Pepper Production & Pepper Trade

India's Glorious Past

&

Its Inglorious Present

A Thought Provoking Presentation

CONSORTIUM OF INDIAN FARMERS ASSOCIATIONS
About CIFA

★ CIFA - Consortium of Indian Farmers Associations.
★ Specializes in policy advocacy on matters concerning agriculture.
★ Has offices in Delhi and Hyderabad
★ Members from all agriculturally important states.
★ Website: www.indianfarmers.com
Highlights of Presentation

★ First ever policy advocacy paper in India exclusively on pepper.

★ India has lost its leadership in pepper production & trade to others.

★ Poor agrl.research and consequent low productivity (yield) completely crippled India’s pepper production & trade.

★ Crores of rupees being spent on unproductive agrl.research, extension and fancy trade promotions.

★ No gains achieved. All in vain. There is only steady deceleration.

★ Spices Board, spices research, trade promotion require a total reform and new direction.
About Black Pepper

- Known as King of Spices. Botanical Name: *Piper nigrum*.
- Originated in westernghat region of South India.
- Attracted world traders to India since time immemorial.
  
  Global production: 290,000 m.t.
  
  Global exports: 245,000 m.t
  
  (Data: 2006)

- India was the world’s largest exporter until a decade ago.
- Now it ranks among largest importers of black pepper.
- India has the dubious distinction of having largest area & lowest yield.
World Production & India's Production \textit{(m.t)}

Black Pepper

<table>
<thead>
<tr>
<th>Year</th>
<th>World Production</th>
<th>India's Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>203961</td>
<td>65000</td>
</tr>
<tr>
<td>2005</td>
<td>299275</td>
<td>70000</td>
</tr>
</tbody>
</table>

Growth \begin{align*} +95314 \quad & +5000 \end{align*}

Source : International Pepper Community (IPC)

During this period, India lost its leadership position.

Never managed to regain again.
The Basic Growth Mantra

In any progressive country, agricultural production should be driven by productivity increase (yield increase) and not merely by area increase.

Primary purpose of agricultural research is to enhance crop productivity (yield).

Is it happening in India in case of pepper?
Pepper Yield in India

The Past
The Present
And the Decline

<table>
<thead>
<tr>
<th>Year</th>
<th>Area (ha)</th>
<th>Production (m.t.)</th>
<th>Yeild (kgs/ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948-49</td>
<td>76920</td>
<td>31300</td>
<td>406</td>
</tr>
<tr>
<td>2002-03</td>
<td>216550</td>
<td>65000</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: 1. Indian Chamber of Commerce, Singapore, 1951
2. Spices Board.

Our pepper yield is now less than 1948-49 level.

In fact, India’s pepper yield is now the lowest in world.
### India vs Others in Pepper Yield (2002)

<table>
<thead>
<tr>
<th>Country</th>
<th>Area (ha)</th>
<th>Production (m.t.)</th>
<th>Yield (kg/ha)</th>
<th>Rank in Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>2892</td>
<td>9962</td>
<td>3445</td>
<td>1</td>
</tr>
<tr>
<td>China</td>
<td>12000</td>
<td>23000</td>
<td>1917</td>
<td>2</td>
</tr>
<tr>
<td>Malaysia</td>
<td>13100</td>
<td>24000</td>
<td>1832</td>
<td>3</td>
</tr>
<tr>
<td>Vietnam</td>
<td>42000</td>
<td>75000</td>
<td>1786</td>
<td>4</td>
</tr>
<tr>
<td>Brazil</td>
<td>41000</td>
<td>45000</td>
<td>1098</td>
<td>5</td>
</tr>
<tr>
<td>Madagascar</td>
<td>4060</td>
<td>2500</td>
<td>616</td>
<td>6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>160602</td>
<td>66000</td>
<td>411</td>
<td>7</td>
</tr>
<tr>
<td>Srilanka</td>
<td>31020</td>
<td>12600</td>
<td>406</td>
<td>8</td>
</tr>
<tr>
<td>India</td>
<td>220620</td>
<td>80000</td>
<td>363</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: International Pepper Community (IPC)

- India ranks 9th, the lowest in the world.
- India, earlier the leader, has now become laggard.
Lost Glory

India introduced pepper to the world.

Now, we need to learn from others as to how to increase our pepper yields!

What a fall from yesteryear's glory!
Look...... How we Lost to Vietnam!

India cultivates pepper for centuries.
Vietnam began cultivating pepper only in 1990s.
Vietnam overtook India in just 10 years and is the world leader now.

**Pepper Production (m.t.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>25000</td>
<td>Nil</td>
</tr>
<tr>
<td>1980</td>
<td>29490</td>
<td>Nil</td>
</tr>
<tr>
<td>1990</td>
<td>65000</td>
<td>Nil</td>
</tr>
<tr>
<td>1995</td>
<td>55000</td>
<td>5000</td>
</tr>
<tr>
<td>2000</td>
<td>58000</td>
<td>36000</td>
</tr>
<tr>
<td>2005</td>
<td>70000</td>
<td>85000</td>
</tr>
</tbody>
</table>

Source: IPC
Vietnam’s Agronomical Supremacy

- In 2006, Vietnam produced over 100,000 m.t. from 50,000 ha.
- India has over 200,000 ha under Pepper, but produces much less.
- Vietnam’s pepper yield levels are 5 times higher than India.
- Poor research support pulls down pepper yields in India.

If Vasco da Gama & his men were to source pepper now, they would skip India and sail straight to Vietnam.
...... Contd

Until 1980s India was supplying 40% of world’s pepper demand. Now Vietnam supplies 40% of world’s demand.

Ironically, the slide began after Spices Board was formed.
Our De-growth vs. Other’s Growth

Pepper Production (m.t)

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>China</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>75000</td>
<td>12000</td>
<td>22000</td>
</tr>
<tr>
<td>2005</td>
<td>70000</td>
<td>40000</td>
<td>25000</td>
</tr>
</tbody>
</table>

Source: IPC

During this period, Vietnam increased its production from 36000 m.t to 85000 m.t.

When others grow, why can not we?
What is Spices Board doing?
What is ICAR doing?

Is anyone asking?
Some Sharp Questions

- Spices Board claims to have developed over a dozen high yielding pepper varieties.
- Why haven’t they improved our yields?
- Are they really yielding high in actual field conditions?
- We have spent several crores of rupees in pepper research. What is the resultant gain to the country?
- Why should our pepper productivity be the world’s lowest?

Has anyone asked these questions so far?
India’s Rank in Pepper Exports (2006)

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports (m.t.)</th>
<th>World Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>116670</td>
<td>I</td>
</tr>
<tr>
<td>Brazil</td>
<td>42194</td>
<td>II</td>
</tr>
<tr>
<td>India</td>
<td>26377</td>
<td>III</td>
</tr>
</tbody>
</table>

Source: IPC

India has been pushed to III position.

See the difference between Vietnam and India.
India’s Market Share. Steady Decline.

<table>
<thead>
<tr>
<th>Year</th>
<th>World Import</th>
<th>India’s Export</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>229000</td>
<td>22877</td>
<td>10%</td>
</tr>
<tr>
<td>2002</td>
<td>246600</td>
<td>21608</td>
<td>9%</td>
</tr>
<tr>
<td>2003</td>
<td>228800</td>
<td>16700</td>
<td>7%</td>
</tr>
<tr>
<td>2004</td>
<td>237000</td>
<td>14148</td>
<td>6%</td>
</tr>
</tbody>
</table>

2. Spices Board.

Remember, in 1999-2000 India exported as much as 42806 m.t.
Singapore Exports More Pepper than India!

Singapore does not produce a single kilo of pepper. Yet it [sources and] exports more pepper than India.

Pepper Exports (m.t)

<table>
<thead>
<tr>
<th>Year</th>
<th>India</th>
<th>Singapore</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>22877</td>
<td>40050</td>
</tr>
<tr>
<td>2002</td>
<td>21608</td>
<td>30994</td>
</tr>
<tr>
<td>2003</td>
<td>16700</td>
<td>21958</td>
</tr>
<tr>
<td>2004</td>
<td>14148</td>
<td>16640</td>
</tr>
</tbody>
</table>

2. Spices Board.

Spices Board needs to learn from Singapore the art of marketing!
Erosion of our share in USA

USA is the world's largest importer of Pepper

<table>
<thead>
<tr>
<th>Year</th>
<th>USA total Import (m.t.)</th>
<th>From India</th>
<th>From Vietnam</th>
<th>From Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>43481</td>
<td>10981</td>
<td>3731</td>
<td>7885</td>
</tr>
<tr>
<td>2003</td>
<td>51177</td>
<td>4952</td>
<td>11890</td>
<td>13792</td>
</tr>
<tr>
<td>2006</td>
<td>55498</td>
<td>7273</td>
<td>17688</td>
<td>15622</td>
</tr>
</tbody>
</table>

Quantity: m.t.  Source: U.S. Department of Commerce

Vietnam's share increased from 3731 to 17688 m.t.
Brazil's share increased from 7885 to 15622 m.t.
India's share declined from 10981 to 7273 m.t.
India’s Pepper Imports. Steady Growth

How many would know this?

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports (m.t.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002-03</td>
<td>15392</td>
</tr>
<tr>
<td>2003-04</td>
<td>14334</td>
</tr>
<tr>
<td>2004-05</td>
<td>17725</td>
</tr>
</tbody>
</table>

Source: Spices Board

Vietnam is the largest supplier of pepper to India followed by Srilanka, Indonesia & Thailand.
India’s Export Vs Import of Pepper

<table>
<thead>
<tr>
<th>Year</th>
<th>Export (m.t.)</th>
<th>Import (m.t.)</th>
<th>Net Export (m.t.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>15394</td>
<td>Nil</td>
<td>15394</td>
</tr>
<tr>
<td>2004-05</td>
<td>14148</td>
<td>17725</td>
<td>(-)3577</td>
</tr>
</tbody>
</table>

Source: Spices Board

From being a net exporter, India is now net importer..... Oops!
Our Problem is Retrograde Planning

Our export target fixing exercise itself is flawed & retrograde.

Example:

India’s actual export during 1999-2000: 42,806 m.t.

Three year’s later (i.e. 2003-04),
India’s export target: 20,000 m.t.

Why was export target reduced to less than 50% of earlier achievement?

You aim low; You will end up lower.

India ended up exporting 16700 m.t during 20003-04.

In 2003-04, global pepper export was over 229,000 m.t.

Why did Spice Board plan for a mere 10% global share?
About Spices Board

- Spices Board Act 1986 assigned several functions to the Board.
- Most important ones include:
  - Develop, promote & regulate export of spices.
  - Undertake, assist or encourage scientific, technological & economic research.
- $10^{th}$ Plan (2002-2007) outlay for Spices Board: **Rs 142.28 crores**.
- *Out of this,*
  - allocation for Export Oriented Production: **Rs 77.63 crores**
  - allocation for Export Development: **Rs 31.00 crores**
  - allocation for Export Promotion: **Rs 7.5 crores**
  - allocation for Export Research: **Rs 13.50 crores**

What has Spices Board achieved in pepper production & exports?
Our Observations & Recommendations

- None of India’s Commodity Boards truly serve farm production & trade.

- The list includes Coffee Board, Tea Board, Cashew Board, Spices Board etc.

- They are all bureaucratic organisations thriving on paper work and government funds.

- This presentation shows how a government controlled commodity board has led our prestigious spice crop – pepper to an inglorious downfall.

- CIFA has not come across a single publication or debate within Spices Board or outside analysing our poor show in pepper and asking sharp questions.

- CIFA hopes that this presentation will trigger comprehensive enquiry into pepper debacle and corrective action from Govt of India.

CIFA recommends immediate review of functioning of Spices Board.
Needed!

A strong action from government.
Let us work together

Thank You
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