

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 1955
TO BE ANSWERED ON 3rd JULY, 2019

IMPORT AND PRODUCTION OF PEPPER

1955. KUMARI SHOBHA KARANDLAJE:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- whether the Government had imposed a Minimum Import Price (MIP) on Pepper to protect domestic pepper growers;
- if so, whether it has made any positive impact on domestic pepper growers and if so, the details thereof;
- whether rising imports and illegal entry of pepper had taken its toll on the average pepper price in India and if so, the details thereof;
- whether domestic production is likely to drop below 50,000 tonnes against a consumption of 65,000 tonnes during the year 2018-19 and if so, the details thereof;
- whether the Government proposes to remove black pepper from the South Asian Free Trade Area (SAFTA) and India Sri Lanka Free Trade Agreement (ISFTA) import lists in order to aid domestic growers, if so, the details thereof and if not, the reasons therefor ; and
- the steps being taken to stop cheaper imports from Bangladesh, Bhutan, Nepal, Sri Lanka and Vietnam and the corrective measures taken to protect the interests of pepper growers in the country?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)
THE MINISTER OF COMMERCE AND INDUSTRY
(SHRI PIYUSH GOYAL)

(a) & (b): In order to reduce the import of pepper and to stabilize the domestic price of pepper, Government had fixed the CIF value of Rs.500/- per kg. as the Minimum Import Price for Black Pepper vide Notification of Directorate General of Foreign Trade (DGFT) dated 6/12/2017. Subsequently, an amendment was brought in the Minimum Import Price (MIP) notification by making import of pepper at or above Rs.500/- per kg. free and import below Rs.500/- per kg prohibited vide DGFT Notification dated 21/3/2018.

The details of import of pepper into India during the last three years and the current year are given below;

Year	Quantity (MT)	Value (Rs.Lakhs)
2015-16	19365	116296
2016-17	20265	111590
2017-18	29650	109084
2018-19 (Est.)	24950	77991

(Est: Estimate. Source: DGCI&S Kolkata/DLI from Customs)

Imposing of Minimum Import Price for black pepper has helped to arrest steep fall of pepper prices and reduce imports. The estimated import of pepper into India in the year 2018-19 was 24950 Metric Tons as compared to 29650 Metric Tons in the year 2017-18, registering a decline of 15.9%.

(c) Rising imports coupled with increased global production of pepper have resulted in fall in the price of pepper in the domestic market. The price of black pepper has been showing declining trend since the year 2017-18. The average price of black pepper during 2016 -17 in domestic market was Rs. 694.77 per kg, which has declined to Rs.378.21 per kg during 2018-19.

The average domestic price of pepper during the last 4 years is given below:

Year	Average domestic price of pepper (MG1) at Cochin (Rs/Kg)
2015-16	655.22
2016-17	694.77
2017-18	473.73
2018-19	378.21

Source: Indian Pepper and Spice Trade Association, Cochin

(d) The domestic production of pepper during 2018-19 is estimated to be less i.e. 62144 tons compared to the pepper production of 70878 tons during the year 2017-18 as all districts of Kerala and five districts of Karnataka were affected by heavy rain, flood and landslide, which damaged plantations resulting in low production during 2018-19. The details of annual consumption and production of pepper in the country during the last three years and the current year are given below;

Year	Production (MT)	Domestic Consumption (MT)
2015-16	73555	50000
2016-17	62080	55000
2017-18	70878	58000
2018-19 (*)	62144	58000

(*) Projection

Source : Production : Directorate of Arecanut and Spices Development, Calicut, Kerala. Consumption: International Pepper Community, IPC, Jakarta

(e) India enjoys trade surplus in SAARC region. Any decision to review or otherwise the terms of SAFTA and ISFTA is dependent upon the bilateral views of the parties to these agreements. No decision has been taken on the issue of review of SAFTA and ISFTA as yet.

(f) India is not importing pepper from Bangladesh, Bhutan & Nepal. The various steps taken up by the Government to curb import of pepper from Sri Lanka and Vietnam include, inter-alia, the following:

1. The Union Government Vide Directorate General of Foreign Trade (DGFT) Notification dated 6/12/2017 fixed Rs.500/- per kg as the Minimum Import Price for black pepper.
2. Subsequently, an amendment was brought in the Minimum Import Price (MIP) notification by making import of pepper at or above Rs.500/- per kilogram free and import below Rs.500/ per kg prohibited vide DGFT Notification dated 21/3/2018.

3. To prevent improper import of pepper from other countries taking advantage of preferential access under the India-Sri Lanka Free Trade Agreement (ISLFTA) and Agreement on South Asian Free Trade Area (SAFTA), Sri Lankan Authorities were requested to exercise extreme care and diligence in issuing the Certificate of Origin. On our request, Sri- Lanka has introduced a new procedure to prevent misuse of Certificates of Origin for third-country black pepper shipments destined to India. While issuing such Certificates of Origins, relevant authorities in Sri Lanka are also cross verifying information on exports of pepper obtained from different sources in Sri Lanka, to ascertain the genuineness of exports. Sri Lanka has also put in place a mechanism under which access has been given to Indian authorities to examine the scanned copies of Certificates of Origin issued for black pepper exports under ISFLTA and SAFTA .
4. Sri Lanka has temporarily suspended import of spices including pepper and areca nuts through the Entrepot Trade and Commercial Hub Operations to prevent these spices being re-shipped from Sri Lanka to India as Sri Lankan products.
5. Sri Lanka has also agreed to facilitate the visit of a technical team to examine the existing procedures in Sri Lanka for issuing Certificate of Origin and the new mechanism set up by Sri Lanka for verification of authenticity of certificates issued for black pepper shipments exported by Sri Lanka under ISFTA and SAFTA.
6. Instruction has been issued to authorized officers of Food Safety and Standards Authority of India (FSSAI) and field formations of Customs to be vigilant at the point of entry in the ports in order to address the possibility of entry of inferior quality pepper from various countries.
