



## Declining Pepper Price

A steep **fall in the price of pepper** in the harvest season and low production owing to climate vagaries are the major concerns of **pepper growers (Kerala and Karnataka)** in South India.

### Reasons For Decline in Price

- **Torrential rain** a few months ago in pepper-growing areas of Kerala and Karnataka caused a sharp decline in crop production.
- **High moisture content** owing to the rains has **triggered fungal diseases** like **quick wilt** and **soft wilt** and has massively destroyed the pepper crop.
- **Cheaper pepper from Vietnam** continues to flood the market through Sri Lanka, and, **aided by a low-duty structure** under the [ASEAN](#) (Association of Southeast Nations) trade agreement, **SAFTA** (South Asian Free Trade Area) and **ISFTA** (Indo-Sri Lanka Free Trade Agreement) are the major reasons for the declining price.
  - Major pepper consuming markets such as Patna, Ranchi, Lucknow, Varanasi, Indore, Delhi etc have been flooded with cheap Vietnamese pepper imported illegally as Sri Lankan produce through the borders of Nepal, Myanmar and Bangladesh.

### Remedial Measures

- The Ministry of Commerce and Industry had imposed a **minimum import price** (*minimum price per tonne that Indian firms have to pay while importing products into India*) on pepper in 2018 to protect domestic pepper farmers but it is yet to make any positive impact.
- The **Indian Pepper and Spice Traders, Farmers, Producers and Planters Consortium (IPSTPC)** had urged the Commerce Ministry to **remove black pepper from SAFTA and ISFTA import list** in order to save domestic growers but it is yet to be considered.

### South Asia Free Trade Agreement (SAFTA)

- The South Asia Free Trade Agreement (SAFTA) was agreed to among the seven South Asia countries that form the South Asian Association for Regional Cooperation (SAARC): Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
- SAFTA replaces the earlier South Asia Preferential Trade Agreement (SAPTA) and aims to reduce tariffs in order to promote intraregional trade among the SAARC members