



## **EXPORT PERFORMANCE OF INDIAN SPICE PRODUCTS**

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### **Abstract:**

In a country agricultural exports have great effects in terms of enhancing economic growth and activity, increasing the internal production, supplying foreign currencies for import, becoming growth accelerator, making favorable balance of trade, accumulating the foreign exchange reserves, increasing profitability and societal success, improving capacity utilization and productivity, providing employment and creates new job opportunities. Thus, the ulterior goal of most of the governments is to expand the total exports of the country including agricultural exports. With respect to India, the achievement of having competitive advantage in international markets in the export of spices and other agricultural products has lead to the development of economy as well as the development and implementation of public policy. In order to analysis the above export performance of spice products had been carried out.

**Key Words:** Agriculture, foreign Currency & Spices

### **Export Performance of Spices:**

Indian spices exports have been able to record strident gains in volume and value. Spices exports have registered substantial growth during the last five years, registering a compound annual average growth rate of 10% in rupee terms and 5% dollar terms of value and India commands a formidable position in the World Spice Trade. During 2016-17, a total of 9,47,790 tons of spices and spice products valued Rs.17664.61 crore (US\$2633.30 Million) has been exported from the country as against 8,43,255 tons valued Rs.16238.23 crore (US\$ 2482.83 Million) in 2015-16 registering an increase of 12% in volume, 9% in rupee terms and 6% in dollar terms of value..As compared to the total export target of spices fixed for the period 2016-17, the total export of Spices has exceeded the target in terms of both volume and value. Compared to the target of 8,70,000 tons valued Rs.15725.12 crore (US\$2419.25million) for the financial year 2016-17 the achievement is 109% in terms of volume and 112% in rupee and 109% dollar terms of value.

During 2015 - 16, Indian spices exports have continued to show an increasing trend in value. During the financial year, a total of 8,43,255 tonnes of spices and spice products valued 16238.23 crore (US\$ 2482.83 Million) have been exported from the country as against 8,93,920 tonnes valued 14899.68 crore (US\$ 2432.84 Million) in 2014 - 15 registering an increase of 9 per cent in rupee terms and 2 per cent in dollar terms of value. In the case of volume of export there is a decline of 6 per cent which is mainly due to the decline in export of cumin. The total export of Spices during 2015 - 16 has exceeded the target in terms of both volume and value. Compared to the target of 8,08,000 tonnes valued `14014.00 crore (US \$ 2260 Million) for the financial year 2015 - 16, the achievement is 104 per cent in terms of volume and 116 per cent in rupee and 110 per cent in dollar terms of value. During 2015-16, the export of pepper, cardamom (small), turmeric, celery, fennel, fenugreek, garlic and other spices such as asafoetida, tamarind, etc., have shown an increase both in volume and value as compared to 2014 - 15. The export of value added products like curry powder/paste and spice oils & oleoresins had also shown increase both in volume and value as compared to 2014 - 15.

The implementation of XII plan scheme of the Board viz., "Export Oriented Production, Export Development and Promotion of Spices" with sub components, export oriented production and post-harvest improvement of spices, export development and promotion, export oriented units, research, quality improvement and human resource development and works was continued during the year. Against the total financial outlay of 95.00 crore for implementing the above scheme during the year, the achievement was 96.18 crore. Under the export oriented production, an area of 958.7 hectares was brought under replantation of cardamom (small) during 2015 - 16. In the case of cardamom (large), 1661.35 hectares was brought under replanting/new planting during the year.

### **Statement of the Problem:**

The problems and prospects of the sector can be analyzed from the following viewpoints.

- ✓ What is the significance of the spices marketing in our economic development?
- ✓ What are the various types of spice products and its contribution to exports?

### **Objectives of the Study:**

- ✓ To analyse the commodity wise export performance of spices from India.
- ✓ To identify the growth in exports of major spices from India.

**Research Methodology:**

**Sample Design:**

The study is made for the purpose of an in depth analysis of various indicators and its effect on export performance of Indian spices industry. The major 7 spice products are selected by using convenient sampling method.

**Method of Data Collection:**

The study used only secondary data, which are collected from various sources such as

- ✓ Ministry of Commerce – EXIM data bank
- ✓ Spice board
- ✓ RBI
- ✓ WTO
- ✓ World bank

**Tools and Techniques:**

- ✓ Percentage Analysis
- ✓ Growth Rate
- ✓ CAGR

**Period of the Study:**

The study covers a period of 10 years ranging from 2007 to 2016.

**Review of Literature:**

Yokesh and Mokshapathy (2014), made a study on “Growth of Indian Export and Import of spices” They focused to analyse the degree and direction of spices export from India. Secondary data were used for analyses. The data has been analysed with Compound Annual Growth Rate. The study reveals 90% of spices are used for domestic purpose and rest is exported and there is an unshaken global demand for Indian spices.

Muthusamy (2013) had made a study on “Export performance of Indian turmeric”. The study is focused to analyse the state wise and country wise export of turmeric from India. The data were collected from ministry of agriculture, spices board of India and economic intelligent device in CMIE. Collected data were analysed using growth rate and average. The study concluded that India is also world’s largest exporter of turmeric more than 50% of world trade. While compared to other states Maharashtra, Karnataka and Kerala was in leading.

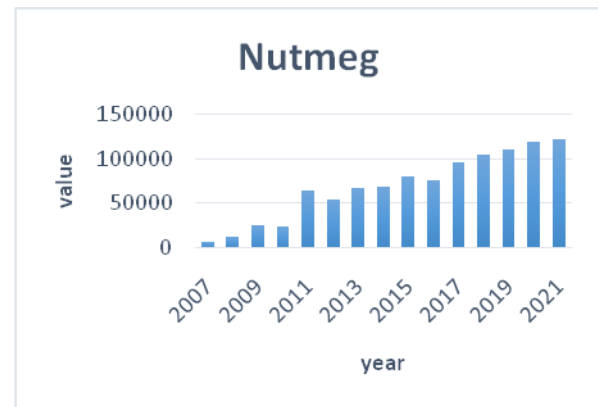
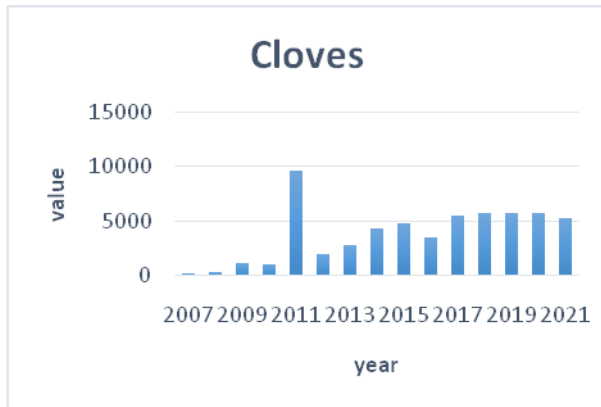
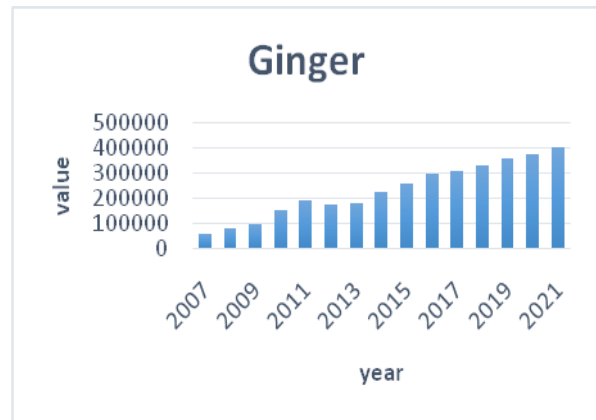
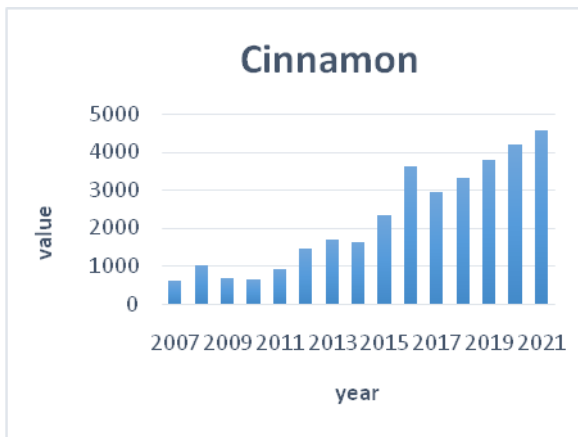
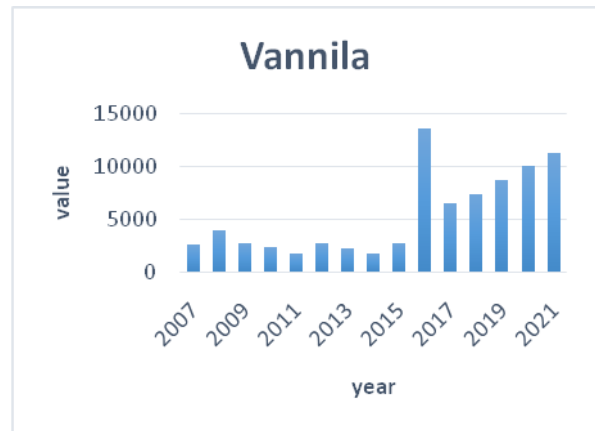
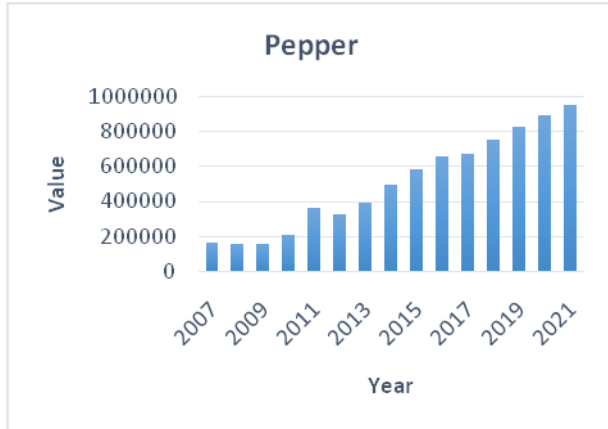
Export of spice products (Value Rs in Lakhs)

Year	2007	2008	2009	2010	2011	2012
0904*	160992	154285	159483	208369	365257	324562
Growth Rate		-4.17	3.37	30.65	75.29	-11.14
0905*	2645.78	3871.79	2752.19	2403.55	1704.21	2687.5
Growth Rate		46.3383	-28.917	-12.668	-29.096	57.6977
0906*	627.05	1031.11	667.69	656.3	904.1	1448.69
Growth Rate		64.44	-35.25	-1.71	37.76	60.24
0907*	234.94	298.78	1130.46	1016.94	9632.1	1944.16
Growth Rate		27.17	278.36	-10.04	847.17	-79.82
0908*	6313.72	12154.1	26059.1	23881.4	63857.5	53667.1
Growth Rate		92.5	114.41	-8.36	167.39	-15.96
0909*	59516.3	102038	69645	59811	109745	162034
Growth Rate		71.45	-31.75	-14.12	83.49	47.65
0910*	55678.5	77185.6	93975.2	153446	192127	172104
Growth Rate		38.63	21.75	63.28	25.21	-10.42

2013	2014	2015	2016	Total	Average	CAGR
392801	495424	582760	659257	3503190	350319	16.96
21.02	26.13	17.63	13.13			
2230.64	1731.51	2757.63	13587.1	36371.9	3637.19	19.95
-16.999	-22.376	59.2616	392.709			
1710.3	1642.36	2321.82	3623.63	14633.1	1463.31	21.52
18.06	-3.97	41.37	56.07			
2833.1	4312.28	4774.26	3546.56	29723.6	2972.36	35.2
45.72	52.21	10.71	-25.71			
66885.9	69191.7	80083.8	76375	478469	47846.9	31.92
24.63	3.45	15.74	-4.63			
231579	241837	212257	277852	1526314	152631	18.67

42.92	4.43	-12.23	30.9			
177838	222975	255986	296958	1698273	169827	20.44
3.33	25.38	14.8	16.01			

List of Charts



### **Analysis and Interpretation:**

The above table shows that the total export of spice products from India during 2007-2016 (10 years). Around 7 products considered for the analysis. Export of 0904 product from India during 2007 is Rs.160992 lakhs and is raised to Rs.659257 lakhs in 2016. While computing growth rate for 10 years, it is found that 7 years export shows positive growth the remaining years recorded negative growth. From average calculation it shows around 5 years are above the average value of export and remaining 5 years are below the average. The Compound Annual Growth Rate of 0904 product stood at 16.96%. Export of 0905 product from India during 2007 is Rs.2645.78 lakhs and is raised to Rs.13587.1 lakhs in 2016. While computing growth rate for 10 years, it is found that 4 years export shows positive growth the remaining years recorded negative growth. From average calculation it shows around 7 years showed below the average. The Compound Annual Growth Rate of 0905 product stood at 19.95%.

Export of 0906 product from India during 2007 is Rs.1031.11 lakhs and is raised to Rs.3623.63 lakhs in 2016. While computing growth rate for 10 years, it is found that 6 years export shows positive growth the remaining years recorded negative growth. From average calculation it shows around 3 years are above the average value of export and remaining 7 years are below the average. The Compound Annual Growth Rate of 0906 product stood at 21.52%. Export of 0907 product from India during 2007 is Rs.234.94 lakhs and is raised to Rs.3546.56 lakhs in 2016. While computing growth rate for 10 years, it is found that 6 years export shows positive growth the remaining years recorded negative growth. From average calculation it shows around 3 years are above the average value of export. The Compound Annual Growth Rate of 0907 product stood at 35.2%.

Export of 0908 product from India during 2007 is Rs.6313.72 lakhs and is raised to Rs.76375 lakhs in 2016. While computing growth rate for 10 years, it is found that 6 years export shows positive growth the remaining years recorded negative growth. From average calculation it shows around 6 years are above the average value of export and remaining 4 years are below the average. The Compound Annual Growth Rate of 0908 product stood at 31.92%. Export of 0909 product from India during 2007 is Rs.59516.3 lakhs and is raised to Rs.277852 lakhs in 2016. While computing growth rate for 10 years, it is found that 6 years export shows positive growth the remaining years recorded negative growth. From average calculation it shows around 5 years are above the average value of export and remaining 5 years are below the average. The Compound Annual Growth Rate of 0909 product stood at 18.67%.

Export of 0910 product from India during 2007 is Rs.77185.6 lakhs and is raised to Rs.296958 lakhs in 2016. While computing growth rate for 10 years, it is found that 8 years export shows positive growth the remaining years recorded negative growth. From average calculation it shows around 7 years are above the average value of export and remaining 3 years are below the average. The Compound Annual Growth Rate of 09094 product stood at 20.44%.

### **Findings of Commodity Wise Export of Spices from India:**

- ✓ Total export of pepper (0904) from India is increased in the year 2016 when compared to 2007. While computing average for 10 years it shows export value of pepper is in above average for five years. It registered strong growth with a CAGR of 16.96%.
- ✓ Total export of vanilla (0905) from India during the study period showed an increasing trend in value of export. From percentage analysis it clearly shows that the contribution is higher in 2016 when compared to the previous years. Overall CAGR record positive growth of 20.4%.
- ✓ Cinnamon (0906) spice export from India showed a positive growth from 2011. The average value of export was higher after 2012. The compound annual growth rate for export of 0906 is around 21.52%.
- ✓ Overall export of Cloves (0907) for past ten years showed a fluctuation in the value of exports but it recorded 35.02% as a compound annual growth rate for the review period.
- ✓ Total export of Nutmeg, Mace and Cardamoms (0908) an increasing trend during the review period. From percentage analysis it clearly shows contribution in current scenario is increasing for 0908 products. CAGR recorded a strong growth of 31.92%.
- ✓ Fennel, Coriander, Cumin (0909) export from India has achieved peak level of growth from 2011. It clearly shows the export value of 0909 is in above average from 2012. The CAGR rate stood at 18.67%.
- ✓ Overall export of Ginger, Saffron, Turmeric, Curry leaves (0910) from India during showed a positive growth over the review period. From percentage analysis it clearly shows that the contribution is higher from 2010 when compared to the previous years. The overall compound annual growth rate of 0910 stood at 20.44%.

### **Suggestions:**

- ✓ New schemes to be announced by the government in improving agriculture.
- ✓ Farmers should cultivate best quality of spice products so it may create demand in foreign market.
- ✓ Incentives should be provided to the farmers directly so it will be helpful for increasing the production.
- ✓ The exporters should be motivated by the government by providing awards.

- ✓ Government should reduce the documentation procedure in order to increase the exports.
- ✓ Duty drawback rate to be increased to attract the exporters.
- ✓ Modern technology should be adopted for the packaging of spice products.

**Conclusion:**

Agriculture plays a key role in Indian policy-making not only because of its contribution to economy but also because of large part of the Indian population dependent on the agricultural sector for their lives. Modern machineries must be used to increase the production of spices goods, to meet the rising demand all over the world. Advanced irrigation methods may be adopted in order to increase the production of the spice products.

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