



# A Contribution of Spices production in Economic Development of India

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## ABSTRACT

In this paper, I am trying to present contribution of spices sectors in economic development of India. Gross domestic product (GDP) is a broad measurement of a nation's overall economic activity. Exports and imports are main components of the expenditures method of calculating GDP. A trade surplus contributes to economic growth in a country. When there are more exports, it means that there is a high level of output from a country's industrial facilities, as well as a greater number of people that are being employed in order to keep these factories in operation. When a company is exporting a high level of goods, this also equates to a flow of funds into the country, which stimulates consumer spending and contributes to economic growth. India is the largest producers and exporters of spices and spice product. These sectors have shown growth in production and export of spices.

**Key words:** - Spices production, GDP, Export and Import, importing countries, AAGR and CAGR.

## INTRODUCTION

India is the largest producers and exporters of spices in world also contributes in economic development of the country. The production of different spices has been growing rapidly over the last few years. Production in 2020-21 stood at 10.7 million tons growing at an 8 percent CAGR since 2014-15. During 2020-21, the export of spices reached an all-time high both in terms of value and volume by registering a growth of 17 percent in US\$ value terms and 30 percent in volume terms. During 2020-21, the single largest spices exported from India was chilli followed by mint products, cumin, spice oil and turmeric. Together these constitute almost 80 percent of the total spices export from the country. If export will increase then it will also help in increasing consumer income and finally it contributes in economic growth by increasing GDP. One more thing, export will also help in increasing foreign reserves. Or flow of capital in to country will increase. The largest spices producing states in India are Madhya Pradesh, Rajasthan, Gujrat, Andhra Pradesh, Telangana, Karnataka, Maharashtra, Assam, Orissa, Uttar Pradesh, West Bengal, Tamil Nadu, and Kerala. On the basis of economic importance of the spices grown in India can be categorized in two group namely-

### 1. Major spices and 2. Minor spices

The spices which contribute major share in the spice trade industry of the world are called **major spices**. The spices come under this group are small cardamom, black pepper, chilli, turmeric and ginger. These spices contribute about 75-90 percent of the total foreign exchange through spices.

Excluding all these five major spices namely- small cardamom, black pepper, chilli, turmeric and ginger, all other are called **minor spices**. Minor spices are further divided in to five sub groups. Which is as follows-

### Seed spices

It includes coriander, cumin, black cumin, fennel aniseed, celery, mustard, poppy and caraway.

**Balbous spices**

It consists garlic, onion, leek and shallot

**Aromatic spices**

It includes clove, cinnamon, nutmeg etc.

**Leafy spices**

It is curry leaf, mint, rosemary, bay leaf, and parsley.

**Acidulant tree spices**

It includes tamarind, kokam and anardana.

India is traditionally known as the spice bowl of the world. As per the Bureau of Indian Standards, about 63 spices are widely grown in our country. India is single country which produces almost all types of spices. These spices sector also play a crucial role in economic development.

India has produced 11.04 million tons spices during 2020-21. Despite the covid pandemic, spices export from India has shown upward trend during 2020-21 has attained an all-time high of US \$4.0 billion mark for the first time in the history of spices export.

During 2021-21, the export of spices/spice products from the country has been 15,31,154 tons valued Rs. 30,576 crore (4102.29 million US\$).

**II. OBJECTIVES**

To know contribution of spices production in economic development of India during 2016-17 to 2021-22.

**METHODOLOGY**

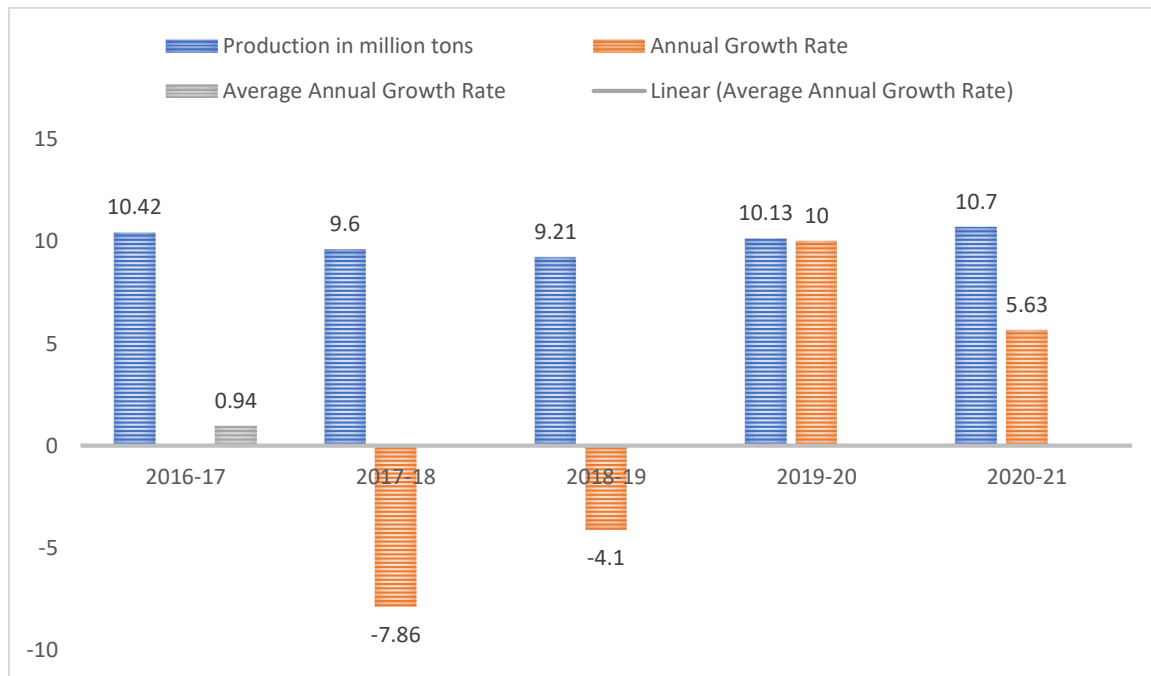
The study includes the contribution of spices production in economic development of India. The secondary data have collected from Spices Board of India, Statista Research Department, and data also collected from some magazines, journals, books and internet. Spices /spice product export data for 5 years from 2018 to 2022. Main spices producing states are Madhya Pradesh, Rajasthan, Gujrat, Andhra Pradesh, Telangana, Karnataka, Maharashtra, Orissa, Assam, Uttar Pradesh, West Bengal, Tamil Nādu, and Kerala etc. The collected data have been analysed by statistical methods, Annual growth and average annual growth analysis has used for finding conclusion.

Table 1.1 India Spices production (in million tons)

Year	Production (million tons)	Annual Growth Rate (in %)	Average Annual Growth Rate (%)
2016-17	10.42	-	.94
2017-18	9.6	-7.86	
2018-19	9.21	-4.1	
2019-20	10.13	10	
2020-21	10.7	5.63	

Source: Spices Board of India

Figure: 1.1. Production of spices during 2016-17 to 2020-21(in million tons)



Source: Spices Board of India

The table and figure 1.1. have shown production of spices in million tons during 2016-17 to 2020-21. It is observed that production of spices in 2016-17 was 10.42 million tons and in 2020-21, it was 10.7 million tons. Annual growth rate is 10 percent and 5.63 percent in the year 2019-20 and 2020-21 respectively. Which is showing upward trends while in 2017-18 and 2018-19 have shown negative annual growth rate i.e.-7.86 percent and -4.1 percent. We have used annual growth rate and average annual growth rate techniques to analyse production of spices and its growth during 2016-17 to 2020-21.

Table 1.2 spices/spice product export from India during 2017-18 to 2021-22.  
Value in Million US\$

Year	Values	Annual Growth Rate (%)	Average Annual Growth Rate (%)
2016-17	2655.00		9.81
2017-18	2,789.35	5.1	
2018-19	2805.50	.58	
2019-20	3,110.63	10.88	
2020-21	4,178.80	34.34	
2021-22 (EST) *	4,102.29	-1.83	

Figure:1.2. Export of Spices from India during 2016-17 to 2021-22

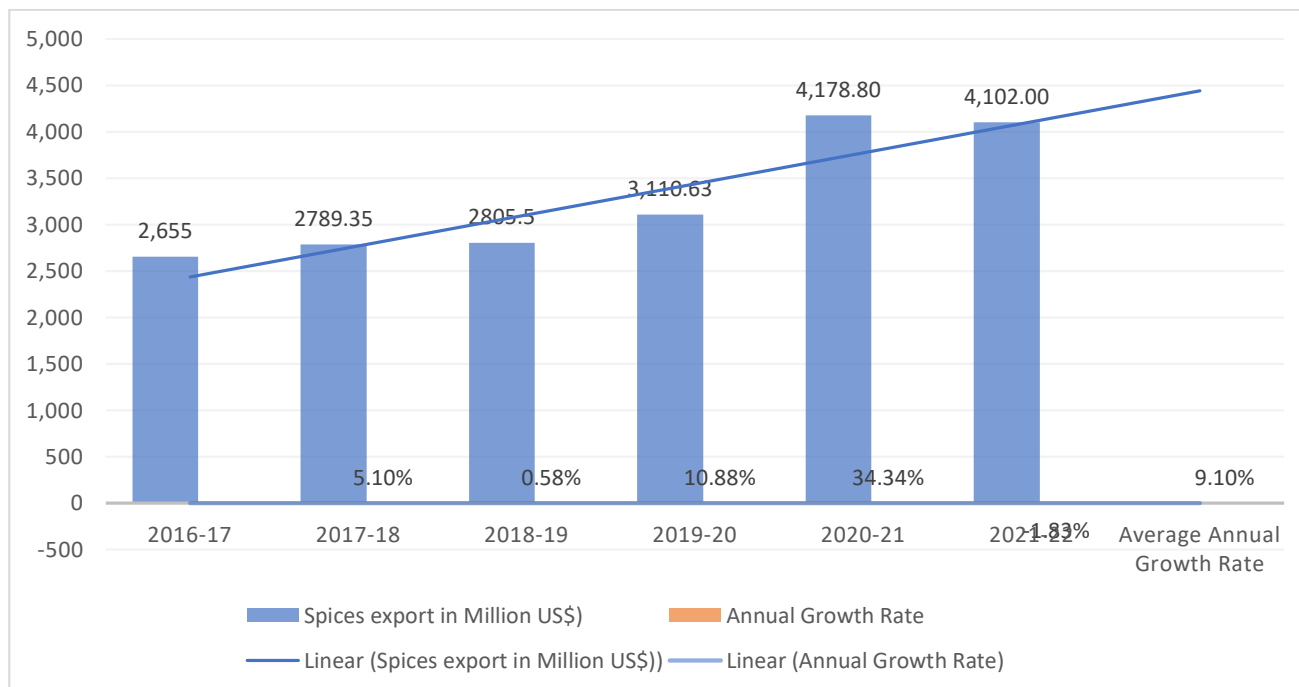


Table and figure:1.2. have shown exports of spices from India during 2016-17 to 2021-22. It is observed that exports of spices/spice product from India was US\$ 2,655 million in 2016-17 and US\$ 4,102.29 in 2021-22. While exports of spices have shown the highest growth in 2020-21 i.e.,34.34 percent and shown negative growth in 2021-22 i.e.-1.83 percent. Data have analysed by statistical methods like annual growth rate and average annual growth rate methods. Average annual growth rate is 9.10 percent.

Table 1.3. spices Importing countries in the world during 2020-21

Importing countries	Values (in Rs.)	Values (in million US\$)	Contribution of total export value (in %)
China	6271.5 crores	791.5	23
USA	4650 crores	586.8	17
Bangladesh	2512.8 crores	317.1	9
UAE	1653 crores	208.6	6

Figure:1.3. Spices importing countries from India during 2020-21

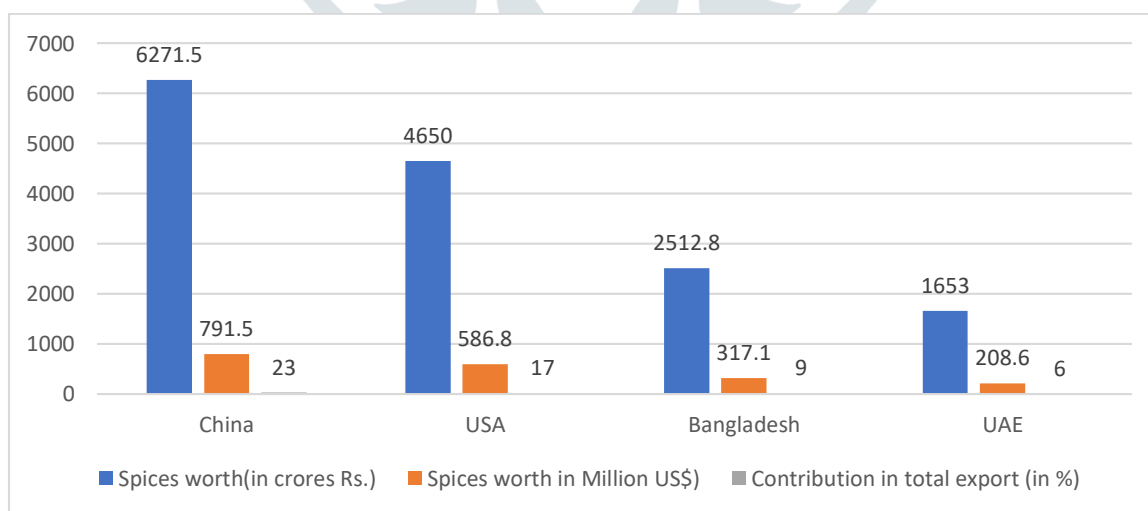


Figure and table :1.3. have shown list of importing countries and their contribution in total export. It is observed that The China is the largest importing countries of spices from India. China is imported spices worth Rs.6271.5 crore (791.5 million US\$) during 2020-21. Which was the highest and contributed 23 percent in total export, followed by USA, Bangladesh, and UAE with spices worth Rs.4650 crore (586.8 US\$), 2512.8 crore (317.1 US\$) and 1653 crore (208.6 US\$) and their contribution in total export were 17 percent, 9 percent and 6 percent.

Table:1.4. some exported spices during 2020-21 with values in tons

S.No.	Name of spices	Value in Tons
1.	Chilli	650,000
2.	Cumin	300,000
3.	Turmeric	180,000
4.	Ginger	150,000

Sources: India Brand Equity Foundation (IBEF)

Figure 1.4 spices export during 2020-21

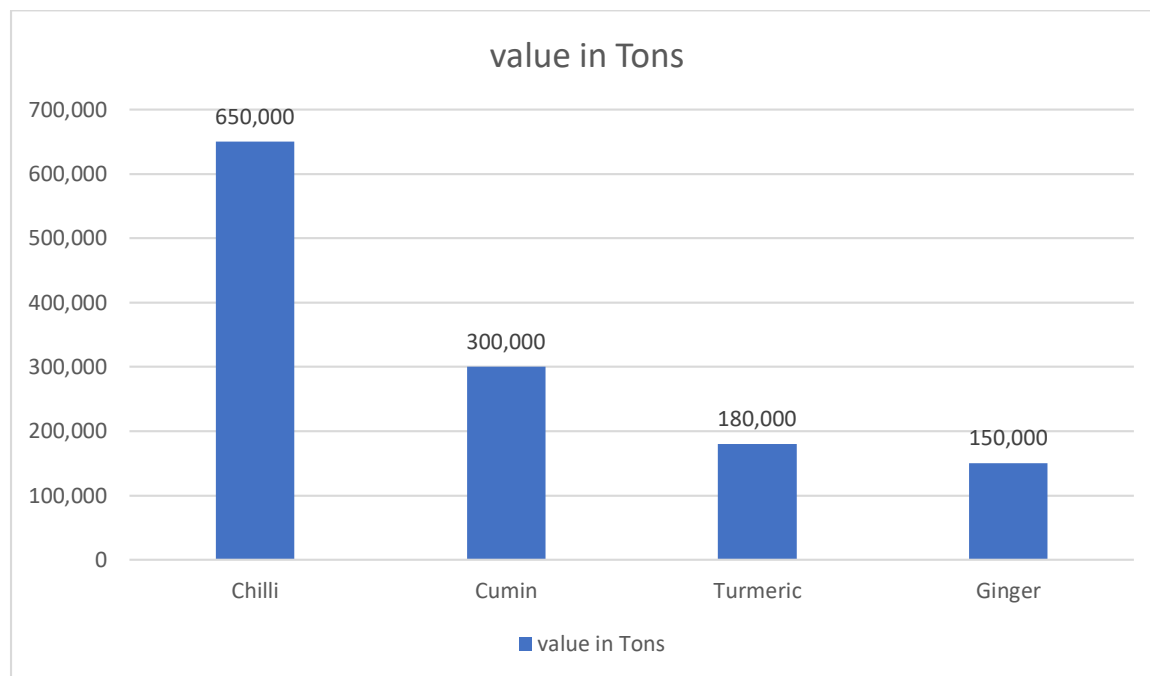


Table and figure 1.4 have shown spices export from India. It is observed that chilli is the most exported spices from India, followed by cumin, turmeric, ginger. During 2020-21, India exported 650,000 tons chilli, 300,000 tons cumin, 180,000 tons turmeric and 150,000 ginger. China is main importers of chilli, cumin, and mind products. China imported Rs.3,144 crore of chilli in 2020-21. During same period, China imported cumin worth Rs.1,397.4 crores and mind products worth Rs. 1,779.6 crores.

The main products imported by USA are celery, cumin, curry powder, fennel, fenugreek, garlic, chilli and mint products.

## CONCLUSION

India is the largest producers, exporters and consumers of spice and spice items. For the year 2020-21, the country continued its upward trend and exported spices worth US\$ 4.18 billion, a 34percent increase from the year 2019-20. The five-year CAGR of India's spice export was 12%. In 2020-21, India exported 1.76 million tons of spices. This was a 46 percent from 2019-20 exports of 1.21 million tons. From 2016-17 to 2020-21, the total exported quantity from India grew at a CAGR of 17 percent.

For financial year 2020-21, total volumes of chilli, cumin, turmeric and ginger exports were 0.65, 0.3, 0.18, and 0.15 million tons. During 2020-21, the export of chilli, ginger, cardamom (small & large), coriander, turmeric, celery, cumin, fennel, fenugreek, other seeds such as ajwan seed, mustard, aniseed, nutmeg & mace; other spices such as asafoetida, tamarind. expanded both in value and volume as compared to 2019-20. India exported spices and spice products to 180 destinations worldwide in 2020-21. The top destinations among them were China, USA, Bangladesh, Thailand, UAE, Sri Lanka, Malaysia, the UK, Indonesia and Germany. These nine destinations comprised more than 70 percent of the total export earnings in 2020-21. Spices worth Rs. 6,217.5 crores (US\$ 791.5 million) were exported to China in 2020-21. Which constituted 23 percent of the overall value exported. Spices worth Rs. 4,650 crores (US\$ 586.8 million) were exported to USA.

Gross Domestic Product (GDP) is a broad measurement of a nation's overall economic activity. Imports and exports are main components of expenditures method of calculating GDP. Exports minus imports (X-M) equals net exports. When exports exceed

imports, the net exports figure is positive and this indicates that country has a trade surplus. When exports are less than imports then net exports figure is negative. This indicates that the nation has a trade deficit.

Trade surplus contributes to economic growth in a country. When there are more exports, it means that there is high level of output from a country's factories and industrial facilities, as well as greater number of people are employed in order to keep these factories in operation. If exports increase then flow of funds into the country also increases. This stimulates consumer spending and contributes to economic growth.

Finally, we can say that exports help in economic growth of a countries.

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