CHAPTER I

INTRODUCTION

India has a reputation as a land of spices from times immemorial. India produces and exports almost all spices in sizeable quantities. The intrinsic quality of Indian spices makes them distinctly superior in terms of flavour, taste and fragrance.

There are about 63 spices and condiments which can be broadly classified into six groups based upon the parts of the plants used namely rhizomes and root spices, bark spices, leaf spices, flower spices, fruit spices and seed spices. They also stimulate digestion on account of their carminative properties. Most of the spices find place in various medicines. Inspite of the importance of spices in dietary and medicinal, they are also of commercial importance.

India produces commercially cardamom, pepper, chilli, turmeric, ginger, cumin, coriander, celery, fennel, fenugreek, garlic, curry powder, mint oils and spice oils.

Spices play a prominent role in the agricultural exports. Indian spices are exported to more than 130 countries. Almost all spices grown in India are sought after worldwide for its aroma, flavour and cleanliness. The present world trade in spices is estimated around 5.5 lakh tonnes worth US $ 1875 million during 1995-96.
At global trade, Indian spices export was 2.02 lakh tonnes (936.73 per cent in volume) valued at US $ 227.74 million (12.16 per cent in value). The export of spices were only Rs.38.31 crores in value during 1970-71 and it was increased to Rs. 255 crores in 1985-86. Export of spices had shown a substantial increase in recent years. During 1999-2000, spices exports have crossed Rs.1850 crores ($ 425 million) by exporting 213 thousand tonnes. However, the maximum quantity of spices export was attained during 1997-98 with 242 thousand tonnes valued at Rs.1467 crores. The increase in value despite a fall in quantity was observed during 1999-2000 because of high value realisation.

In the total export earnings, black pepper “the king of spices” had been continuing as the leader except in the year 1995-96 during which chilli captured the first rank in terms of both quantity and foreign exchange earnings. In the total export earnings, black pepper contributed the maximum (around 42 per cent) followed by chilli excluding value added spice commodity like spice oils and oleoresins.

Export of turmeric ranked third next to pepper and chilli which earned Rs.44.24 crores during 1995-96. Export of ginger and cardamom (the queen of spices) ranked fourth and fifth during the same period with the export earnings of Rs.35.16 crores and Rs.12.40 crores, respectively.

The other important spices exported from India are seed spices, garlic, curry powder, oils and oleoresins.

The above information affirms that chilli, pepper, turmeric, ginger and cardamom ranked first, second, third, fourth and fifth respectively in spices export earnings. Among these spices crops, chilli and turmeric are the tropical crops which are cultivated widely in India especially in south India. It was necessitated to conduct a study on chilli and turmeric owing to commercial importance.
IMPORTANCE OF TURMERIC

Turmeric is a spice obtained from rhizomes of a herbaceous plants *Curcuma longa*L.. It was cultivated in 147 thousand hectares producing 659 thousand tonnes. Turmeric is an essential ingredient of the curry powder, meat and vegetable dish preparations. It is a good antiseptic and finds place in cosmetics and hindu religious functions. Major portion (90 per cent) of the quantity of turmeric available is utilised for condiments, about 7 per cent for cosmetics, 2 per cent for dyeing and one per cent for medicinal uses.

India is the largest producer and supplier of turmeric in the world. China, Peru and Thailand are the other important producers.

The important states which grow turmeric in the country are Andhra Pradesh, Tamil Nadu, Orissa, Maharashtra and West Bengal. These states together account for as much as 70 to 80 per cent of total area and production. Tamil Nadu stands fourth in area and fifth in production of turmeric. The acreage under turmeric in Tamil Nadu was 16.90 thousand hectares and produced 105 thousand tonnes during 1994-95.

In Tamil Nadu, turmeric crop is cultivated in Erode, Coimbatore and Salem districts. Also turmeric crops was cultivated in Dharmapuri, Tiruchirapalli, North Arcot and South Arcot districts. Among the districts, Erode district ranks first both in area and production of turmeric in Tamil Nadu. It accounts an area of 1249 hectares and produced 938 tonnes during 1994-95. Erode, the headquarters of Erode district is the major marketing centre for turmeric in Tamil Nadu.
IMPORTANCE OF CHILLI

Chilli, the so called red pepper is produced in almost all parts of India especially in South India where it is grown extensively. Chilli is cultivated in almost 810 thousand hectares producing 748 thousand tonnes during 1994-95. Chilli is not indigenous to the country and the original home of chilli is Brazil. *Capsicum annum* and *Capsicum frutescens* are the two principal species grown in India and it forms an essential part of all culinary preparations, curry powder, pickles, etc. in the dietary. It is mainly used as green ripe and red pod and it is rich in vitamin C and vitamin A.

Chilli can be broadly classified as pungent and non-pungent forms. India, Mexico, Japan, Ethiopia, Uganda, Nigeria, Thailand, Turkey, Indonesia, China and Pakistan are the major producers and exporters of pungent chilli. Spain, Hungary, Yugoslavia, Bulgaria, Czechoslovakia and Rumania produce and export mild or non-pungent chilli. Chilli is mainly grown in Andhra Pradesh, Orissa, Karnataka, Tamil Nadu, Maharashtra and Madhya Pradesh, which account for over 75 per cent of the total production.

Among the states, Tamil Nadu stands fifth in area and ranks sixth in production of chilli in India. The acreage under chilli in Tamil Nadu was 56.30 thousand hectares and produced about 33 thousand tonnes during 1994-95.

In Tamil Nadu state, chilli is cultivated predominantly in Ramanathapuram, Tirunelveli, Trichirapalli, Madurai and Coimbatore districts.

Among the districts, Ramanathapuram ranked first in area and third in production of chillies in the state. Erode district the study area, ranked fifth in area and production. The area under chilli in this district was 8,581 hectares during 1994-95 and produced 59,955 tonnes.
OBJECTIVES

The main aim of the present study was to analyse production, marketing and export of selected spices. The spices selected for the study are turmeric and chilli. The specific objectives chosen for the study are:

1. To examine the growth in area, production and productivity of selected spices in India.
2. To analyse the export performance of the selected spices in India.
3. To examine the supply response of the selected spices in India.
4. To analyse the price behaviour of selected spices in the selected markets of the selected district.
5. To examine the mode of marketing of selected spices by selected farmers and to identify their problems.

SCOPE OF THE STUDY

India is one of the largest producer and exporter of chilli and turmeric. The present study was taken up in Erode district of Tamil Nadu state. Chilli and turmeric are the major crops grown in this district. With the commercial significance of Erode district as a largest assembling market for turmeric and chillies, the need was felt to conduct a study on marketing of chilli and turmeric, the selected spices of Erode district.

Such a study on production, marketing and export of this type could be useful for the policy markers or government officials to take necessary steps which would help both the farmers as well as the exporters in India.
ORGANISATION OF THE THESIS

The thesis is arranged in the following order.

Chapter I: Deals with the introduction, statement of the problem, objectives and scope of the study.

Chapter II: Reviews the important empirical studies conducted earlier.

Chapter III: Specifies the sources and method of data collection and techniques of analysis.

Chapter IV: Presents profile of the study area (Erode district in Tamil Nadu). It deals with location, physical features, climatic conditions, cropping pattern, infrastructural facilities, etc.

Chapter V: Analyses the trends in growth of production, supply response and export of selected spices.

Chapter VI: Analyses the price behaviour of selected spices.

Chapter VII: Deals with mode of marketing, marketing channels of selected spices. This chapter also identifies the marketing problems encountered by the farmers of these crops.

Chapter VIII: Discusses the role played by market committee in marketing of selected spices.

Chapter XI: Summarises the results and provides suggestions emerging from the study.