CHAPTER V 1
MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS
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A. Major Findings

This study is based on a wide range of secondary data on promotion of sales and marketing of spices and pay offs. Primary data has also been collected to assess the trade responses for offering operable solutions.

The present study focuses on the four major spices viz. pepper, chillies ginger, turmeric that play a predominant role in the country’s trade and commerce of spices. Even historically these four spices have been the choicest of spices both from domestic and export point of view.

The Indian spice trade’s fortune is depended on the rise and fall of these four spices, which are in high demand in the international market. Besides they amount for over 65% of the total export of spices from the country in terms of volume and 55% in term of value realised from exports.

Pepper, the black gold, is facing the severest competition from equally strong competitors like Brazil, Malaysia, Indonesia, Vietnam, Thailand and Sn Lanka. The rise In world production of pepper is deterrent to Indian pepper exports as is evident from the study. But a fall in world production, especially in the competitors’ plantations comes as a boon for Indian pepper. The study could point out the positive gains for Indian pepper during frequent fall in world product™. The Indian pepper warms up and take the benefit of higher paces also <n the market place.
The necessity to improve the productivity of Indian pepper gardens to reduce cost and to make it competitive in the world market is strongly felt. Yield gaps in pepper between progressive farmer and research station and between national average and elite farmers which are very wide are to be bridged to get the benefit of cost reductions, exportable surplus and competitive prices. Developments in the country’s pepper economy have been of significance. Both area under cultivation and production has gone up from 117,960 hectares and 26,160 tonnes in 1970-71 to 179,590 hectares and 55,370 tonnes in 1976-77. Production has shot up again to 81,500 tonnes in 1997-98. Though there has been a rise in the national average yield from 218 kg per hectare in 1970-71 to 308 kg per hectare in 1996-97, these levels are much below the yield levels in other producing countries and hence Indian pepper turn out to be incompetent at times.

The concern on the quality of pepper of importing countries warranted upgradation of production, post-harvest and processing techniques. The continued insistence and frequent revision of quality standards calls for sustained efforts at the pepper export front to keep up with requirements. Salmonella, pesticide residues, moisture levels, moulds, extraneous matter etc. are factors concerning quality of pepper,

Chillies the hot spice has also been facing the same weather as that of pepper. But there is a difference. Competitors of India suddenly change their role and become trading partners. Countries like Bangladesh, Pakistan and China are India’s strong contenders in the world chillies market. When there is a fall in world production, these sellers close down their shops and turn to India to buy chillies. This jacks up our exports markedly. But the exports retreats when
these competitors are lush with their production. Their sudden presence and absence has made Indian chillies economy unsteady. This phenomena is to be taken note of.

It also reveals that India is in a safer platform as far as production of chillies is concerned. The other major producers are witnessing too frequent production short falls. Fortunately Indian chilli production has maintained an uptrend. However, making available the right quality chillies of the right variety suited for exports is to be ensured.

The issues pertaining to the pesticide residues and aflatoxin in chillies are gaining prominence and this needs to be sorted out through improved post harvest technologies. Organic cultivation of chillies is an alternative to stem the problem of increased microbial loads. However scientific production methods and post-harvest operations, that have started, shall continue. In view of the crop more prone to pest and disease attacks, the chances of farmers resorting to application of chemicals and pesticides are more. Hence extension work has to be given an added fillip. With many of the countries imposing statutory regulations on use of natural food colours which are safe and the consumer turning more to natural food, the demand for chillies with rich colour values will go up and cultivation of such varieties are to be ensured.

The study could find out that there existed good potential to raise the Indian share in world exports of ginger. World demand for ginger has been estimated at around 30,000 tonnes. The total imports by major importers like the US, UK, Saudi Arabia, Japan and West Germany accounted for 64% of world imports, i.e., 20,000 tonnes. But the Indian share is a meagre 20% of their imports. Production lines are to be improved and productivity levels raised to bring down
costs and prices. In the international market Indian ginger is priced high as against the Chinese and Taiwan origins. If the prices could be relatively lowered export demand could go up. though the yield gap is much less, the heavy incidence of pest and disease attracts are to be controlled. The threat of new producing countries like Brazil entering the world market, gaining popularity of Nigerian ginger and the continued steady market for Jamaican and sierra Leone varieties are to be viewed seriously while checking out future strategies.

Turmeric as a spice offers excellent scope for the future. Many countries have permitted use of turmeric in colouring of food without a specification of its colour strength. The European Union specifically mentions curcumin as a permitted colour. With the world turning to more natural foods and with the colour of food remaining as an essential feature of human diet, food industry and food regulatory bodies will have to ensure that the consumer receive products that a safe and colourful. Turmeric emerges as the first and only natural option towards that end. With India remaining as a major producer with no imminent threat of yet another producer round the comer, the production has to be stepped up. The increasing demand for natural colour will benefit turmeric as an excellent and inviting substitute for chemicals.

For promoting exports of these spices the country needs to undertake lot of measures. Plans and schemes are to be made well in advance to counter the design of competitors. Being the only one country which undertakes organised promotion for spices, the steps taken so far are clearly evident round the world. Every rupee spent on market promotion programmes has been found to contribute to the exports both in volume and value. The promotional expenditure remaining on an average at a constant level when compared to the value real-
ised from exports shows that the former has contributed to better performance. Though the yield gap is less, production gets affected because of disease and pest for this new tolerant varieties are to be developed.

The new entry of Thailand into the international market with high curcumin content turmeric, presence though weak, of China and Peru as suppliers underscores the importance of promotional and supportive programmes to beef up Indian turmeric. Promotion has become very essential for the export trade. The promotional tools of the Spices Board have been found favoured by the exporting companies too.

Participation in international food fairs is found to be an effective tool. World Spice Congress the international convention of spices being organised biannually is an intellectual cum business platform to promote business and emerge as a right tool for promotion.

At the back of the promotion by the statutory authority, though not overt, run the individual promotion by exporting companies in different forms. Export trade has felt the necessity to do promotion and the companies are earmarking resources for this. Quite obviously, the big companies who are front runners started off with promotions.

B Conclusions

The study is an attempt to find out the extent of promotional measures for marketing spices overseas. Over the foundation of our past performance and on the basis of area, production, yield, price trends etc, four major spices were taken for the study. The promotional efforts to maximise benefits from trade has been studied in detail.
In the competitive market, especially for agricultural commodities, the pull and push of the buyers always are crucial factors but the attempt to promote products in all respects will better the prospects. Silent selling is not a feasible option in a market frequented not only by producers but also by re-exporters, agents and brokers. Efforts are required to generically promote the product and to back it up with brand promotion. The attribute given to spices as Indian Spices is to be protected at all costs. This will at least help in guarding the prestige of India as an entity in the world of spices.

C. RECOMMENDATIONS

1. The wide range of spices that are grown in India in the different agro climatic zones have earned the status of a major producer. However major spices like Pepper, Chillies, Ginger and Turmeric from India are either facing stiff competition or in the process of confronting new competitors. Production of these major spices contributing to over 65 per cent in volume and 55 per cent in value are required to be taken up based on international market demand for which interventions by research organisations are called for.

2. The problem that has been plaguing the Indian spices exports have been the high price levels. Being a major consumer of spices, the domestic demand has been found influencing the domestic price. When the domestic price goes beyond the international price and crosses the maximum limit of the competitors’ price, export offtake is bound to be affected. The higher prices are found not due to the domestic demand alone. Comparatively lesser yields, big yield gaps, incidence of pest and disease attacks all contrib-
ute to poor production levels, high cost of cultivation and makes the produc-
tuct costlier. Urgent steps are required to bridge the yield gaps through re-
lease of high yielding strains, more extension from progressive farmers and
research stations to the fields, advise on plant care and post harvest op-
erations etc to improve performance in the fields.

3. A single agency equipped with experts and necessary infrastructure to
monitor and follow up the research and development of at least the export
oriented spices needs to be set up.

4. A mission approach with schedules and targets to tide over the ills of spices
with export potential are called for. Problems that counter Pepper, Chillies,
Ginger and Turmeric production are to be identified at the farm level for
enhancing production.

5. Compilation of integrated pest management / disease management prac-
tices in farmer’s parlance and convincing them for putting into practice are
required. Urgent steps are to be taken up to hasten the process of comm-
encing organic production of spices and exports.

6. Development of suitable post harvest technologies for different spices for
producing zero-defect products.

7. A well planned production strategy for spices having export importance re-
quired to be devised. Spices like pepper and chillies from India get too
to frequently the benefit of international supply shortfalls. Buyers who source
from other producing countries flock to India for purchases, when the sup-
ply from the traditional sources dwindle. Even competitors used to have
zero production during certain years and they turn to India as buyers. In
such situation India should be in a position to cash on the shortage. A
mechanism to hold stocks and to release them when the world supply dwindles to be thought of. This required especially when the country's harvesting season for certain spices dash with that of the competitors.

8. The Spices Board to be given added focus to undertake international market intelligence for devising marketing strategies. Blanket allotments of funds to do timely studies, surveys and liaison with agents/contacts in producing countries are to be given.

9. Backward linkages by exporting companies need further encouragement. From experience, it has been yielding positive results by way of assured products, assured quality, assured prices and assured markets. Exporting companies resorting to backward linkages and farmers producing under this set up are to be given benefits as in the case of industries doing export oriented production and exports.

10. New initiative to form a consultative committee of global spice producers for exchange of views in the first instance and later work towards formation of an International Spice Community are to be considered. This will bring together producers as in the case of International Pepper Community.

11. Mandate for the Spices Board to work in the research and crop development of identified spices with export potentials. This is warranted in view of the absence of a unified approach now.

12. Development of an informative data base on Indian spices, intrinsic values of Indian spices, uses and applications for international circulation in different languages to expand the market base for Indian spices are to be given priority.
13. Market promotion exercises like participation in international food fairs, trade delegations, cooking demonstrations, recipe books etc are to be given more importance and should continue.

14. In the home front there need to be frequent exchange of ideas between export promotion agency, regulatory bodies like the customs, quality inspection agencies and foreign trade departments.

15. International buyers who stay as permanent buyers of Indian spices and spice products are to be given "a favourable" status.

16. Experiment which India had been successfully doing in cashew to be considered in the case of select spices. Imports for re-exports after processing value addition to be considered.

17. There is an imperative need to ensure that the spices produced either for export or for domestic markets are completely free of pesticide free residues and other microbial contaminations. The international concern for quality to be made national concern also.

18. Facilities are to be provided for improving the production of value added spices. Betterment of exports of spices in packets/jars/tins are to be given good thrust for more earnings.

19. The subsidies and financial support given for market promotion to individual entities may have to stop at an appropriate time. Assistance may be extended on a time bound result linked basis.

20. The event like the World Spice Congress has to be given a good face lift by establishing a permanent secretariat to continuously plan and coordinate with other buying and producing countries.
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