,500 | 85,602 | 21.63 |
| Fenugreek | 15,525 | 8,500 | 11,100 | 20,750 | 21,000 | 18,500 | 21,800 | 29,622 | 13.69 |
| Other seeds | 12,670 | 8,000 | 8,850 | 17,500 | 15,500 | 12,500 | 13,050 | 18,442 | 7.39 |
| Garlic | 34,688 | 11,500 | 675 | 760 | 10,750 | 17,300 | 2,200 | 22,872 | 1.43 |
| Curry powder | 9,340 | 9,500 | 11,500 | 13,250 | 14,300 | 15,250 | 17,000 | 17,436 | 10.26 |
| Mint products | 14,544 | 16,250 | 21,100 | 20,500 | 19,000 | 17,450 | 14,750 | 20,039 | 1.33 |
| Oils & Oleoresins | 6,074 | 6,250 | 6,600 | 6,850 | 6,750 | 7,600 | 7,265 | 9,515 | 5.26 |
| Other spices | 99,518 | 74,500 | 74,625 | 1,21,760 | 1,44,250 | 1,21,300 | 1,10,650 | 1,92,440 | 10.28 |
| Total | 4,17,256 | 4,19,400 | 4,90,225 | 5,57,495 | 6,11,525 | 6,08,700 | 6,34,650 | 8,62,542 | 9.86 |

Sources: Spices Board Statistics, 2014

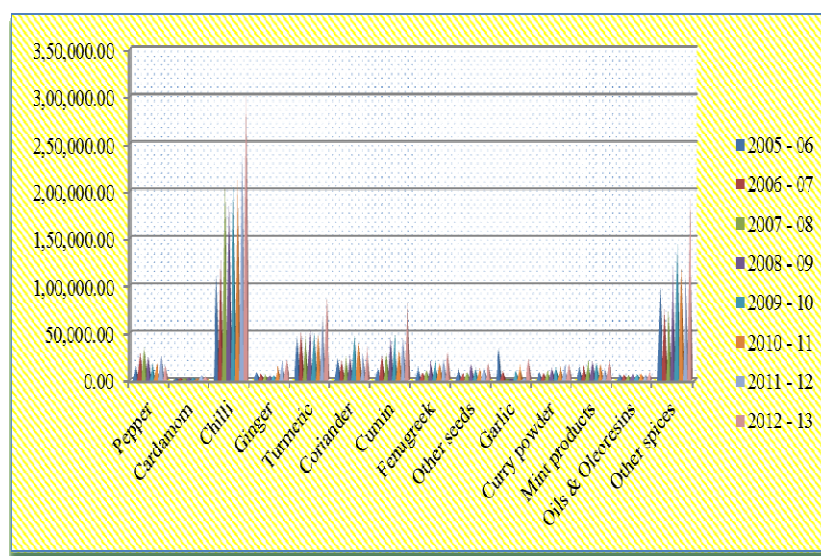


Figure 1: Commodity-Wise Export of Spices from India during 2005-06 to 2012-13

The 1 table and figure reveals commodity-wise export of spices from India during 2005-06 to 2012-13. It states that the Cumin holds first position with 21.63 per cent followed by Ginger with 18.06 per cent, Fenugreek 13.69 per cent, Chilli 12.33 per cent, Cardamom 12.00 per cent, Curry powder 10.26 per cent, Coriander 7.72 per cent, Turmeric 8.25 per cent, Oil & Oleoresins 5.26 per cent, Garlic & Mint products with 1.43 per cent and 1.33 per cent respectively. Pepper with (-3.89 per cent) that shows negative trend in exporting from India. The consumption of pepper is increased in India for extraction of pepper oil and oleoresin because of demand in domestic buyers and international market. The spice export of India show positive trend both in terms of quantity and value.

Table 2: Commodity-Wise Export of Spices from India during 2005-06 to 2012-13 (Value in Rs. Lakhs)

| Spices | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Cagr |
|-------------------|--------------------|-----------------|-----------------|-----------------|--------------------|--------------------|--------------------|---------------------|--------------|
| Pepper | 15,094.81 | 30,620 | 51,950 | 41,373 | 31,392.50 | 38,318.50 | 87,813.45 | 63,810.29 | 18.37 |
| Chilli | 40,300.51 | 80,775 | 1,09,750 | 1,08,095 | 1,29,172.80 | 1,53,554 | 2,14,408 | 2,38,060.90 | 24.64 |
| Ginger | 4,295.52 | 3,975 | 2,800 | 3,482.50 | 4,675 | 12,131 | 20,420.02 | 18,725.14 | 31.78 |
| Turmeric | 15,286 | 16,480 | 15,700 | 24,857.75 | 38,123 | 70,285.15 | 73,434.40 | 55,487.70 | 29.05 |
| Coriander | 6,770.73 | 7,462 | 11,025 | 20,378.75 | 22,585.50 | 16,663.25 | 16,401.85 | 20,182.59 | 16.63 |
| Cumin | 9,819.07 | 20,150 | 29,150 | 54,400 | 54,824.50 | 39,597.75 | 64,442.05 | 1,15,306.61 | 33.04 |
| Fenugreek | 3,402.87 | 2,698 | 3,300 | 7,175.25 | 6,972 | 6,548.10 | 7,275.20 | 10,488.12 | 19.36 |
| Other seeds | 3,321.99 | 2,240 | 3,125 | 6,498.50 | 5,890 | 5,558.05 | 5,881.25 | 11,178.60 | 19.48 |
| Garlic | 4,798.38 | 2,127.50 | 400 | 350.25 | 3,042 | 6,977.30 | 1,415.70 | 6,868.14 | 14.28 |
| Curry powder | 7,838.03 | 8,692.50 | 11,100 | 16,375 | 18,918.50 | 21,050.50 | 25,208.25 | 27,515.66 | 21.24 |
| Mint products | 81,320.66 | 1,10,095 | 1,28,050 | 1,42,025 | 1,18,972 | 1,69,679 | 2,22,372 | 3,94,049.95 | 19.88 |
| Oils & Oleoresins | 50,557.34 | 51,079 | 56,300 | 72,050 | 70,875 | 91,062.45 | 1,30,438.28 | 1,55,888.19 | 18.13 |
| Other spices | 19,956.52 | 21,180.50 | 20,900 | 28,859 | 45,901.45 | 44,645.40 | 96,468.04 | 82,960.76 | 27.33 |
| Total | 2,62,762.43 | 3,57,575 | 4,43,550 | 5,25,920 | 5,51,344.25 | 6,76,070.45 | 9,65,978.49 | 12,00,522.65 | 22.31 |

Sources: Spices Board Statistics, 2014

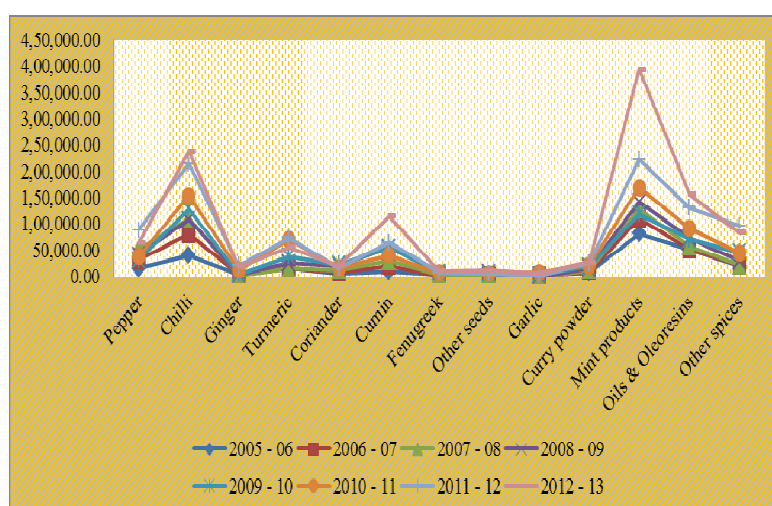


Figure 2: Commodity-Wise Export of Spices from India during 2005-06 to 2012-13

The 2 table and figure shows that commodity-wise export of spices from India during 2005-06 to 2012-13. Cumin registered first with 33.04 per cent, second position holds Ginger 31.78 per cent, Turmeric 29.05 per cent, Chilli 24.64 per cent which stands fourth position followed by Curry powder 21.24 per cent, Mint products 19.88 per cent, Pepper 18.37 per cent, Coriander 16.63 per cent, Garlic 14.28 per cent. Spice export from India has registered all time high both in terms of quantity and value, currently India is formidable position in world spice trade with more share of volume with fair value.

Table 3: Commodity-Wise Importing Spices by India during 2004-05 to 2012-13 (Quantity in Tonnes)

| Spices | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Cagr |
|--------------|-----------------|---------------|-----------------|---------------|---------------|-----------------|---------------|-----------------|-----------------|-------------|
| Pepper | 17,733 | 16,870 | 15,701 | 13,500 | 10,750 | 18,100 | 16,100 | 17,565 | 15,600 | -0.08 |
| Cardamom | 4,720 | 5,372 | 6,920 | 6,725 | 6,130 | 6,095 | 4,125 | 2,381 | 4,390 | -6.24 |
| Ginger | 18,335 | 23,680 | 32,518 | 22,500 | 27,750 | 27,250 | 21,500 | 16,920 | 57,090 | 4.95 |
| Turmeric | 1,615 | 4,022 | 7,003 | 4,650 | 2,525 | 4,450 | 3,900 | 2,325 | 2,495 | -1.85 |
| Coriander | 1,220 | 1,838 | 2,270 | 1,000 | 3,030 | 1,450 | 915 | 3,775 | 4,470 | 10.35 |
| Poppy seed | 8,337 | 5,798 | 10,652 | 5,300 | 5,900 | 11,750 | 9,050 | 24,075 | 11,630 | 10.65 |
| Clove | 6,945 | 7,721 | 11,748 | 8,450 | 6,500 | 9,550 | 7,000 | 12,175 | 10,105 | 3.31 |
| Cassia | 11,899 | 9,721 | 17,002 | 8,900 | 8,600 | 13,000 | 11,000 | 15,655 | 12,180 | 1.73 |
| Star anise | 1,779 | 2,232 | 3,165 | 1,725 | 1,375 | 2,750 | 2,750 | 2,850 | 4,695 | 8.33 |
| Other spices | 29,658 | 13,156 | 19,815 | 17,250 | 10,985 | 12,305 | 10,435 | 13,415 | 9,067 | -9.97 |
| Total | 1,02,241 | 90,410 | 1,26,794 | 90,000 | 83,545 | 1,06,700 | 86,775 | 1,11,136 | 1,31,722 | 1.76 |

Sources: Spices Board Statistics, 2014

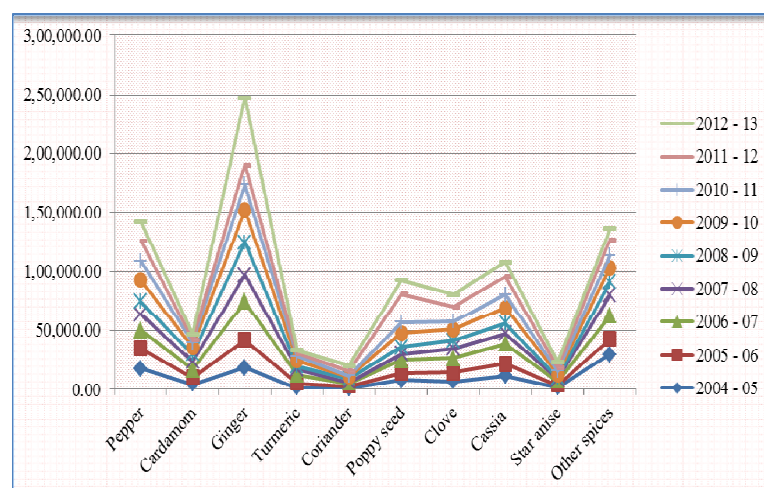


Figure 3: Commodity-Wise Importing Spices by India during 2004-05 to 2012-13

The 3 table & figure reveals that commodity-wise importing spices by India during 2004-05 to 2012-13. Poppy seeds with 10.65 per cent, Coriander 10.35 per cent, Star Anise 8.33 per cent, Ginger 4.95 per cent, Clove 3.31 per cent, Cassia 1.73 per cent and some commodities like Pepper, Turmeric and Cardamom are negative annual growth rate with -0.08 per cent, -1.85 per cent and -6.24 per cent respectively. Domestic supply over domestic needs rather than specialized activity and there is a vast domestic market for spices mainly depend on crop and domestic consumption.

Table 4: Commodity-Wise Importing Spices by India during 2004-05 to 2012-13 (Value in Rs. Lakhs)

| Spices | 2004 - 05 | 2005 - 06 | 2006 - 07 | 2007 - 08 | 2008 - 09 | 2009 - 10 | 2010 - 11 | 2011 - 12 | 2012 - 13 | Cagr |
|------------------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------|
| Pepper | 11,610.45 | 10,358.39 | 13,597.20 | 19,388.75 | 17,664.75 | 23,465.75 | 27,010.63 | 53,339.88 | 56,944.18 | 23.86 |
| Ginger fresh/dry | 3,244.55 | 4,662.62 | 4,015.53 | 3,275.25 | 3,887.75 | 4,906.25 | 8,266.75 | 4,739.26 | 10,409.89 | 11.55 |
| Turmeric | 702.25 | 1,676.14 | 2,519.82 | 1,227.30 | 820.25 | 2,086.75 | 4,220.54 | 3,060.52 | 2,173.89 | 14.05 |
| Coriander | 609.81 | 813.81 | 1,008.21 | 620 | 1,906.90 | 921.5 | 621.91 | 2,722.76 | 3,526.04 | 18.28 |
| Poppy seed | 2,939.55 | 2,106.29 | 4,885.38 | 3,616 | 11,741.80 | 20,000 | 12,763.93 | 26,847.93 | 23,221.50 | 38.48 |
| Clove | 12,430.02 | 13,116.51 | 17,752.25 | 11,910 | 11,516.25 | 16,740 | 15,337.03 | 44,081.58 | 45,188.27 | 15.89 |
| Cassia | 3,446.71 | 2,763 | 5,090.16 | 3,034.50 | 3,567.40 | 5,661.5 | 5,728.52 | 9,169.33 | 8,225.59 | 14.14 |
| Star anise | 982.16 | 1,217.52 | 1,815.45 | 950 | 981.4 | 2,081.5 | 2,866.93 | 4,725.10 | 7,482.40 | 26.05 |
| Other spices | 20,346.30 | 17,209.28 | 28,223.82 | 20,528.20 | 24,452.15 | 34,182.5 | 40,734.35 | 60,761.39 | 53,060.10 | 15.92 |
| Total | 56,311.80 | 53,923.56 | 78,907.82 | 64,550 | 76,538.65 | 1,10,045.75 | 1,17,550.59 | 2,09,447.75 | 2,10,231.86 | 19.46 |

Sources: Spices Board Statistics, 2014

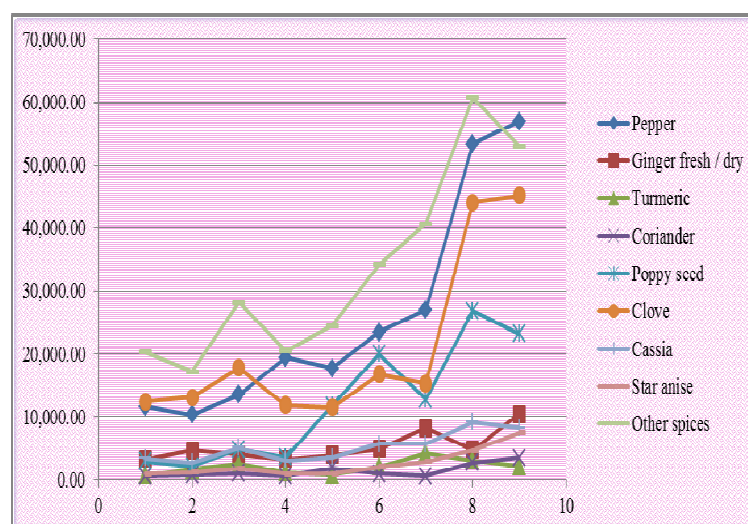


Figure 4: Commodity-Wise Importing Spices by India 2004-05 to 2012-13

The 4 table & figure shows the commodity-wise importing spices by India during 2004-05 to 2012-13. It was observed that positive growth of Indian spices. Poppy seed with 38.48 per cent, Pepper 23.86 per cent, Coriander 18.28 per cent, Clove 15.89 per cent, Cassia, Turmeric, Ginger fresh/dry with 14.14 per cent, 14.05 per cent, 11.55 per cent respectively. Value of spices depends on strong domestic consumption. India is not only largest producer of spices but also the leading consumer.

CONCLUSIONS

More than 90 per cent of the spices produced in the country is used for domestic consumption and the rest exported as raw as well as value added products. The important spices produced in the country are black pepper, ginger, turmeric, garlic, chillies, coriander, cumin, fennel, fenugreek, celery, clove, cassia, nutmeg, mace, cardamom, saffron, vanilla and group of herbal spices. The dominant spice in the global market has far outstripped supply. India formerly the world's biggest producer has been hit by crop failures owing to the late monsoon rains in 2009 and disease. The problems for Indian suppliers have meant that it was overtaken by Vietnam as the world largest producer, which supplies some 30 per cent of the world's exports. However its own stocks are almost exhausted, contributing to the price rises. Many spices

are used in perfumes, for aroma therapy, and were at one time commonly used in embalming. Spices can be used as food preservatives as well. The oils of various herbs and spices are also extracted for other purposes in manufacturing and even as a weapon (as in pepper spray actually from the habanero pepper plant). Riding on the excellent export performance of mint, chilli, seed spices, and India's spice exports has registered a 41 per cent growth in terms of rupee value during April-December 2013. The price of spices from ginger to nutmeg have rocketed in one of the hidden stories of global food inflation. Traders and brokers reported prices of some spice staples have increased more than tenfold over the past five years and in turn hit food manufacturers and consumers. Speculators have joined the fray encouraged by high prices and poor returns on the financial markets, leading to hoarding and pushing up prices. The steady growth of spice exports reiterates the unshaken global demand for Indian spices.

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