

Chinese love for Indian red chilli hoists exports of the spice to a record

China's import of red chilli from India has grown dramatically from under 10,000 tonnes until FY18 to nearly 75,000 tonnes in the following year and about 1.4 lakh tonnes in FY20 as Chinese people have taken a fancy to the Indian spice, which is much hotter than their locally grown low-heat paprika chilli

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India exported 6,01,500 tonnes of red chillies worth about Rs 8,430 crore in FY21.

Export of Indian red chillies has soared to a record as China is gobbling up huge quantities of the pungent spice, and importers, traders and retailers have built huge stocks to prepare themselves for any disruption caused by the COVID-19 pandemic, traders and industry experts said.

In recent years, Chinese people have taken a fancy to Indian chillies, which are much hotter than what the neighbouring country produces. China now accounts for nearly half of the export of the hot spice.

“The demand for all food items has gone up during the pandemic. It must have reflected on chilli as well. Importers, traders and retailers have been stocking up by buying large quantities as they don’t know what will happen next,” said Prakash Namboodiri, former chairman of All India Spices Exporters Forum.

India exported 6,01,500 tonnes of red chillies worth about Rs 8,430 crore in FY21. The spice now accounts for 38 percent of the volume and 31 percent of the value of all spices exported from India. It has further cemented red chilli’s position as the largest exported single spice from the country. Total spices export from India fetched over Rs 27,193 crore last year.

China has a large cultivation of low-heat paprika chilli, but people in the country are demanding more and more of high-heat Indian chillies. “China’s import of high-heat Teja chillies from India has been rising every year,” said A P Murugan, director, Paprika Oleo’s India Ltd.

China's import of red chilli from India was under 10,000 tonnes till FY18 but it multiplied to nearly 75,000 tonnes in the following year and jumped again in FY20 reaching about 1.4 lakh tonnes, data from the government's Spices Board India shows. The 2020-21 figures for exports to China are not available.

Another factor influenced exports last year. Many exporters could not process chilli because of lockdowns and other COVID-19 restrictions. "China put up factories for processing and bought raw chillies from India. In the previous years they used to buy processed chillies more," said Shivakrishna, director of N K Agro Exports India (Pvt.) Ltd., leading chilli exporter, adding that the demand was also strong from other countries such as Thailand and Bangladesh.

As a result of heavy purchases last year, demand is yet to rise in the current financial year. The average prices of Teja variety are hovering in the range of Rs 145 to 150 per kg, which is almost the same from a year ago. As exports picked up, the prices rose to Rs 180-190 per kg last year.

The fresh harvest is stored in the cold storages in Andhra Pradesh and Telangana, which together has a share of over 60 percent of the total chilli output in the country. "The cold storages are full and we do not expect the prices to rise much as in 2020," Murugan said.

Despite an increase in acreage, the chilli output in the country has not gone up. "Though there was 15-20 percent rise in cultivated area, weak rains spoiled the prospects of a bumper crop. But given the high prices, farmers will go for more cultivation for next season as well," said Ravi Peraiah, MD of Vijayakrishna Spice Farms Pvt. Ltd.

Cotton as an alternate crop in Andhra Pradesh and Telangana require less water but the crop has been beset with pest problems forcing farmers to stick to chillies. India's red chilli output in FY21 rose 8 percent over the previous year to 19,88,304 tonnes.

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