

Marketing of Indian Spices as a challenge in India

Sajith Mohan¹, Sheena. S.Rajan¹, Unnikrishnan.G²

Dept of Business Management Studies, Annamalai university, Tamil Nadu.

ABSTRACT: *Spices are the pearls of developing countries. Spices are demand in the industrialized world, the export of these basic agricultural commodities by India can be relied upon to earn valuable foreign exchange. India, blessed with agro-climatic zones, exports spices to 120 countries. At present, production is around 3.2 million tones of different spices valued at approximately 4 billion US \$, and holds a prominent position in world spice production. Her biggest trading partners are the US, Europe and Japan. India has the status of mere a commodity exporter in these markets, except for spice oils and oleoresins. Out of the 109 spices listed by the ISO, India produces as many as 75 in its various agro climatic regions. India accounts for about 45% (2, 50,000 tons) of the global spice exports, though exports constitute only some 8% of the estimated annual production .Over all, spices are grown in some 2.9 million hectares in the country. Spice production in India, as much of the agriculture in the country, is undertaken in millions of tiny holdings and determine the livelihood of large number of the rural population. The main challenge is for pepper, cardamom, coriander, ginger and turmeric. Among these spices pepper is facing major challenge in exporting in India.*

Keywords: *Indian Spices, Agro-climatic, Export, Marketing, Indian Spice Board (ISB)*

I. INTRODUCTION

A spice is a dried seed, fruit, root, bark, or vegetative substance primarily used for flavoring, coloring or preserving food. Spices are distinguished from herbs, which are parts of leafy green plants also used for flavoring or as garnish. Many spices have antimicrobial properties. A spice may have an extra use, usually medicinal, religious ritual, cosmetics or perfume production, or as a vegetable. For turmeric roots example, are consumed as a vegetable and garlic as an antibiotic.

1. History of Indian Spices

According to Fig 1: The history of Indian spice is categorized by three modules they are early period, middle age and early modern period.

1.1. Early Age

The history and culture of Indian spices is probably as old as human civilization itself. The Vedas, the Bible and the Quran are all replete with references - direct or indirect - to Indian spices. The earliest literary record in India on spices is the Rig Veda (around 6000 BC), and the other three Vedas - Yajur, Sama and Atharva. Spices constitute an important group of agricultural commodities, which are virtually indispensable in the culinary art. They can be primarily defined as farm products used in various forms viz; fresh, ripe, dried, broken, powdered etc. which contributes aroma, taste, flavor, colour and pungency to food, rather than a lone food seasoning factor. Spices may be bark, buds, flowers, fruits, leaves, rhizomes, roots, seeds, stigmas and styles or the entire plant tops.

1.2. Middle Age

Spices were among the most demanded and expensive products available in Europe in the Middle Ages, the most common being pepper, cinnamon, cumin, nutmeg, ginger and cloves. It has been estimated that around 1,000 tons of pepper and 1,000 tons of the other common spices were imported into Western Europe each year during the Late Middle Ages. The value of these goods was the equivalent of a yearly supply

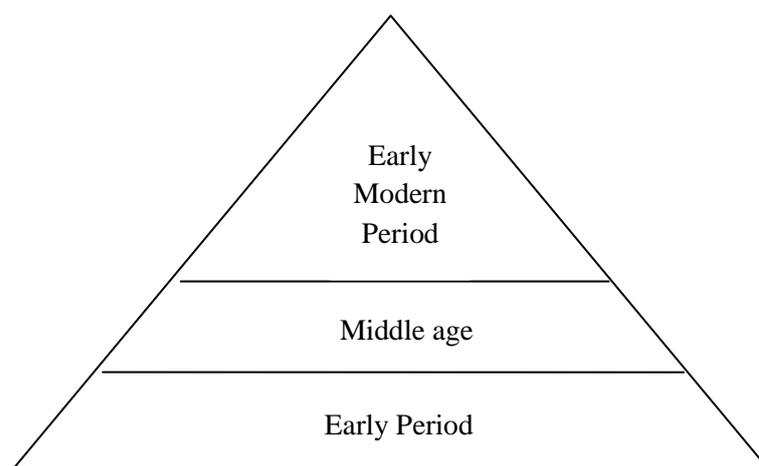


Fig 1: History of Indian Spices

of grain for 1.5 million people. The most exclusive was saffron, used as much for its vivid yellow-red color as for its flavor.

1.3. Early Modern Age

With the discovery of the New World came new spices, including allspice, bell and chili peppers, vanilla, and chocolate. This development kept the spice trade, with America as a late comer with its new seasonings, profitable well into the 19th century. They are well known as appetizers or preservatives and many of them have rich medicinal properties and are used in pharmaceutical, perfumery, cosmetic products, religious rituals etc. The Spices Board, India is the apex body for the export promotion of Indian spices. Established in 1987, the Board is the catalyst of these dramatic transitions.

II. MEDICINAL PROPERTIES OF INDIAN SPICES

Allspice	Stimulant, digestive, carminative, anodyne against rheumatism & neuralgia
Aniseed	mild expectorant, stimulating, carminative, diuretic, diaphoretic, in asthma powders, in veterinary medicine.
Bay leaves (laurel)	Stimulant in sprains, narcotic & in veterinary medicine
Bishop’s weed (Ajowan)	Digestive, antispasmodic, stimulant, carminative, expectorant.
Capsicum	Digestive, thermogenic, carminative, stimulant, cardiotoxic, antipyretic, serdorific, rubefacient & sialagogue.
Cardamom (small)	Stimulant, tonic, diuretic, carminative, digestive, expectorant, cardiotoxic & used in several pharmaceutical preparations.
Cardamom (large)	Hypnotic, appetizer, astringent to bowels, tonic to heart and liver. Cambodge Astringent, digestive, thermogenic, constipating, used in haemorrhoids, diarrhea, & to control obesity.
Cinnamon	Astringent, diuretic, carminative, aphrodisiac, deodorant, expectorant, febrifuge, stomachic.
Clove	Refrigerant, ophthalmic, digestive, carminative, stomachic, stimulant, antispasmodic, antibacterial, expectorant, rubefacient, Aphrodisiac, appetizer, emollient.
Coriander	Carminative, diuretic, tonic, stimulant, stomachic, refrigerant, aphrodisiac, analgesic, anti-inflammatory
Cumin	Digestive, carminative, astringent, anti-inflammatory, constipating, diuretic,

	revulsive, galactagogue, uterine & nerve stimulant.
Curry leaf	Astringent, anthelmintic, febrifuge, stomachic, appetizing, carminative, constipating, anti inflammatory, antiseptic, used in skin diseases, in diarrhea, ulcers.
Garlic	Anticholesterol, antifungal, tonic, rubefacient, stimulant, thermogenic, aphrodisiac, used in cough, asthma, cardiopathy.
Ginger	Digestive, carminative, emollient, appetizer, stomachic, rubefacient, anodyne, expectorant, anthelmintic, stimulant.
Mint	Stimulant, stomachic, carminative, antiseptic, digestive, antispasmodic, contraceptive, used in vomiting, skin diseases, Amenorrhoea, dental caries.
Mustard	Thermogenic, anodyne, anti inflammatory, carminative, digestive, anthelmintic, sudorific, tonic, emetic, used in vomiting, abdominal colic, dyspepsia, flatulence, skin diseases.
Pepper	Anthelmintic, carminative, alterant, antiperiodic, diuretic, digestive, emmenagogue, rubefacient, stimulant, stomachic, used in fever, asthma, cough, dyspepsia, flatulence, arthritis.
Tamarind	Refrigerant, digestive, carminative, laxative, antiscorbutic, febrifuge, ophthalmic useful in gastropathy, datura poisoning, alcoholic intoxication, scabies, constipation.
Turmeric	Thermogenic, emollient, anodyne, anti inflammatory, vulnerary, depurative, antiseptic, appetizer, carminative, expectorant, stomachic, anthelmintic, stimulant, ophthalmic, tonic, used in skin diseases, dyspepsia, asthma, cough, bronchitis, inflammations, ulcers, worms, skin discoloration.
Vanilla	Aphrodisiac.

III. RESEARCH METHODOLOGY

India grows over 50 different varieties of spices. Total production is around 2.7 million tonnes. Of this, about 0.25 million tonnes (8-10 per cent) is exported to more than 150 countries. The Indian share of the world trade in spices is 45-50 per cent by volume (25 per cent in value terms). The world demand for organically produced foods is growing rapidly in developed countries like Europe, USA, Japan and Australia. The current estimated share of organic foods in these countries is approximately 1 to 1.5 per cent. Worldwide, food trends are changing with a marked health orientation. Since organic foods are free from chemical contaminants, the demand for these products should steadily increase in the new millennium. Organic cultivation is nothing new to India. The country has always been practising the traditional ways of using indigenous technologies and inputs mostly in line with modern organic farming principles. The per capita consumption of fertilizers and pesticides in India is far below that of developed countries. Which means, it is very easy for Indian farmers to embrace organic spice farming in its true sense.

Export of organic spices from India has started in right earnest. The country at present exports around 50 tonnes of different varieties of organic spices. Exports will get a significant boost in the coming years as more farmers switch to organic methods. Spices Board India has prepared a document on production of organic spices. It features the organic concepts, principles, basic standards, production guidelines, documentation, inspection and certification. The document has been published after approval by the National Standards Committee constituted by the members of IFOAM in India.

Descriptive research has been undertaken to study the present status of spices production and marketing coupled with analysis of backward and forward linkages in spices trade and to explore the possible channels of spices marketing and exporting that could replace the existing channels and prove to be more successful. Both primary and secondary data was required for fulfilling the objectives of the study. Secondary data related to production was taken from Indian Spice board of India. Books, journals, magazines and internet are also used as a data source. Primary data and information is collected through personal interviews of farmers, Traders,

Government officials, Hoteliers, transporters, Restaurant owners and Primary processors. Three districts of Idukki, Wayanadu, Malabar were studied as these districts have to favorable agro-climatic conditions for spice cultivation and are in close proximity to the markets. The sample size was decided based on availability and constraints.

No: of survey results

Exporters: 15

Growers: 10

Traders = 3

Hoteliers = 5

Based on the Information collected with the help of questionnaire having both open and closed ended questions by interacting with farmers, exporters and other functionaries involved in marketing of spices in Kerala. The data collected were first tabulated then analyzed and inferences drawn and interpreted on the basis of simple statistical tools (average, percentage, and graphical presentation).

IV. RESULTS AND DISCUSSIONS

4.1. Market Overview

Based on ISB the current estimate of world Spice marketing in 1,68,700 tonnes is given in table 1. This is against different developing countries a world production of 8.5 million tonnes valued at US \$ 25. From the given table it is clearly proven that India is the leading marketer of spices in the world.

Table 1: World Spice Marketing in tones data from ISB

Developing Countries	Tones	Percentage
India	1 600 000	86%
China	66 000	4%
Brazil	48 000	3%
Pakistan	45 300	2%
Turkey	33 000	2%
Mexico	15 500	1%
Other countries	60 900	3%
Total	1 868 700	101%

4.2. India's Position in Spice Production and Exports

India is the largest producer, consumer and exporter of spices, with a 46 per cent share by volume and 23 per cent share by value, in the world market. The Indian spice export basket consists of around 50 spices in whole form and more than 80 products in value added form. However, a few spices and value added forms constitute a major segment of the country's total export earnings. India accounts for 25-30 per cent of world's pepper production, 35 per cent of ginger and about 90 per cent of turmeric production. Among the Indian Federal states, Kerala tops in pepper (96 per cent), Cardamom (53 per cent), Ginger (25 per cent) production in the country. Andhra Pradesh leads in Chilly and Turmeric production in the country with 49 per cent and 57 per cent. In coriander, cumin and fenugreek production in the country, Rajasthan emerges as the largest producer with 63 per cent, 56 per cent and 87 per cent of domestic production. Within the duration of 2008-09 to 2011-2012, India's spice exports increased marginally by 1.20 per cent in terms of volume but export earnings in rupee terms registered an impressive 45.72 per cent growth reflecting marked value addition. In US \$, the growth in earnings was 13.40 percent (Fig 2).

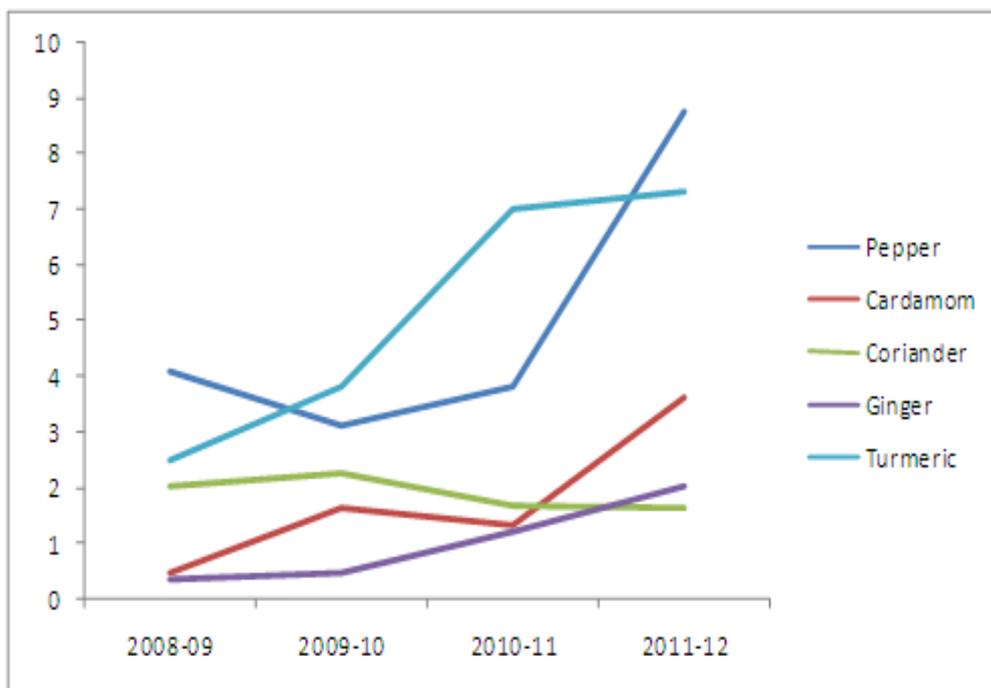


Fig 2: India's Exports of Spices (2008-09 to 2011-12) (Rs in Lakhs)

4.3. Marketing Difficulties

- Low productivity in the Spice sector is one of the serious problems facing the Indian Spice industry.
- Poor product quality at farm level is another problem hindering reasonable price realization by the producer.
- Insufficiency of Legal Provisions
- Inadequate Surplus for Exports
- Insufficient Quantities of Quality Spices

V. CONCLUSIONS

The demand for spices and its products are ever increasing both in the internal and external markets. India has a worldwide reputation as the only country which produces almost all kinds of spices and it is through these spices exports the country earns the much needed foreign exchange over a long period of time. India is the largest producer as well as the consumer of the spices in the world. Several kinds of spices are grown in India since time immemorial, it is because of this the country is known to the world as "The Home of Spices". Although there is tremendous importance of spices, it is rather unfortunate that the sector has not achieved the required level development because of the problems in the marketing, supply chain, exports, pre and post-harvesting activities. Also exporters overseas are struggling. On the one hand they have to deal with hundreds of small scale farmers who want a good price for their produce. On the other hand, exporters need to deliver products that comply with quality requirements and increasingly with social and environmental standards of volatile markets. This requires costly quality management systems and training of farmers. A targeted effort is needed to include poorer households in value chains: organizational development, technical upgrading, management skills and access to financing are all required.

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