CHAPTER XII

CONCLUSIONS AND RECOMMENDATIONS

PRODUCTION:

According to the official estimates of area under pepper cultivation, there has been an increase of about 20,000 hectares over a period of the last 15 years. But the production has not increased commensurate with the increase in area. The main reasons for this are:

1. Heavy loss of crop due to widespread incidence of pests and diseases and

2. Many of the newly planted gardens have not reached bearing stage.

The present production of pepper in India is not at all adequate to meet the demand from Eastern Europe, U.S.A., Canada and some of the West European countries. Besides, the internal demand is also on the increase.

1.2 Even allowing for some success with the much celebrated strain of Panniyur-1, an assured crop of 45,000 tonnes by 1980 (15,000 tonnes for internal consumption and 30,000 tonnes for export) will probably not be obtained
except with incentives. The strategy for increasing the
production should, therefore, revolve around increasing the
productivity and income of the pepper growers. Pepper is
mainly a homestead crop and the importance in providing a
cash crop in the context of rural development must be
emphasized. Being small and marginal farmers the resources
of these farmers are limited. Therefore long-term and short-
term credits for improving pepper production should be made
available in a substantial measure and on liberal terms.

1.3 There is little scope for increasing the area
under pepper in the major producing States, namely, Kerala;
however, potential areas are reported to exist in the States
of Karnataka, Tamil Nadu, Andhra Pradesh, Maharashtra, Orissa,
West Bengal, Assam, Andaman Islands and Goa. The success of
pepper cultivation has already been established in Karnataka,
Tamil Nadu and Andhra Pradesh, while the suitability of the
crop is yet to be established in the other States. A detailed
survey of the potential areas in the States of Karnataka,
Tamil Nadu and Andhra Pradesh is called for.

1.4 There appears to be good scope for raising pepper
as an inter-crop in other plantations, namely, Coffee,
Areca nut, Coconut etc. and steps already initiated in this
line have to be intensified.
1.5 The average yield which was around 290 Kgs. per hectare during 1957 has come down to about 230 - 235 Kgs. in recent years. The yield is known to vary widely in different areas, depending on soil fertility, varieties grown, cultural practices etc. Replacing the existing poor yielding varieties with 'Panniyur-1' can result in phenomenal crop increases. It is obvious that produce from the new variety will not be available for the next 4 to 5 years. To increase production in this period, greater reliance has to be placed upon other agricultural inputs like fertilizers, irrigation and pesticides.

1.6 Systematic adoption of suitable cultural, manural and plant protection measures also can help increased productivity. But the majority of pepper growers overlook such essential operations, partly due to ignorance and mainly due to lack of necessary finance. Giving due consideration to the above, the magnitude of crop losses due to pests and diseases and taking into account the increasing cost of inputs, it would be desirable to arrange the supply of pesticides and fertilizers at subsidised rates.

1.7 The eradication of wilt disease which is reported to cause destruction of vines to the extent 10 to 30 per cent, should receive immediate attention. Pollu Beetle which is reported to cause as much as 40 per cent losses in cases of serious pest incidence requires to be controlled on a priority basis.
1.8 The data available on area and production are miserably inadequate and there is need to collect accurate statistics by improving and strengthening the data collection machinery. The proposed Spices Board should be entrusted with this work and the work of market intelligence.

PRICES:

The level of pepper prices has not been stable, even though the fluctuations are mild in some years. The prices used to move up and down and move frequently and violently. High degree of variation in the prices introduces an element of risk and indecision as it upsets the pattern of consistent growth in the production of pepper.

2.2 The stabilisation of prices of pepper both at home and at international level is a necessity. The producing countries through the Pepper Community should work for a long-term stabilisation of price in the world market.

2.3 At the national level, farmer sponsored bodies can seldom survive, since marketing activities are highly competitive and much more complex on the field of internationally traded commodities, like pepper with a high degree of market sensitivity. At the same time, administered prices in agriculture has become almost universal.
2.4 Variable export duties should form an integral part of a national price stabilisation scheme, in this context. Fixation of minimum price, creation of stabilisation fund, or buffer stock policy may hardly achieve the objective of stabilising prices of pepper.

2.5 After ascertaining in a systematic and scientific manner the price which is fair both to the producers at home and the consumers abroad, by the proposed Spices Board, the State may make the necessary adjustments, from time to time, in the tax structure so as to have a stable, reliable and an economic price for the producers.

THE SIZE OF WORLD TRADE:

The per capita consumption of pepper in the largest markets in Western Europe with the exception of Italy and Netherlands tends to remain stationary. The United States per capita consumption of pepper has slightly increased due to several factors such as high income levels among persons who tend to spend rather than save any additional income, increasing population, a growing demand for "convenience" food items and changing consumer tastes.

3.2 In countries which are growing fast and are set on the stage towards mass consumption, a significantly steeper rate of growth of consumption of pepper has been demonstrated.
In Japan, the market for black pepper could grow for the current decade at a rate of 11 per cent per year, whereas in Argentina, Soviet Union and many States of Eastern Europe the rate of growth of demand for pepper is likely between 5 to 6 per cent per year.

3.3 In the light of these tendencies the world trade in pepper would reach the level of 120,000 tonnes in 1980 as against an average of 95,000 tonnes during the period 1971-’74.

INDIA’S SHARE IN WORLD TRADE:

India is currently meeting a declining share of world trade in pepper. While India supplied nearly half the pepper in world trade in 1954, the Indian share of world pepper trade declined to 25 per cent in 1974. If world demand should rise as expected to 159,500 tonnes by 1980 and world trade to 120,000 tonnes, export of 30,000 tonnes from India would maintain her share in that year, as at present.

4.2 A minimum export performance of 30,000 tonnes is estimated for 1980. Domestic consumption of that year may not be less than 15,000 tonnes. This suggests that production should be about 45,000 tonnes in 1980. In view of the fact that in 1973-74, our peak year by volume, India exported 31,648 tonnes of pepper these estimates are quite modest and well within our reach.
DIRECTION OF TRADE:

During the year 1975-76, India directed 63.73 per cent of her pepper exports to East European Zone including U.S.S.R. which was only 47.16 per cent during the period 1973-74. Excessive reliance on one market is not at all desirable because the U.S.S.R. and the East European markets can be switched off as a result of political decisions at the top.

5.2 Diversification of our pepper trade will pay better dividends in the long run. Attempts should, therefore, be made to recover the Italian and the United States Markets and also increase our exports to other countries like Canada, Japan from where convertible currency may be earned.

5.3 Though India cannot with her present production fully satisfy the demand of both the East European markets and the markets mentioned above, a judicious distribution of available supplies is called for.

5.4 India's major market is U.S.S.R. and Eastern Europe and hence a minimum of 50 per cent should go to these countries and the remaining 50 per cent may be directed towards the strategic markets described above.
Pepper grading and Marketing Rules under the provisions of the Agricultural Produce (Grading and Marketing) Act 1937 prevent light berries being mixed up with other grades of pepper for export in excess of two per cent. At the same time, the development of spices extraction industry in India causes an increase in the home demand for this grade of pepper.

6.2 There is no market for pin heads inside the country and therefore, these are exported to other countries at an appropriate low price. While the percentage share of exports of light pepper has been almost halved in 1975-76 over the previous year, it has doubled in the case of pin heads.

6.3 India being a producer country should not impose restrictions on the consumption of its own produce, allowing the home market to grow well within our limits.

6.4 While the exports of pin heads deserve all encouragement to our own advantage, the domestic consumption of light pepper should go unrestricted so that all foreign demand for "bald" peppers can be met and larger foreign exchange earned.
QUALITY CONTROL:

India is the first country to have quality control and pre-shipment inspection in pepper at the export level. The world acceptance of quality standards under Indian Agmark gives encouragement to move further in this direction.

7.2 Under a system of quality control, the number and stages of inspection may differ from country to country. Attempts should be made for setting an objective of replacing quality standards set by individual markets abroad preferably with the backing, direction and control of the pepper community.

7.3 Efforts on these lines, then, drift from the trading activity of a country to the trading activities of countries. It is now time to think and act to have international co-operation to inculcate quality consciousness among the world-wide consumers of pepper.

PRODUCT DIVERSIFICATION:

Production and export of oils and oleoresins of pepper will increase the value added portion in the total consumer outlay on pepper and pepper products.

6.2 The consumers of oleoresins are large-scale processed food manufacturers in the developed countries. They
prefer the product made by producers in the consuming countries because these producers are in a position to offer tailor-made products based on their own research and development.

8.3 The feasibility study should, in detail study the market for pepper oil and oleoresins in the developed countries.

8.4 Since more and more sophisticated varieties of finished products will have to be evolved to satisfy discriminating consumers, constant research and development will have to be undertaken by the producers.

8.5 It is estimated that the world trade in white pepper is about 6 to 8 thousand tonnes. Considering the economies of producing white pepper in India at present it is not desirable to enter into this field. However, experiments for economic production of white pepper deserves encouragements.

8.6 Though canned and bottled green pepper is now being imported into Europe, America and Australia packaging and freight charges are prohibitively high. The Central Food Technological Research Institute, Mysore has recently developed a product known as dehydrated green pepper. It is claimed that the green colour remains stable for fairly long periods with a higher percentage of oil and piperine content. This is an area which has to be explored and exploited in detail.
6.7 There are numerous advantages in exporting pepper in retail packaging and the potential for exporting the same are enormous. At the same time, there are difficulties in competing on an overseas market on the basis of prices alone and making headway in markets where prices may not be the primary consideration. Therefore, we have to work out a strategy to market our products, keeping in mind the consumer’s requirements and specifications, and by conducting consumer opinion surveys, sampling surveys etc. The markets in America, Middle East and South East Asia provide excellent opportunities for this course of action.

SPICES BOARD:

The existing Spices Export Promotion Council and Cardamom Board should be replaced by a Spices Board. The various agencies and institutions which are at work for the development of spices production and trade can be well integrated into a single organisation which may have various departments for specific functions.

9.2 The Spices Board should take on a priority basis steps to improve production, area and yield statistics.

9.3 Attempts should be made to build up an integrated marketing centre of pepper so that international quotations
are properly displayed and information regarding international
demand, supply and prices is disseminated quickly.

9.4 The major objectives of the Board should be to
study economies of pepper and other spices production, the
incidence and impact of Central and State taxation on this
sector and also the facilities and incentives desired for
increasing production and exports of spices from India.

9.5 The Board should be associated with the quality
control authorities, the pepper community and the Ministries
of Food and Agriculture and Commerce.

9.6 A cell of this Board should evolve a technique
for ascertaining the standard cost of production of pepper
and other spices from year to year and this cell should form
itself into an advisory body for cost reduction.