VANILLA IS STILL ECONOMICALLY VIABLE

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Having known the export potential of vanilla Spices Board during IX plan took up a programme to popularize the crop in Kerala and Karnataka. As a result by the end of the plan period about 320 hectares were brought under cultivation. The programme was extended with a targeted area of 5000 hectares for the X plan. At the end of 2004-05 planting season it is estimated that about 2000 hectares have been brought under the crop.

About 0.75 percent of world import of spices is vanilla which in terms of value is 1500 million US $. This is an indication of the global trade of vanilla. The survey conducted by ITC has revealed that the major importers of vanilla are USA, Germany, France, Canada, Japan and UK. All the countries which produces vanilla export it either as beans or in value added forms. The major buyers of vanilla beans are the developed countries like USA, Germany, France which together account for about 70 to 80 percent of the world imports. These countries not only consume it but they reprocess and export to other countries.

The international price of vanilla was controlled by the producing countries and America and European importers. These countries had an agreement according to which the price of vanilla was kept at $ 74 per kg from March 1990 to February 1991. The price was revised upward later and in 1992 it was $ 82 per kg. After 1992 the price of vanilla beans declined on account of dissolution of the vanilla agreement and increased supply position. In 1997-98 the price was only $ 37.75 per kg. which in 1998-99 came down to $ 26. Whereas in 2001-02 the price went up to $ 220 per kg in New York market.

In the Indian market the price of cured beans was Rs.2000/- per kg in 1995-96, which rose to Rs.8000 per kg in 2001-02. In 2002-03 and 2003-04the price went up to Rs.15000/- per kg of cured beans. This unprecedented price rise was due to the large scale damage caused to Madagascar's crop in 2000 as a result of the adverse climatic conditions there. The spurt in the price has no doubt attracted huge response from growers resulting spontaneous cultivation of vanilla. But those who expected the price to remain at this level were disappointed due to the decline in the price to the 1995-96 level. This has dampened the sprit of the once enthusiastic vanilla growers.

Is the current pessimism justifiable? Econo mics of vanilla cultivation and other factors speak otherwise.

The crop comes up well from sea level to around 1500 meter MSL with a temperature ranging of 25 to 35° c and a well distributed rainfall of 150 to 300 cm per year. It requires 50 percent shade and can be cultivated as an intercrop in coconut, arecanut and pepper farms. The coconut, arecanut, pepper and coffee plantations of the states like Kerala, Karnataka, parts of Tamilnadu are ideally suited to grow vanilla as an intercrop. Unlike other crops it does not require an exclusive land for its cultivation. In other words the opportunity cost on land is practically nil. With proper care and management it yields about 50 to 60 kgs of processed beans in the fourth year and about 150 kgs in the fifth year. The yield will increase further and stabilize at about 300 kg by the sixth year and continue for about 15 years and thereafter decline gradually to uneconomic levels when replanting is recommended.

The cultivation cost of vanilla at to days labour wages and planting material cost are as follows: **(Table 1)**

A.	Cost of cultivation for 1st year	Rs.34375.00
B.	Cost of cultivation for 2nd year	Rs.13200.00
C.	Cost of cultivation plus processing of beans for the 3rd year.	Rs.17500.00
	Total	Rs.65075.00

Unit cost for establishment of the crop in one ha (1,600 vines) as shown above works out to Rs.65,075 for the first three years. The maintenance cost during 4th year will be Rs.20,000/- and from 5th year onwards 25,000/- hectares. The total investment for a period of 15 years including pre-bearing stage comes to Rs.3,60,075 per hectare.

The total yield of processed beans expected during this period is 3,210 kgs which at the rate of Rs.893/- works out to Rs.28,66,530/- per kg. A sale price of Rs.893/kg. of beans has been assumed taking the lowest international price in last 10 years i.e. USD 19 / kg. Conversion of Rs.47 / UAD is taken for calculations. The details of costs and benefits for 15 years will illustrate the economic feasibility of the crop.**(Table 2)**

Vanilla being a high value crop will soon become a major export earner for India. Food ingredient companies like Danisco is in the Indian market looking for vanilla. Other global buyers will also enter the market provided we follow strict quality control measures at all levels. Developed countries which use synthetic vanillin are switching to natural product. Presently about 28000 metric tonnes of synthetic vanilla is produced annually for consumption. Even one percent shift towards natural vanilla will ensure substantial market for it.

A small quantity of vanilla beans from India has already entered the international market. The analysis made by a few Indian and foreign firms to assess the quality has been found internationally acceptable. There are analytical reports to show that the vanillin content, which is the critical factor for the price determination is more than two percent in fairly well processed Indian beans. Accordingly, it should be possible for Indian vanilla to make a definite entry in the international market and fetch a good price.

On a trial balance the net income from vanilla cultivation during its economic

(Table 2)

Years	I	II	III	IV	V	VI to XV
Costs in Rs.	34375	13200	17500	20000	25000	25000
Benefits in Rs.	-	-	-	53580	133950	267900
Net Benefits in Rs.	-	-	-	33580	108950	262900

life cycle comes to Rs.28.67 lakh per hectare. The total investment for a period of 15 years including pre-bearing stage comes to Rs.3.60 lakhs per hectare. This shows that even at the lowest price of the last ten years the earnings from vanilla is attractive. People engaged in its cultivation and those intending to take up cultivation should not and need not lose heart. They should instead do intensive cultivation to increase productivity and earnings from their holdings. It must be noted that while the present level of world demand is only around 5000 metric tones by 2010 it is expected to increase to 14000 metric tonnes. This expected growth potential augur well for the crop and the only question asked is whether we are prepared to meet the challenge.

The main bottleneck in area expansion of vanilla was non-availability of enough planting material. In order to tide over the situation Board has made all arrangements to supply rooted cuttings and tissue culture plantlets at subsidized rates through its offices. Hence people should make use of this opportunity to cultivate vanilla where ever possible and contribute to the export market and thereby to nation's economy.

Reference:

1) Vanilla Status Paper
2) Vanilla the Prince of Spices