

# Farmers hit by slump in pepper prices

'Cheaper imports from Vietnam, via Sri Lanka, benefiting from duty pacts; southern producers in a fix'

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A sharp fall in the price of black pepper, coupled with low production of the spice, has put farmers in Kerala, Tamil Nadu and Karnataka – the three major pepper producing States in the country – in a fix.

Black pepper prices crashed from ₹760 a kg in 2017 to ₹600 a kg and then to ₹500 a kg. The spot price of pepper in Wayanad, a major pepper-producing region in Kerala, on Tuesday, was ₹300-₹310 as against ₹500 during the corresponding period last year, said M.C. Abdu of Ideal Spices, a pepper dealer in Wayanad.

"The influx of imported pepper from Vietnam via Sri Lanka was the major reason for the fall in prices in the Indian market," Mr. Abdu said.



**Poor impact:** Minimum import price and import curbs have so far failed to help, says IPSTPC's Kishor Kuruwa. ■ KAMAL NARANG

The cheaper pepper from Vietnam continues to flood the market through Sri Lanka, aided by a low-duty structure under South Asian Free Trade Area (SAFTA) pact and Indo-Sri Lanka Free

Trade Agreement (ISFTA).

Under ISFTA, India could import 2,500 tonnes of pepper a year from Sri Lanka without duty, and above the quota, a duty of 8% would be imposed as per the SAFTA,

Mr. Abdu said. But direct pepper imports from Vietnam attract a duty of 52% under the ASEAN trade agreement.

According to data with the Spices Board, the total production of pepper in the country during the last fiscal was about 55,000 tonnes, including 20,000 tonnes from Kerala, 10,000 tonnes from Tamil Nadu, and the remaining from Karnataka.

## Re-export to Brazil

Domestic consumption comes to about 55,000 tonnes a year. However more than 35,000 tonnes of pepper were imported in 2017.

"Of this, 20,000 alone came from Sri Lanka and the balance from other countries such as Vietnam, Indonesia, Brazil for re-export," said Kishor Shamji Kuruwa,

the Cochin chapter head of the Indian Pepper Spice Traders and Producers Consortium.

The Ministry of Commerce had fixed a minimum import price (MIP) of ₹500 a kg of pepper in December 2017 to curb the imports. When import continued with the aid of loopholes in the order, the ministry further amended the restrictions for import a few months ago. But that too has failed to generate any positive results, Mr. Kishore said.

More than 6,000 tonnes of pepper were imported this year for domestic and re-export purposes even after the amendment. Flooding of 'smuggled' pepper in Indian markets from Vietnam via Bangladesh, Myanmar and Nepal is the other threat to industry, he said.