

TRADE PERFORMANCE OF INDIAN BLACK PEPPER – AN ECONOMIC ANALYSIS

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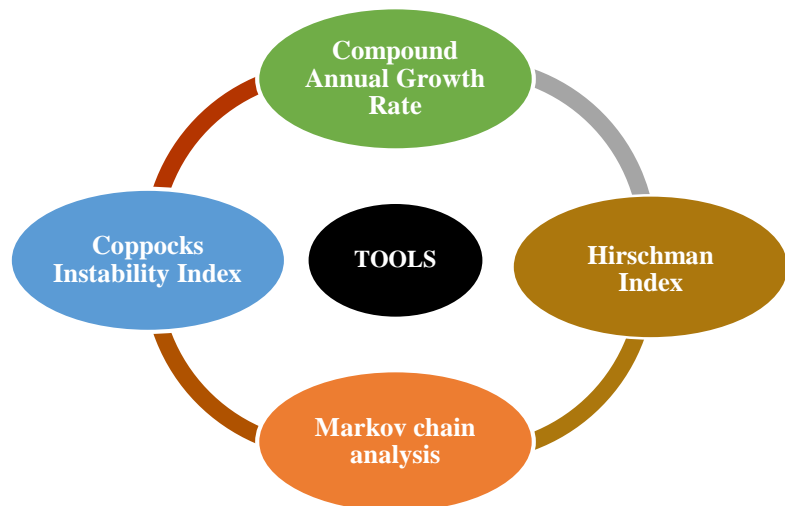
Objective: To examine the trade performance of Indian black pepper

Introduction

- Black pepper is the most important and most widely used spice in the world, cultivated in over 42 countries, with a global production of 4.07 lakh tonnes (IPC, 2017).
- During 1960s, India was the major producer and exporter of black pepper in the world with 25 per cent share in world production and 20 per cent share in world export (GoI, 2004).
- After the trade liberalisation India has been losing its comparative advantage in world black pepper market (Thomas and Sanil, 2019).

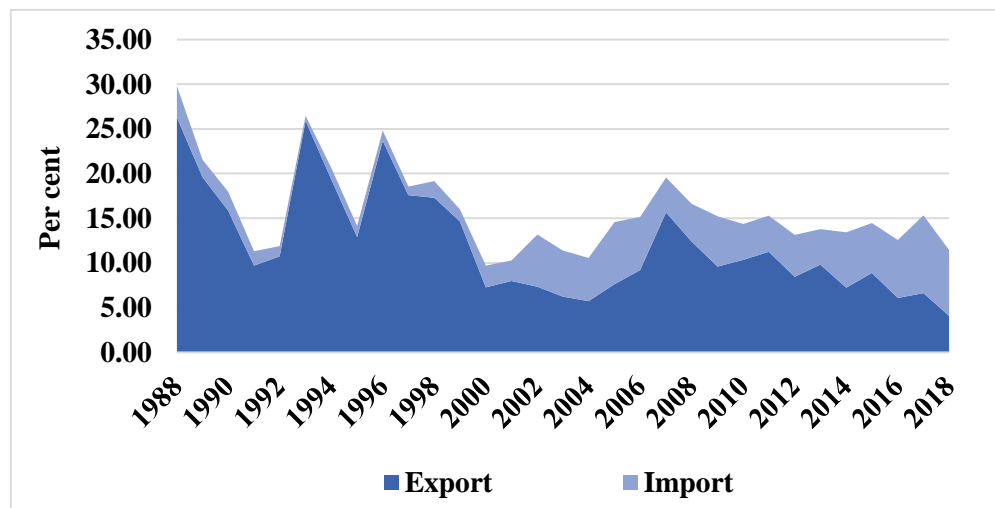
Materials and Methods

Sources of data and period of study: The study is based on trade data of black pepper from the World Integrated Trade Solution (WITS) for the period from 1988 to 2018.



Results

- The share of India in world exports of black pepper declined from 26 per cent in 1988 to about 4 per cent in 2018, whereas the share in world imports has increased from 3.5 per cent to 8.7 per cent (Figure 1) and the country became a net importer of black pepper in 2016.
- Figure 1 India's share in world trade of black pepper**



- The growth rate in export and import of black pepper in India was highest during period from 1990 to 1999. Export quantity exhibited a decline from 2010 to 2018 period and also during the overall period. The growth rates of quantity, value and unit value of imports were higher than that of export of black pepper during the overall period. (Table 1).

Table 1 Growth in international trade of Indian black pepper

Year	Export			Import		
	Value	Quantity	Unit Value	Value	Quantity	Unit Value
1990-1999	20.10*	4.53	14.89*	28.67*	9.02**	18.02*
2000-2009	8.70	9.53**	-0.76	15.81*	9.82**	5.45
2010-2018	4.22	-7.10	12.19*	18.56**	10.09*	7.69
1990-2018	4.59*	-0.42	5.03*	20.03*	12.37*	6.82*

Note: *denotes significant at one per cent level, **denotes significant at five per cent level, ***denotes significant at ten per cent level

- Instability in value has increased over the years, whereas the instability in quantity slightly decreased. The instability in unit value of exports -

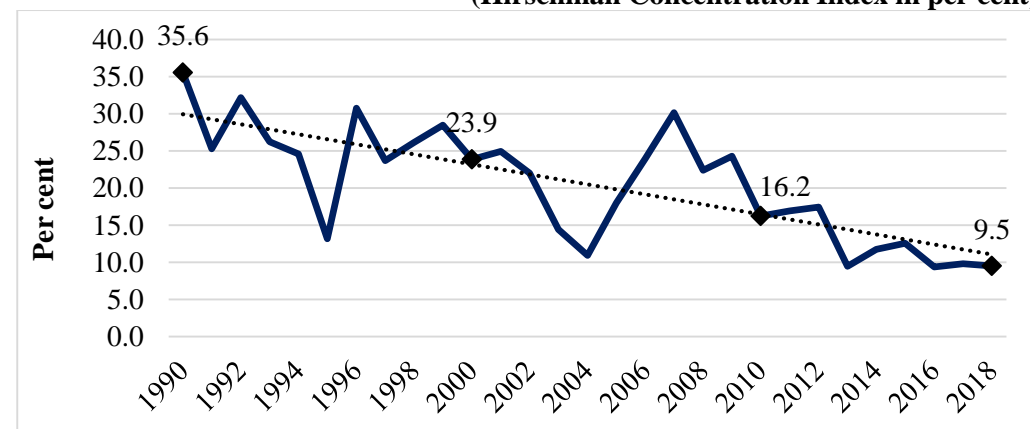
increased during the period from 2000 to 2009. The instability in value, quantity and unit value of black pepper imports has decreased over the years. As compared to the instability in quantity and value of exports and imports, the unit value instability was comparatively lower in the overall period (Table 2).

Table 2 Instability in International trade of Indian black pepper (Per cent)

Year	Export			Import		
	Value	Quantity	Unit Value	Value	Quantity	Unit Value
1990-1999	48.9	48.5	25.8	105.5	58.2	38.1
2000-2009	48.8	46.5	29.1	30.7	45.2	30.1
2010-2018	65.8	45.8	20.9	38.1	15.2	33.3
1990-2018	55.4	43.7	27.2	60.8	44.6	35.3

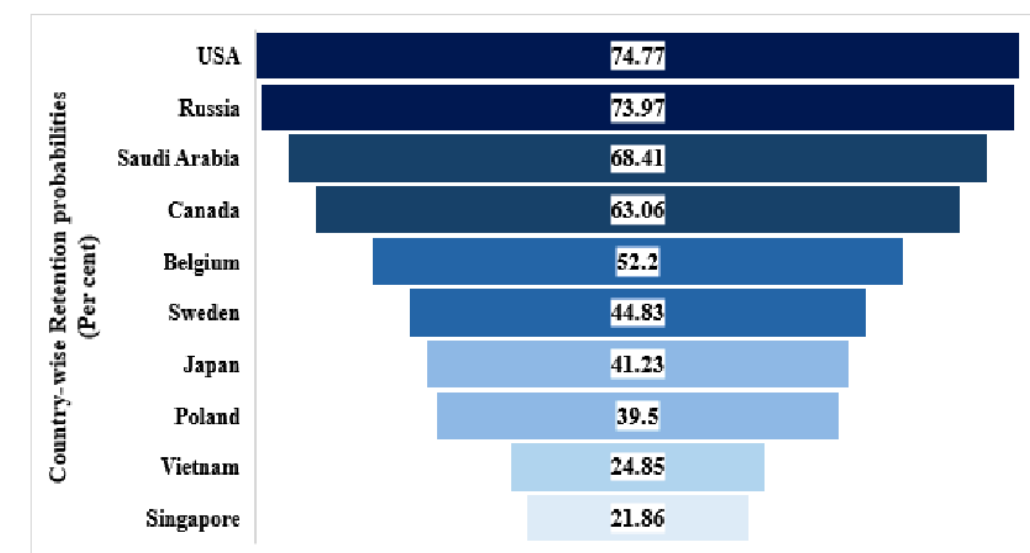
- Geographic concentration of black pepper export from India has decreased from 35.6 per cent in 1990 to 9.5 per cent in 2018 (Figure 2). The concentration index for the export of black pepper was less than 40 during the entire period, which indicates higher geographical diversification in terms of market accessed and hence, reduction in the risk due to price variability of exports to few countries.

Figure 2 Geographic Concentration of black pepper exports from India (Hirschman Concentration Index in per cent)



- The Markov Chain analysis used to identify the consistent markets of black pepper exported from India identified USA, Russia, Saudi Arabia, Canada and Belgium as the stable markets which indicated the loyalty of these importing countries to India's black pepper exports (Figure 3).

Figure 3 Stable export markets for Indian black pepper (1990 to 2018)



Conclusion

- Appropriate policies have to be designed to increase the export of black pepper from India.
- India need to concentrate on exports promotion to stable markets
- Appropriate level of tariff should be imposed to control the imports of black pepper.

References

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- GoI [Government of India]. 2004. Spices Statistics. Ministry of commerce and Industry, Spices Board Cochin.
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