



SPICE EXPORTS - AGRICULTURE PRELIMS AND GS III MAINS

Q. What are the recent issues faced by the Indian spice exports abroad? Why its imperative for India to gain spice markets across the world. (10 marks, 150 words)

News: *MDH and Everest controversy could threaten over half of India's spice exports*

What's in the news?

- According to the Economic think tank Global Trade Research Initiative (GTRI) report, the recent ongoing controversy regarding MDH and Everest spice companies could threaten over half of India's spice exports.

Key takeaways:

- The report has further added that in order to preserve the reputation of India's spice exports, India needs to address the quality issue of spices on an urgent basis.

Spices:

- Spices are dried parts of plants which include seeds, roots, bark, and fruits. These are valued for their flavours, aromas, preservative qualities and their ability to mask undesirable odours.

Spice Sector in India:

- India is the world's largest producer, consumer and exporter of spices.
- A total of 52 spices are under the purview of the Spices Board. Spices Board (Ministry of Commerce and Industry) is the flagship organization for the development and worldwide promotion of Indian spices. It was established by the Spices Board Act, 1986.

India's Spice Export Data 2023-24:

- The export of spices contributes 41% of the total export earnings from all horticulture crops in the country.
- It ranks fourth in terms of exports among agricultural commodities— behind only the marine products, non basmati rice and basmati rice.

1. Total Value of Exports - USD 4.25 billion

2. **India's Share in Global Spice Exports** - 12% (Total Spice trade of the world- USD 35 billion. China is the top exporter, with exports of USD 8 billion in 2023).

3. Major Spices Exported from India:

- Chilli powder - USD 1.3 billion
- Spice oils and oleoresins - USD 1 billion
- Cumin - USD 550 million
- Turmeric - USD 220 million



- Cardamom - USD 130 million

4. Major Spices Imported by India:

- Spice oils and oleoresins - USD 354 million
- Cinnamon and cassia - USD 270 million
- Coriander and cumin - USD 210 million
- Nutmeg - USD 118 million
- Asafoetida - USD 110 million

5. Markets of Indian Exports:

- China - USD 928 million
- US - USD 574 million
- Bangladesh - USD 339 million
- UAE - USD 256 million
- Thailand - USD 193 million

Recent Issues with India's Spices Exports:

1. Detection of Carcinogenic Chemicals:

- Popular spice brands like MDH and Everest have been banned from selling their products in Hong Kong and Singapore, after alleged detection of the carcinogenic chemical ethylene oxide in their products.

2. Detection of Salmonella Contamination:

- There has been detection of salmonella contamination in Indian Spices. This contamination is a frequent bacterial cause of foodborne illness.

3. Contamination of Equipment and Utensils:

- FDA inspection of MDH's manufacturing plant has found inadequate sanitary facilities, as well as contamination of equipment and utensils.

4. Rejection over Quality Issues:

- There has been constant rejection of India's spices over quality issues.
- For example - EU has constantly rejected Indian spices in the past over their failure to address the quality requirements.

5. Trade Wars:

- The trade wars in spices aim to bring down the global prices of spices. India's export earnings from spices had doubled in the past four to five years.

6. Inadequate Infrastructure and Logistics:

- Inadequate infrastructure and logistics pose challenges in transporting spices from production centres to ports for export.



Significance of Spice Exports from India:

1. Economic Contribution:

- Spice exports contribute substantially to India's foreign exchange earnings, which helps in improving the country's balance of trade and strengthening its economy.
- For example - India earned 4.25 bn USD through spice exports.

2. Employment Generation:

- The spice industry, being a labor-intensive sector, provides employment opportunities in rural areas. This contributes to poverty alleviation and rural development.
- For example - In Kerala, it is a major source of employment.

3. Diversification of Agriculture:

- Spice cultivation offers farmers an alternative source of income and helps diversify agricultural production.
- For example - Spices contribute to 41% of India's horticultural export earnings.

4. Cultural Heritage Promotion:

- Spices are an integral part of India's rich cultural heritage and culinary traditions.
- The export of spices helps promote Indian culture globally and enhances the country's soft power.

Government Measures:

1. Export Promotion Schemes:

- The government has introduced export promotion schemes such as the Merchandise Exports from India Scheme (MEIS) and the Export Promotion Capital Goods (EPCG) Scheme to incentivize spice exporters.

2. Quality Certification and Assurance:

- Certification schemes such as the Spice House Certification Scheme (SHCS) ensure adherence to quality standards and promote the export of safe and high-quality spices.

3. Research and Development:

- The government supports research and development efforts in spice cultivation, processing, and value addition technologies through institutions like the Indian Council of Agricultural Research (ICAR) and the Spices Board.

4. Promotion Campaigns:

- Branding initiatives like 'Brand India' and 'Flavourit – Indian Spices' position Indian spices as premium products with unique flavours and health benefits.



Way Forward:

1. Swift Investigation:

- Swift investigations and the publication of findings are essential to re-establish global trust in Indian spices. The Erring firms found indulged in the contamination should face immediate repercussions.

2. Increase in Sampling Size of Spices for Inspection:

- Spices Board and the Food Safety and Standards Authority of India (FSSAI) must increase its sample size of spices units for inspection.

3. Market Diversification:

- Indian spice exports must be diversified into emerging markets to reduce dependence on traditional markets like the US, EU, and Middle East.

4. Improvement of Infrastructure:

- Improvements in storage facilities, transportation networks, and port infrastructure are needed to reduce transit times and maintain freshness of Indian spices.

