

The Trend in Export, Import and Production performance of Black pepper in India

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Abstract

The production of spices in India have enormously increased since last 10 years, and it is a clear evidence of increase in area from the year 2005. High competition has been arrived when the economy of spices shifted to consumer driven enterprises instead of producer driven economy. Besides marketing, a trend still exists for a direct marketing through super markets. Business management has become an important scenario in the global competition. India stands in the third position amongst largest producer of black pepper in the world. In India, Kerala and Karnataka are the largest producer of black pepper. In terms of pepper production, Kerala ranks first position followed by Karnataka and Tamil Nadu. Kerala accounts for over fifty percent of India's total production of black pepper. Recently, the consumption of pepper in the country is increasing steadily. The improvement in the consumption is due to the change in people's food habit and interests for healthy as well as flavorful food. Pepper is used in the country for culinary purposes, making pepper oil etc. Pharmaceutical industries are also using pepper widely for the manufacturing of some medicines.

Delivery system and service quality will play a vital role in the consumer driven market. However a boom in the export will lead to an increase in rural employment and will bring efficiency to every production process by means of latest technological advancements and high quality standards. This paper is an attempt to study the trends in export, import and production performance of black pepper in India.

Keywords: Black pepper, Export, Import, Production Performance.

Introduction

Black pepper, commonly called as the Black gold and King of spices is the most relevant and widely used spice which occupies a unique and supreme position in the world. Kerala is the native place of black pepper. Kerala contributes majority of the country's black pepper area and production. USA, UK, Germany, Vietnam, Netherlands, Japan and Sweden are the major buyers of black pepper from the India. India ranked in the topmost position in the world's pepper production until 19th century, but India lost its position to some other nations like Vietnam and Indonesia.

But under the current Indian conditions we are getting an average of 1 kg of green berries per vine. Which in turn gives about 250g to 350g of dry berries. On the other hand countries like Vietnam and Indonesia produce about 5kg green berries per vine. Pepper has been distributed among the tropics of both hemispheres. As virgin soil is naturally well drained and has rich humus content, it is suitable for pepper cultivation and it may lead to high yield. Alluvial soil is also good for getting high yield because it is also having very high humus content. But sandy and clay soils are not suggested for growing black pepper.

In states like Kerala, the pepper is also grown on the water logged paddy field's bunds. For pepper cultivation, 4.5-6.5 pH range is ideal. The pepper is usually a crop of humid areas and it requires adequate rainfall as well. Black pepper grows enormously well under the hot and humid climates in the Western

Ghats. A temperature of 10 degree Celsius to 140 degree Celsius and an elevation of 500 m to 1500 m from the sea level is more preferable for the high growth of black pepper. Temperature under 10 degree Celsius will adversely affect the pollination of the crop. For getting maximum output, a 1250 mm to 2000 mm rainfall per annum in the entire year would be desirable. In order to avoid the sun- scorching, the black pepper is highly recommended to plant towards the eastern slopes. So that the southwest sunlight can be avoided. Also too much of shades will badly affect their fruiting and flowering.

Objectives

The aim of the paper is to analyze the trends in export, import and production performance of black pepper in India. It also analyzes the state wise production trend of black pepper and various factors affecting the production, import and export of black pepper. This study also identifies the various reasons why the export and import of black pepper increases or decreases.

Need for the study

India is a country having an agricultural economy. More than 60% of the population depend upon agriculture for their living. Most of the agricultural exports happening in the country is related with raw materials and other agricultural products. Exporting of processed goods from the country has a great future, as it will contribute more towards foreign exchange earnings. Pepper has become a valuable commodity in the International market. As pepper is highly used in food and other products like pharmaceuticals, the export performance by India is increasing at a faster rate. The current supply is not able to meet the demand made by the foreign countries, which has made the exports more profitable. And this has led some of the countries to focus on black pepper export by increasing the area, output and yield.

Literature Review

The objective of the paper (Yogesh M.S and Dr. S. Mokshapathy -2013) was to analyze the trend in areas of pepper cultivation, production, and productivity of black pepper. And it also focuses on black pepper's export performance. The study has done using secondary data and it was collected from

International pepper community. The trend in growth with respect to area of cultivation of pepper during the year 2001 to 2010 was seemed to be declining. Among other pepper cultivation countries, China has registered highest CAGR. Followed by Vietnam, Malaysia, and Thailand, China has shared about 5.27 percent in production. The paper says that Sri Lanka has accounted with 4.64 percent among various black pepper producing countries followed by Vietnam, Indonesia and Thailand. Some of the countries has shown negative growth in low production due to variation in climatic condition and lower productivity. Price of pepper is volatile in nature. And various factors which influences in the prices of pepper are global and domestic production as well as international prices. During 2001-2010, the pepper cultivated areas in India has been seemed to be decreasing on yearly basis. Though, India has been rated as the highest pepper consuming country and the demand for pepper exists throughout ever year.

The production of spices with respect to world production over different time period (R. Gayathri, M. Saravanan-2014). It helps to analyze the export of spices from India in terms of quantity and value. Also the paper gives an idea about the percentage changes occurs in spices exports and recent development in technologies. The study was made on secondary data over a period of 2001-2011. The data was collected from various spice industries based on their performance on export. Major findings of the study reveals that the share of spices in India's agriculture was 6.91% and total export was 1.32% during the year 2006-2007. But it was found that spices share in export has been decreased. It was due to high domestic demand as well as low productivity. So that the spice production became increased by the next year itself. Similarly, the spice production in the world also became increased. The production and productivity was recorded positive within the area which showed decline trend during the study period.

Black pepper is an important crop in international spice trade (S.R. Rajesh -2002). The export of black pepper draws a remarkable foreign exchange. India is a leading producer of black pepper followed by Indonesia, Malaysia, Sri Lanka and Brazil. The main reason for the export decline of black pepper during the year 2000-2001 was due to the high domestic price during all periods. Due to the increased black pepper production from other countries, the prices have fallen down. Also an earthquake taken place in Gujarat has also badly resulted in the pepper trade.

The export demand also plays a vital role behind the fluctuation of pepper prices. The prices usually depend on the demand made by United States, because United States is the World's largest market for pepper. Because of the fall in pepper price, it has resulted in the increased consumption by developing countries and the demand has also risen. The fall in pepper price was mainly due to the global over supply taken place in the World.

The main objective of the study was to evaluate spices export from Kerala and to analyze the opportunities behind the pepper export (Ashish Bhatt, Jency Valsan -2016).

. The paper states that the price fluctuation, pest attacks, large production costs etc. were some of the constraints faced by the producers as well as exporters. The paper also reveals that there would be a surge in export from Kerala in the forthcoming years because majority of the manufacturing companies have begun their action plan to export in next 1-3 years. Even though the majority of the manufacturers have large production capacity and resources, but have a lack of knowledge regarding regulation on export and performance. The manufacturers are expected to have training from the Government regarding the spices export. There are huge opportunities for pepper in untapped regions. But some unfair practices like adulteration would probably restrain the market growth. Even though the spice market is led by the pepper followed by capsicum. Majority of the exporters are not getting enough assistance from spice board regarding packing, barcoding etc. and the exporters are want to have policies on labor laws and bank financing from the side of government.

The study has identified and examined various drivers for black pepper production and farmer's profitability (M. Hema, Ranjit Kumar, and N.P. Singh-2007). The paper analyzed the behavior of price and the mechanism of price fluctuation in black pepper. Some external factors like lagged area, lagged domestic price, lagged quantity, lagged export price etc. will also influences in the domestic production of black pepper. As part of the globalization, a significant change in black pepper production has happened. The domestic prices felled down due to the illegal import to India and falling price in International market. Moreover, frequent droughts and changing temperatures badly affects the crop yield. Although, the yield can be increased by

adopting proper irrigation mechanisms in summer seasons.

The study focused on the instability in black pepper prices in Indian and International markets in pre and post periods of liberalization Sachu Sara Sabu, Anil Kuruvila -2016). The study states that during the post liberalization period, the instability in price has increased significantly. While the price declined in the international market. This had resulted in the volatility transmission from International market to domestic market soon after the liberalization. And there happened a reduction in international price instability and leads to an increase in domestic price instability. So that the paper suggests to implement certain price stabilization policies in order to safeguard the black pepper producers of India from fluctuating prices.

In the promotion of International trade, ports plays an important role (Rajasekar T, S. Aravanan -2009). The aim of this paper is to analyze the export performance and import traffic in the port of Tuticorin. The paper discusses about port traffic performance of ports, ports growth rate, export and import performance of commodities. Growth in export as well as import have been analyzed using simple and compound growth rates. Least square method was adopted to calculate trend values in import and export.

The objective of the paper is to analyze the pepper export performance from India (R. Chakravorthy, I. Parvin Banu -2017). The paper also give a brief description about the production performance of pepper all over the world. It states that all over the world, India stands in the first position in terms of pepper exports and area of production followed by Indonesia. USA is the largest buyer of pepper from India. The study also reveals that the demand for pepper in the world is higher than its supply. Majority of the pepper in India is produced from its southern side particularly from the state, Kerala. The study suggests to provide proper training for farmers regarding quality aspects and it also suggests farmers to follow scientific as well as improved methods of cultivation. Better promotional measures must be taken to bring awareness about pepper among International market.

The paper deals with the production and export performance of spices in Southern parts of India (Jayesh T-2001). It is an economic analysis, which indicates that USA and Russia were the stable market

of Indian black pepper. Russian export contribute around 64 percent and export to USA was found to be 59 percent. The paper predicts that Indian pepper exports to USA and Russia might have increased to 24.95 percent and 34.96 percent respectively by the year 2009-2010 in terms of market share.

In his study, it was found that the black pepper's area, productivity and production showed a positive and significant growth rate (Krishnadas M. -2010). The production of black pepper was found to be more stable when comparing with other spices.

The earning on export of black pepper was found to be increasing whereas the export volume was seemed to be diminishing. The shares on export of spices to major locations were also found to be declining. The paper concludes that there is a need to improve the productivity of spices by focusing on more improved production technologies and improved varieties. Adequate measures must be taken in order to make the export earnings from spices stable. Also area and productivity should be enhanced with crop insurances scheme for spices in order to protect the farmers from fluctuations in prices.

The paper deals with the Idukki district farm crisis (Prakash BA. -2008).

It states that there was a shortage in labor, fall in pepper prices etc. the paper recommends that the Union Commerce Ministry must introduce a price control cell in order to regulate the spices and its imports.

The book, Organic Spices states that over usage of fertilizers, pesticides and chemicals has ruined earth by polluting drinking water, food and air (Thankamani -2009). He suggested that organic way of production is the one and only method to save the environment and preserve the ecology. Paper suggested that organic production is a commercially life-saving option for farmers because organic products will fetch a premium price at lesser production cost.

Organic farming advantage is that it will help in improving the productivity by increasing carbon levels in the soil (Leu -2010). So that soil will be healthier as it became rich in humus. It will help in removing some amount of carbon dioxide from the earth's atmosphere. The author suggested that soil carbon is one of the most neglected but can be the

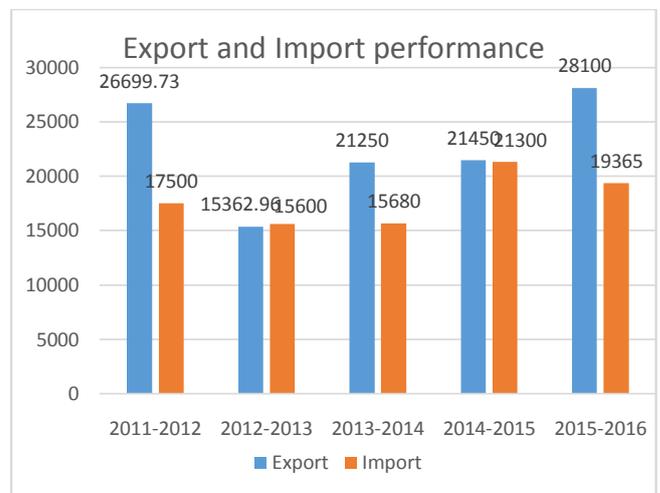
most important thing for increasing soil fertility, decrease control, water holding capacity and productivity.

Methodology

The study has been based upon the secondary data collected from the websites of Indian spice board. The data is planned to analyze using Percentage analysis. The secondary data were collected from the year 2012 to 2016.

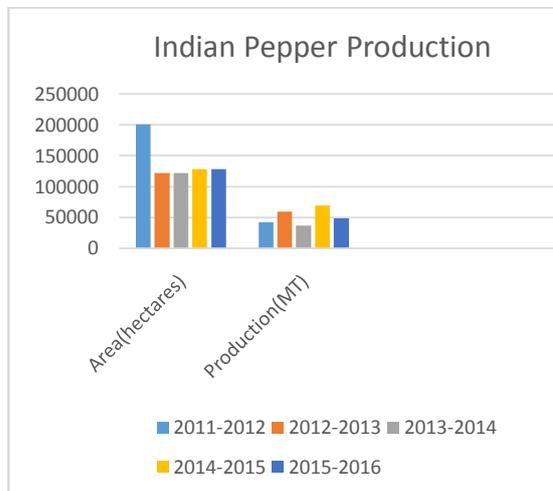
India mainly export Malabar grade black pepper to countries. At the same time India is also a very large consumer of spices. So that only a limited amount of pepper is exported compared to its competitors.

Majorly, India used to import pepper from countries like Indonesia, Vietnam, Sri Lanka and Brazil. The pepper imported to India is again exported to different countries in different forms. Imported pepper is also used for the manufacturing of some value added products like pepper powder, pepper oil, dehydrated green pepper etc.



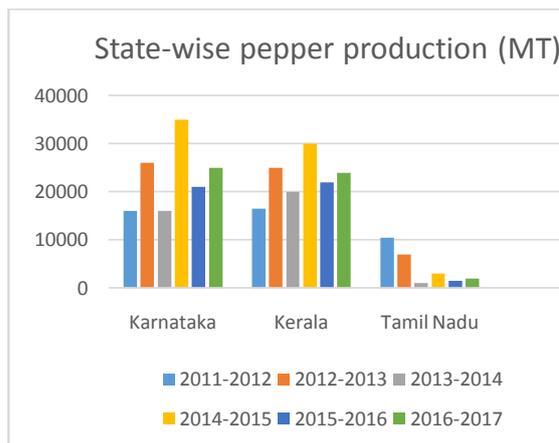
Source: Spice Board of India

More than 70% of the pepper export takes place to countries like US, UK, Canada etc. Rest 30% of the total exports from India is contributed by countries included in the European Union.



Source: Spice Board of India

In Kerala, districts like Idukki, Wayanad, Kottayam, Kannur, and Kozhikode are the districts where pepper is cultivated in large area. Other states like Assam, Andhra Pradesh, Tripura, Meghalaya, and West Bengal have also started pepper cultivation recently. From the year 2008, the performance of Karnataka in pepper production is notable.



Source: Spice Board of India

Kochi in Kerala is the major pepper trading center in India. Chickmagalur and Sakaleshpur are some other

important pepper trading centers in the country. Chickmagalur and Coorg in Karnataka state and Gudalur in Tamil Nadu are the major suppliers to major consuming centers.

Pepper trade within India and Overseas by means of marketing channels

The growers, middlemen, market terminal, domestic market, exporters and assembling market are included in the marketing channel. In the current scenario, producers are able to sell their products in many ways. The most widely used marketing channel include collecting produce directly from the producers by means of local merchants and wholesale traders and finally moves to the exporters. Exporters are the last link in this chain. Private sector operation is associated with commission agents who collect the produce from farmers and sell retail traders at a price based on the demand and supply.

Factors affecting pepper production in India

Some of the factors affecting the Indian pepper production are cultivation of low yield varieties, existence of unproductive vines, pest and disease attack, Drought, Decrease in soil fertility, Increasing labor cost, changing pattern of crops.

Findings

India is the country having largest pepper cultivated area in the world. Also in the World, India is the largest producer of pepper. After Indonesia, India is the largest exporter of pepper in the world. In India, Kerala contributes 88% of the total pepper production in the country. World demand for black pepper is more than its supply. Exporters in India export pepper to intermediaries from buying countries. The largest buyer of pepper from India is USA. India is the largest producer of pepper byproducts.

Suggestions

Thorough drying of pepper in a well hygiene surface is relevant for ensuring the quality of black pepper. Spices board provides mats made by using bamboos which can be used for drying pepper under

sunlight. Identification of new markets and better promotional measures should be taken in order to make awareness about product in markets. Increasing productivity by using improved as well as scientific methods of cultivation. Training should be provided to farmers regarding improvement in quality aspects. Handling after harvesting should be improved by cleaning, separating, drying, grading and packing of black pepper. Value addition for pepper must be promoted for increasing world demand for exports. Informing international spice community about the efforts taken by Indian spice industry will also help for the export of high quality spice.

Conclusion

India has an agricultural economy, in which more than 65% of the population depends upon agriculture as their main source of income. Some economic reforms like globalization, liberalization, and privatization helped in the development of the country. The huge export and import performance of pepper made by India is because of the high consumption and usage of pepper in food and other products including pharmaceuticals, cosmetics etc. Out of total exports from India, pepper has a major share regarding quantity as well as value. Indian pepper is considered as a premium product. So that a premium price is always charged for Indian black pepper.

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