CHAPTER IV

A. PROMOTION BY SPICES BOARD
Chapter IV

Export Promotion and Exports

A. Promotion by Spices Board

The genesis of promotional efforts in spices exports has a history of over twenty five years. Spices Export Promotion Council of India and the Cardamom Board of India were the two agencies performing market promotion exercises prior to 1987. While the former was run by the export trade with the financial support partly from the Government of India to do market promotion in spices, the latter was given the mandate by the Government of India (Ministry of Commerce) to do promotion activities for cardamom, then a major foreign exchange earner. In order to harmonise the efforts for more strengthened operation, the Government of India, brought together these two organisations and formed the Spices Board under the Union Ministry of Commerce in 1987 by an Act of Parliament. The Spices Board was given the mandate to undertake activities relating to Research and Development of small and large cardamom as well as export promotion of 52 spices.

The funds for the working of the Spices Board is earmarked by the Government of India from the Consolidated Funds of the Government. The major items of expenditure of the Board is for market promotion, since by virtue of the Act of Parliament, the Spices Board is the apex organisation for export promotions of Indian Spices and Spices Products. Export performance is influenced inter alia by international market conditions, supportive infrastructure, credit availability and policy framework. Export promotion measures are
continuously being taken through changes in policies and procedures and pro-
viding an export friendly environment, involvement of strategies in export pro-
motion and in constitution with trade and industry (Ministry of Commerce, Gov-

For over a period of years from 1987-88 onwards, the spices industry has
been given full support by the Spices Board on a consistent basis. With its
office networking spread over all the major spice growing and marketing cen-
tres in the country, the organisation has plunged very deep into the problems
relating to the industry in general and more particularly exports.

The formation of the Spices Board in 1987 heralded a new era in the indus-
try. The Board in consultation with the Spice Industry has evolved new schemes
for export promotion. Over a period of years the industry got the full back up of
the Government for improving the capabilities.

The Board's involvement in market promotion exercises underwent transfor-
mation. Programmes were designed in two categories.

1. Market promotion programmes across the borders in core markets.

2. Programmes within the country to support the overseas projects.

The second one involved lot of painstaking efforts.

The Indian spice industry has over 4000 registered exporters. For overseas
buyers all of them appeared exporters though many of them were just only in
name.

The late eighties was an eye opener both for the Indian spice industry and
the Spices Board. The US block listing of Indian pepper and its back lashes elsewhere made the going very tough. The Spices Board's analysis of the issue in consultation with the industry revealed that the spices exported from the country needed urgent upgradation of quality and hygiene standards. The dialogues with the USFDA and ASTA helped in standardising the quality and hygiene requirements. Its off shoot was the series of farmer-exporter conscientisation and training drives. The positive responses marked the beginning of a "quality"era in the industry.

A series of market promotion programmes have been evolved from 1988 onwards. They are:

1. Identification of the genuine processor exporters with in-house processing facilities from the general category of merchant exporters.

2. Identification of exporters processing in bulk, christened them as "Spice House Certificate" holders.

3. Categorisation of exporters with in house processing facility and dealing in consumer packs of spices or spices products as a "Indian Spices Logo holders".

4. Publicity generation through increased foreign fair participation/delegations with generic motives and linking them to the two certifications.

5. Focusing many of the advertisements, promotional literature, publicity campaigns to give boost to these certificate holders and to promote the Indian initiative in quality maintenance.

6. Provision of support in terms of technical and financial services to upgrade
processing capabilities.

7. Technical, financial and training support for exporters to set up scientific quality testing facilities.

8. Exchange of views on quality parameters and inspection of consignments with international organisations like the American Spice Trade Association, European Spice Association etc.

9. Periodical consultations with international quality maintenance organisation like USFDA.

10. Deputation of scientists and technical hands in exporting company laboratories for advanced training in laboratories in developed countries.

11. Setting up of Quality Evaluation Laboratory.

The other market promotion programmes undertaken are listed below.

**Promotions outside India**

1. International Food Fairs.

2. Promotion in West Asia/North Africa region

3. Promotions in USA/Canada

4. Sales delegation to Europe/ Far East/Latin America

5. Market surveys overseas

6. Launch of Indian Spices Logo in Middle East

7. Registration of the Logo in select countries.
10. Inviting supermarket chain owners/Journalists from different countries.
11. In-flight promotions.

Programmes in India for Market Promotions Overseas

I. World Spice Congress
  2. Buyer-Seller meets
  3. Establishment of Quality Upgradation Laboratory
  4. Promotional literature and promotional films.
  5. Promotion of value addition.
  6. Product Research & Development
  7. Airfreight support for cardamom depatches to Middle East
  8. Brand promotion assistance for exporters
  9. Packaging Development
  II. Assistance to exporters for despatching samples to fairs.
  12. Updating of Website

   The Spices Board has set apart funds for market promotion programmes under its budgetary heads.
B. Analysis

The expenditure range for promotions ranged from Rs.0.97 crores to Rs. 2.65 crores between 1988-89 to 1997-98. From Rs. 1.09 crores in 1988-89, the expenditure for promotions has gone up to Rs. 2.65 crores in 1997-98. The volume of exports and foreign exchange earnings there from also showed progressive rise. Export of spices in terms of volume rose from 109,616 tonnes in 1988-89 to 228,821 tonnes in 1997-98. Foreign exchange earnings also shot up from Rs. 281.87 crores in 1988-89 to a new record level of Rs. 1408.31 crores in 1997-98. During the period of ten years, value and volume of exports showed progressional rise in line with the increase in promotional expenditure. (Table 51)

Promotional expenditure of spices exported from the country increased from Rs. 109.45 per tonne in 1988-89 to Rs. 264.87 per tonne in 1997-98. The unit value realised from export of spices increased from Rs. 25,710 per tonne in 1988-89 to Rs. 61,550 tonnes in 1997-98.

All these three factors have shown progressive and corresponding rises. The promotional expenditure per tonne has moved up by 41.33 per cent over the 10 year period. The unit value realised from exports moved up by 41.77 per cent per tonne while the quantity moved up by 47% during the one decade.

A notable feature is that the promotional expenses incurred is 0.43% of the value earnings from exports in 1988-89. Though the expenditure has moved up over the 10 year period, the percentage of expenditure on the value realised from exports remained at the 0.43% level, in 1997-98 also. (Table 51 and Chart 12)
### Table 51 - Exports and Market Promotion Expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume of exports in tonnes</th>
<th>Export earnings in Rs. Lakhs</th>
<th>Unit Value realised from Exports</th>
<th>Market Promotion Expenditure of Spices Board in Lakhs.</th>
<th>Promotional Expenditure per tonne (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>109,616</td>
<td>28187</td>
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<td>110,434</td>
<td>28255</td>
<td>25.59</td>
<td>155</td>
<td>140.47</td>
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<tr>
<td>1990-91</td>
<td>109,636</td>
<td>24214</td>
<td>22.09</td>
<td>132</td>
<td>120.35</td>
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<td>1991-92</td>
<td>142,104</td>
<td>38097</td>
<td>26.81</td>
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<td>96.64</td>
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<tr>
<td>1992-93</td>
<td>130,734</td>
<td>41864</td>
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<td>193</td>
<td>147.82</td>
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<tr>
<td>1993-94</td>
<td>182,336</td>
<td>57144</td>
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<td>1994-95</td>
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<td>40.00</td>
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<tr>
<td>1995-96</td>
<td>203,398</td>
<td>80443</td>
<td>39.55</td>
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<tr>
<td>1996-97</td>
<td>225,295</td>
<td>123972</td>
<td>54.63</td>
<td>475</td>
<td>210.8</td>
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<tr>
<td>1997-98</td>
<td>228,821</td>
<td>140831</td>
<td>61.55</td>
<td>606</td>
<td>264.87</td>
</tr>
</tbody>
</table>
Chart 12 - Exports, Unit value realised and promotional expenditure for 10 years (in %)

| Volume of exports in tonnes | Unit Value realised from Exports in Rs./tonne | Promotional Expenditure per tonne (Rs.) |
Table 52
Promotional expenditure and value realised from exports on tonnage basis

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume of exports in tonne</th>
<th>Unit value realised per tonne (Rs/t)</th>
<th>Promotional expenditure per tonne</th>
<th>% of expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988-89</td>
<td>109,610</td>
<td>25,710</td>
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<td>1989-90</td>
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<td>147.82</td>
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</tr>
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<td>1993-94</td>
<td>182,336</td>
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<td>1994-95</td>
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<td>1995-96</td>
<td>203,398</td>
<td>39,550</td>
<td>254.46</td>
<td>0.64</td>
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<tr>
<td>1996-97</td>
<td>225,295</td>
<td>54,630</td>
<td>210.80</td>
<td>0.39</td>
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<tr>
<td>1997-98</td>
<td>228,821</td>
<td>61,550</td>
<td>264.87</td>
<td>0.43</td>
</tr>
<tr>
<td>Average</td>
<td>359.29</td>
<td>40,000</td>
<td>162.287</td>
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</tr>
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</table>

% increase
in 10 years: 47% 41.77% 41.33%

C. Discussion

1. Marginal increase in promotional expenditure has resulted in marginal increase in exports both in terms of value and volume. As for volume of exports, it has registered a steady increase. The promotional expenditure remaining on an average at a constant level when compared to the value
realised from exports shows that the former has contributed to the better performance.

2. The effect of promotional programmes are not usually felt immediately and results are evidenced in late years and continue to be in our favour.

3. The element of fluctuations in the rupee-dollar value has also been taken note of. The sharp rise of the value of dollar in the aftermath of liberalisation of the Indian economy and the weakening of the rupee has also contributed to the rise in value realised from exports. But still the comparative analysis with the volume of exports still links to the contributing effect of promotional expenditure.

4. The Geostationary effect: Market promotions and promotional expenditures have helped in keeping the Indian spices in the international orbit. The crowded market place of spices with lot of sellers around, calls for promotional techniques to sell. It may also be logically stated that without promotion, results could not be achieved. On the contrary the process of depromotion may start.

5. Promotional programmes always increases the transparency in the deals. The efforts taken for the generic promotion of spices by the Spices Board have created a general awareness in the international market. Any supplementary or follow up by individual exporters on fair means will yield positive response from the market.

6. The gesture on the part of the Government of India (Ministry of Commerce) and the Spices Board to improve the standards of quality of Indian spices and spice products based on the requirements of the foreign buyers and
regulatory bodies was a promotional effort in right earnest. This has helped in bringing close together the many world trade regulatory bodies, food safety and control organisations, associations of trade for periodic consultations and review of standards.

7. In sharp contrast to the exporter-importer relationship elsewhere, the world market sees Indian spice economy as one unit, which is knit together. This is the result of promotion and enables the buyers to approach for any sort of business missions.

The relative merits of the various promotional practices are discussed in the following paragraphs.

D. Relative Merits of Promotional Practices

. Overseas

. Trade fairs:

Importers, grinders, processors, packers, retailers, food and supermarket chains, hoteliers and consultants keep themselves informed of the latest developments by visits to trade fairs all over the world. They get an impression of new products, latest trends, varieties in convenience food besides getting to know the capabilities of those who are present at the fair.

There are many specialised food and trade shows round the world. The Spices Board has considered participation in various international food and food ingredients exhibitions as a major market promotion tool. The Board has been regularly participating in fairs in the strategic market localities of Europe, JSA, Canada, Latin America, West Asia, North Africa, China, Far East including Australia and New Zealand on a regular basis.(Table 53).
The Spices Board's stands in the fairs are thrown open to the registered Indian spices exporters of the Board for participation. Exporting companies depute their representative with their display materials. Samples of companies without representatives are taken care of by the Board's official deputed to the fair.

The publicity generated through the fair catalogues and advertisements of the Board in the official publication of the organizors, direct mailers to the trade ensures visitors to the stand. Since all the fairs are restricted to business visitors only, the participants will be engaged in business discussion only. Participation in the fair enables not only to project the sellers capabilities and meet with potential buyers, it will add to the familiarity of the tradesman.

Understanding the techniques and strategies, product range, pricing, packaging, way of presentation of the competitors could be easily made at the shows.

Many of the established Indian spice companies have made their beginning from the trade fairs only.

Fairs offer excellent opportunities to source trade enquiries. Locating a suitable trading partner and systematic follow up after the show will help in materialising good deals. Participation in some of the world's prominent food shows, is a shot in arm, for one could meet one and all in the world food industry over there.
<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Canada (Vancouver)</td>
<td>Germany (Koln)</td>
<td>Germany (Leipzig)</td>
<td>Poland (Poznan)</td>
<td>Thailand (Bangkok)</td>
<td>Australia (Sydney)</td>
<td>Chicago (USA)</td>
<td>Australia (Sydney)</td>
<td>Hungary</td>
<td>Australia (Sydney)</td>
<td></td>
</tr>
<tr>
<td>S. Korea (Seoul)</td>
<td>UAE (Dubai)</td>
<td>Australia (Melbourne)</td>
<td>UAE (Dubai)</td>
<td>S. Arabia (Riyadh)</td>
<td>Singapore</td>
<td>Paris (France)</td>
<td>S. Korea (Seoul)</td>
<td>Australia (Sydney)</td>
<td>S. Korea (Seoul)</td>
<td></td>
</tr>
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<td>France (Paris)</td>
<td>France (Paris)</td>
<td>France (Paris)</td>
<td>France (Paris)</td>
<td>Qatar (Doha)</td>
<td>S. Arabia (Riyadh)</td>
<td>S. Arabia (Riyadh)</td>
<td>Taiwan (Taipei)</td>
<td>S. Arabia (Jeddah)</td>
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<td>Oman (Muscat)</td>
<td>Oman (Muscat)</td>
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<td>Bahrain</td>
<td>Japan (Tokyo)</td>
<td>Japan (Tokyo)</td>
<td>France (Paris)</td>
<td>Germany (Nuremberg) (Frankfurt)</td>
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<td>Germany (Koln)</td>
<td>China (Shanghai)</td>
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</tbody>
</table>
b. Promotion programmes in market regions

At times, promotional programmes are undertaken in select markets. The Spices Board had undertaken in the late eighties a curry powder promotional programme in the USA with the help of publicity consultants in the US.

Recipes and curry powder blends suitable for the American pallet were developed and popularised through commissioned articles and advertorials. This had generated lot of interest and currently USA is a major importer.

In the UK also, lot of promotional efforts were taken for promoting spices and on account of the presence of good number of Asian population. Indian Spices got a good share in the market.

c. Sales delegation

Periodically sales delegation of exporters are sent out to various markets. Consisting of exporters these delegations with the help of the Indian diplomatic missions in various countries meet the importers and hold business talks. The Board had sent over 20 such delegations to the major markets of USA, Canada, The UK, Europe, West Asia, Africa and Far East in the 10 year period. Considering the importance of emerging markets, delegations were also sent to Latin America, China and Africa. The Union Ministry of Commerce has prepared a medium promotion export strategy covering sectoral and directional strategy to continue its efforts in trade promotion, improving commercial relations with rest of the world and try to make India an important trading country in the global trade. Strategy discussed sector specific issues and suggestions, long term measures for improving trade in these sectors, The directional strategy suggests the special focus on the emerging markets in Africa, Latin America and
CIS countries. The first focused project is in Latin America and the programme encompasses promotional activities like market surveys, participation in trade fairs release of promotional catalogue etc. (Ministry of Commerce, Government of India, 1997-98).

The delegations have helped in getting good business orders.

d. Market Surveys

Periodic surveys of overseas markets are undertaken. The survey team used to gather wealth of information from the chambers of commerce, food and importers associations, departments of trade and commerce, super markets etc for processing to chalk out strategies not only for Government but also for exporters. The vital information collected are disseminated as trade information after processing. These informations often come to the aid of exporters and the Government for policy framing.

e. Indian Spices Logo and Spices House Certificate

The quality mark awarded by the Spices Board for consumer packs of spices and spices products exported from India, was launched in the UAE markets and South African markets. Later this symbol has been registered as a trade mark in many of the major spice buying countries. It is for the logo holding companies to make use of the opportunity and do exports. Besides the Board has been doing lot of advertisement campaigns in these countries on the logo, which has been projected as a mark of Indianness and quality.

These campaigns have so far helped in creating a general awareness in the respective countries on Indian Spices and the Quality Logo.
The concept of Spice House Certificates are also given good publicity through advertisement and projected the companies the same as a set of Quality people.

These efforts have enabled the international markets to know about these two different certifications and helped in identifying them as processors and exporters of genuine Indian Spice stuff.

### f. Popularising spice-based cuisine

Exports of spices could take place only when there is a demand. In order to generate demand, the use of spices are to be popularised. For this, the Board has taken up programmes to promote spice-based cuisines. Culinary experts were identified and new recipes were developed. Attempts were also made for fusion of recipes where the element of spices is given more prominence. Recipes developed were printed and circulated world wide.

The modern trend in different markets is attune to the Indian food. The thousands of Indian Restaurants in different countries do booming business. But it does not mean that all these restaurants are using Indian spices. The Indian exporting companies, especially the curry powder manufacturer exporters were to make use of these opportunities.

Side by side, the Board has been taking up food/cooking demonstrations at the major food shows where the Board used to participate. This has generated lot of interest. Food festivals on themes relating to spices are also organised in different world cities to generate interest and further to develop a liking for Indian food and spices. Food festivals were organised in the UK and USA during various periods. These activities ultimately helps in getting across to the tail of
the marketing chain, the consumer. The familiarisation of spices, spice-based food, its uses etc. could be made known. The events practically turn to be occasions for interaction with consumer.

g. Invitations to Super Market Owners/Journalists

To tap the ultimate end of the sale chain, is a difficult proposition. Getting a shelf space in the world’s largest super markets in the US/UK or for that matter even in the ordinary super store in the Gulf is a costly affair. With the consumers looking for convenience foods and easy to carry goods and their preference to buy from super markets, that segment has assumed paramount importance.

The Board has been inviting owners or decision makers in the leading super markets chains to the country to familiarise them with Indian spices and processing. The good will and the contact that will generate out of the visit could materialise into business.

Unique is the proposal to invite leading columnists/journalists of reputed publications and news papers to the spice land. In the last couple of years (1995-97), over 30 food journalists were invited from countries like the UK, Spain, Germany, UAE, Kuwait, Singapore, Korea, Japan, Romania, Australia and Malaysia. These journalists after their visit to the plantations, factories, markets and laboratories got back to their bases and wrote columns on what they saw and felt about Indian spices. The editorial coverage that was given for Indian spices would have otherwise cost India over US $ 60,000 (Rs. 27 lakh) of advertising space in leading dailies and journals abroad.

Promotion programmes are also organised on board international flights.
The Board had successfully organised an in-flight promotion for Indian spices on board Air India flights originating from Bombay and Delhi airport during 1992-93. Board provided gift packs of Indian pepper and curry powder with recipes to the passengers while the Air India served them with food mainly spice based. Negotiations are going on for extending this programme in other international airlines also.

II. At Home

a. World Spice Congress:

One of the prestigious promotional programme which is undertaken on a consistent basis is the World Spice Congress, a biannual event. Organised jointly by the Spices Board and the All India Spices Exporters Forum (Organisation of Indian Spices Exporters), the Board had so far organised four Congresses. The only one event of its kind at the international level for the spice industry, the Congress is attended by all those who matters in the world spice industry. The highlights of the event include structured business sessions based on themes and an exhibition of Indian Spices by exporters. The deliberation of World Spice Congress right from its start in 1990 to 1992, 1995 and 1998 have focused on various themes. Global opportunities of the 90s, vision 2000, "New Horizons: Challenges Ahead" were the basic themes. The business sessions focused on geographical market regions, markets, products, quality, spices of importance and on modern trends in process technologies. Paper presented at the Congress unearthed the minutest details and quite often were revelations of unknown facts.
Chart 13

How the World Spice Congress Has Grown

Regionwise Participation
World Spice Congress 1998

Europe 54%

Africa 5%

Middle East/Gulf 3%

Canada/USA 21%

Asia 17%

Indian Delegates
Overseas Delegates
Countries
The congress has got wide international acceptability which could be gauged from the response. (Chart 12) The number of delegates and region wise participation have recorded increases. The Indian exporters get the opportunity to meet their overseas counterparts in Indian soil. For those want to take them on post convention tours could do so for bettering their relationships. The Congress has helped in the image building of India as a creditable and dependable source of spices. The Indian industry has also come up to international level even since this was started.

b. Quality Lab

To upgrade the quality and quality parameters to suit the changing needs of the international markets and to guide the Indian exporters, a quality evaluation laboratory has been set up in Cochin. With ISO 9000 certification, the Board’s lab could do lot of sample analysis in the various parts of the country and suggest corrective steps.

c. Promotional Materials

Promotional literature and promotional films in different international languages were brought out for international circulation. Steps are also taken to ensure that these reach the target locations.

d. Value Addition

To develop new products and to promote value addition by exporters for better value realisation, research works were initiated with the help of specialised agencies and labs. Development of new types of extracts, oils, oleoresins,
dehydrated spices etc. are developments in these directions. Many new exporting companies have entered this line and India is now in the forefront of the production lines.

e. Airfreight subsidy

Cardamom was one of the spices that fetched good share of foreign exchange till the 80s. With the entry of Guatemala as a major competitor, Indian cardamom exports declined. During the onset of the Indian cardamom harvesting season and slightly before the commencement of the competitors arrival, the Board has helped the exporters to airlift cardamom to the major markets in Gulf. The promotional support helped in exporting good quantities to the Gulf markets.

f. Brand promotion

To enable exporters to develop suitable packaging materials of world standards and to promote brands in international markets, financial support is being given to exporters.

g. Promotional support

Promotional support in the form of funds are given to exporters to upgrade their testing facilities, printing of brochures for international publicity, despatch of trade samples etc.

h. Website:

The Board’s website with over 150 pages is subjected to periodic updating. The exporters certified for quality are given individual pages for promotion. Details of spices, spice products, popular articles on Indian spices, medicinal
properties of spices, recipes, briefs on major events etc are given. On an average the website receives over 1000 hits every month for sourcing spices and to get details.

The website of the Board: http://www.indianspices.com is a major source of spice trade enquiries from overseas.

D. Repacking

Exports of spices and spice products from India reach over 150 countries. U.S.A. is the single largest buyer of spices in the world and she buys quite a lot from India followed by UAE, The UK, Japan, Singapore, The Netherlands, Malaysia, Germany, Canada, France etc.

The recognition of India as a major supplier by the consuming countries, the gaining popularity for ethnic food, fluctuating supplies in other producing countries etc. coupled with the generic promotion by the Spices Board and the individual promotional efforts of exporters etc. all combined to widen the export base. No doubt, the trade enquiries that have started pouring in during the last one decade or so is a contributing effect of the various promotions. The enquiries are not only for the traditional spices but for newer products also. From the status of exporter of raw spices, the country has earned a new name in export of spice products too. New products get added year after year.

The list of products exported from India is an assorted arry of spice products. In many of these products, the country has got a big stake on account of the absence of other producers. The Indianness attributed to certain spices and spice products has sometimes been found exploited by some competitors in overseas markets. Spices that originate from other producing sources and products manufactured by companies outside India are found selling attributing
Indianness to their products. For instance, Madras hot curry powder, Malabar pepper, Cochin ginger etc. Hence it is important to note and act on the positive and negative outcome of such camouflage. Powders of individual spices, spice mixtures, curry powders, curry pastes, spice oils, spice oleoresins of different values, sterilised frozen and dehydrated spices are the major products whose exports have been going up over the 10 years period from 1988-89 to 1997-98.

Table 54

Table on export of value added spices

(Value Rs. Cr. Qty in tonnes)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value added spice exports</th>
<th>Total spices Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qty</td>
<td>Value</td>
</tr>
<tr>
<td>1988-89</td>
<td>4164.00</td>
<td>25.43</td>
</tr>
<tr>
<td>1989-90</td>
<td>4627.94</td>
<td>31.03</td>
</tr>
<tr>
<td>1990-91</td>
<td>12977.19</td>
<td>53.74</td>
</tr>
<tr>
<td>1991-92</td>
<td>18654.46</td>
<td>104.19</td>
</tr>
<tr>
<td>1992-93</td>
<td>21789.79</td>
<td>151.94</td>
</tr>
<tr>
<td>1993-94</td>
<td>28050.37</td>
<td>174.04</td>
</tr>
<tr>
<td>1994-95</td>
<td>28753.39</td>
<td>208.57</td>
</tr>
<tr>
<td>1995-96</td>
<td>33932.2</td>
<td>275.29</td>
</tr>
<tr>
<td>1996-97</td>
<td>42618.67</td>
<td>449.49</td>
</tr>
<tr>
<td>1997-98</td>
<td>49540.45</td>
<td>508.13</td>
</tr>
</tbody>
</table>

Source: Spices Board
Exports of value added spices, consisting of spice powders, masalas, curry powders, spice oils and oleoresins have increased significantly from 4164 tonnes valued at Rs. 25.43 crores in 1988-89 to 49540 tonnes valued at Rs. 508.13 crores in 1997-98. The share in the total exports of spices from the country in terms of volume during 1988-89 was 3.80% and in value 9.02%. The share of value added spices in total spice exports increased in 1997-98 to 21.6% in terms of volume and 36% in terms of value. The trend is that the volume and value of value added spices are bound to go up in the coming years. Since the unit value realisation is more and that this mainly goes for industrial uses, its performance will surely improve.

The world market preference for ready-to-eat and convenience food has created a demand for the value added spices which mainly go as an ingredient. More exports of value added spices means more of foreign exchange.

Even otherwise the tempo of growth in exports of spices that started in 1991-92 is being maintained altogether. Though there has been a depreciation of the rupee against the dollar, the foreign exchange earnings from spices has shown remarkable growth. During the period between 1991-92 to 1997-98 the value of exports has grown and the annual growth rate is 15.95 per cent. The share of spices in the total export of farm products from India has also been increasing. The share of value spices which was 4.03% in the total farm products exports from India during 1990-91 has shot up to 5.92 per cent in 1997-98. This is the highest share of spices in total farm exports achieved so far.

The Indian spices sector has undergone marked changes in the last 10 years. A new set of professional companies have entered the scene with the state of the art technologies. This is in total contrast to what was existing earlier when
spice business was mainly a family run show. The entry of new companies in the trade acted as a catalyst and the old generation family companies too went the formers way. The attention of making only profits got shifted to post-harvest operation management, backward linkages, setting up of processing capabilities, efforts on packaging development and value addition.

E. Strategies Afoot

1. The current focus is on upgradation of quality and value addition at one end and raising of productivity at the other. Production costs are to be lowered and simultaneously productivity to be enhanced.

2. New thrust given to cultivation of spices like Vanilla, Paprika and herbal spices which have good export potential.

3. New initiatives in organic spice production: Spices Board has initiated steps to start production of organically grown spices. In association with the International Federation of Organic Agriculture Movement (IFOAM), the Board has defined the concepts and has released the documents relating to inspection and certification of organic forms.

   The country already has the capacity to produce and supply several kinds of organic spices. A few companies have started exports too. Enquiries are also received for sourcing organic spices from the country. The products now covered under the concept are black pepper, cardamom, chillies, ginger, turmeric, fennel, coriander, cumin, fenugreek, celery, clove, nutmeg and vanilla.

4. Tissue culture technology is now available for over 35 spices on a commercial level. The spices include cardamom, black pepper, vanilla, ginger, tur-
rrieric and herbal spices. The Spices Board has transferred the micro propa-
gation protocols for cardamom, vanilla and ginger to a few commercial
biotech laboratories for better execution. The Board had implemented dur-
ing 1989-95 a demonstration project called Tissue Culture Cardamom Prod-
uct Plan under which 1.6 lakh tissue culture plantlets were planted in 102
hectares. The Board has also supported a programme covering 400 hec-
tares to plant tissue culture cardamom. This is the first ever large-scale
demonstration of a commercial crop in farmers field.

Threat from Patents: To counter patents from being taken by overseas
companies/parties on spice based products/technologies in vogue in India
for years together, the Board has taken steps to bring out a compendium
containing all information on the various aspects of spices in the country.
This will become a reference manual for any future issues. This decision to
compile this was taken in the back drop of the patent awarded to one US-
based company on use of piperine from pepper. This subsequently is being
questioned in the court of law. Earlier the Indian initiatives have succeeded
in getting the patent cancelled, awarded to a US company for the curcumin
in turmeric.

Exim Policy: The Export-Import policy announced by the Government of
India for 1997-2000 is the continuation of the liberalisation policy announced
during the early 90s. Imports of inputs for the manufacture of export goods
under export obligation, advance licensing and duly entitlement Pass Book
schemes are all decisions to boost exports. (Appendix 5 & 6).

However the Government of India has notified certain items for free imports
into the country from SAARC countries of Bangladesh, Bhutan, Nepal,
Maldives, Sri Lanka and Pakistan subject to the condition that the goods/items imported are of origin of the above countries. Under this some of the spices India grows could be imported.

7. Rationalisation of export cess: The Government of India on 8th December 1988 has rationalised the cess structure on spices exports to form a uniform levy of 0.5 per cent on ad valorem and agriculture cess at the rate of 0.5 percent on tariff value (Appendix 7).

f. Commitments to the World Spice Market

The ultimate aim is to meet the requirements of the international spice industry. Though in a competing mode, the Indian spice industry has established its foothold in the modern spice bazar as a varietal gallery of spices of different species. The arms of the buyer stretches out to India primarily because of the intrinsic properties. Other than the usual buyers, countries who have tucked a permanent buying pattern with other producing countries also turn to India in times of shortage of spices from their traditional sources.

The organised promotional efforts in Research and development, harvest and post-harvest operations and market promotion, sales promotion strategies being undertaken for Indian spices is unique and no other producing country does this.

g. Product liability and consumerism

The commercialisation in spices deals round the world has assumed newer dimensions. But history reveals that the trade and commerce evolved on a one to one basis, based on mutual trust. The seamen, travellers and explorers reached new lands braving rough seas and land routes. They met with the
natives. But there were occasions of confrontations also which later evolved into long term relationships. But in both the cases mutual trust was the binding force.

In the case of spice trade when the foreigners touched the sea shores, the natives looked at them with suspicion. However over a period of time, this was overcome and a new understanding developed. The visitors established confidence by way of offering gifts and the natives too were magnanimous to offer them some thing precious in return. The visitors like the Portuguese in the first instance offered gifts and in return got the precious hill produce of the Malabar coast including spices., which motivated them to frequent the spicy coast again and again. Thus the relationship evolved on a one to one basis built on mutual trust. This trust enabled building of mutual relationship between the two. This was true not only in the case of the Portuguese but in the case of the Dutch, the French and the English also.

But over a period of time, this relationship took new turns because of compulsions in the buying countries for better products. The buyers started insisting on certain types of products for which they started citing certain parameters. These were put forth through trade laws which later become mandatory for the buyers and the seller to follow them each time they traded.

Though the exporters tried to meet the requirements, there were some flaws. The products were not upto the expected standards. And hence in order to add more credibility to the trade law the buying countries put forth their country laws to make sure that what they import is really genuine produce/product.

Since import of food and food materials are of importance from point of view of safety of the population, new legislations have come. Thus came the food
laws to make the system more fool proof. New parameters got fixed and the importers were forced to adhere to these parameters. The exporters were forced to take to newer measures to confirm the standards insisted on by the buyers and this has resulted in forcing the exporters to take to quality maintenance systems and advanced production lines.

The changes did not stop at this level. New compulsions have come in the market place. Though the laws and the accompanying standards were there, the verdict of the consumer now emerged to be the final. The development of consumerism in the world markets brought in the imminent necessity for the importer and the exporter in the producing or processing country to take the responsibility of the product. And this has created the product liability.

The product liability is a very strong circle that encompasses the mutual trust built over a period of years, the trade laws, the country laws, food laws and other statues that have evolved over a period of time. To break this circle is a difficult proposition. The negative reactions of the consumers will result in closing down of the business. The exporter may be deprived of his business and the importer will have to look to newer producing sources for supplies.

The Product liability has warranted creation of a responsible supply chain right from the farm to the consumer at the other end. This was the reason for the development of the backward linkages. Many of the responsible and well run exporting companies in India have developed backward linkages and in almost all the cases, the supply chain is complete and could be identified more clearly.

This helps in the checking problem areas and enables correction of these wherever and whenever necessary. If the ultimate consumer is convinced of this, the product selling proposition is very very easy.
The intervention of rules and regulations, statutes coupled with the push of the competitors warranted the execution of promotional measures to sell products. Selling offers, buying propositions, testing samples, agreeing on standards, clinching deals, effecting payments etc. all these procedures required selling strategies. In the interest of the country to earn foreign exchange besides to sell away the spices that are grown, organised market promotional efforts were felt necessary which set the path for Governmental involvement in spice sales promotion across the globe.