

# Cumin turns hot

Prices set to touch a five-year high as production shrinks by a third



## Analytical contacts

**Pushan Sharma**

Director

CRISIL Research

pushan.sharma@crisil.com

**Priyanka Uday**

Manager

CRISIL Research

priyanka.uday@crisil.com

**Deeksha Bharti**

Research Analyst

CRISIL Research

deeksha.bharti@crisil.com

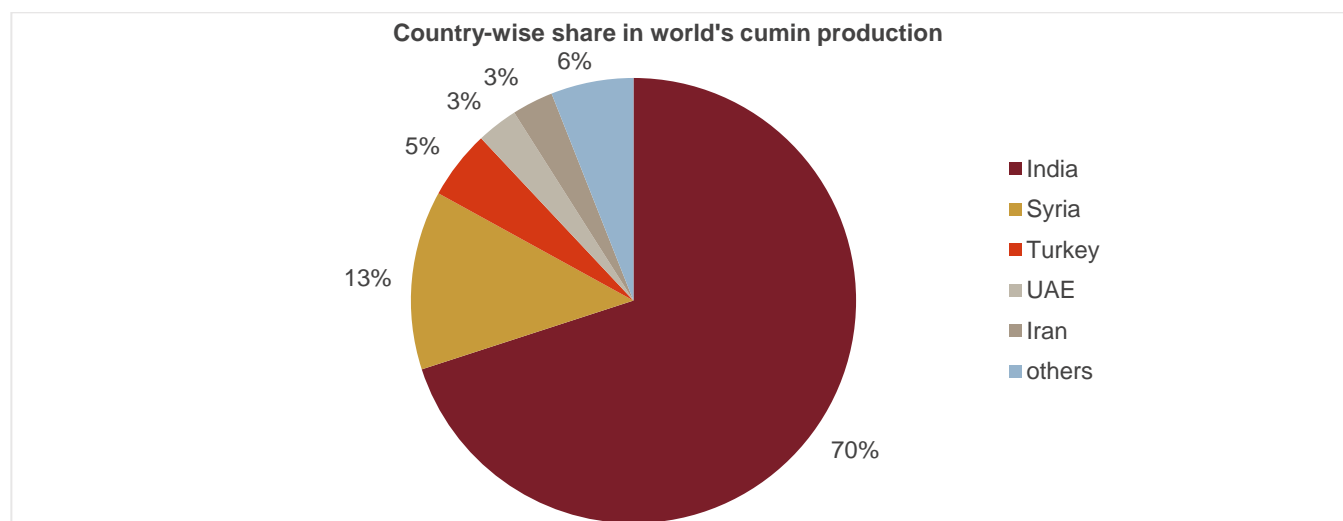
## Low acreage, unseasonal rains crimp output

Cumin, an unassuming item of the Indian spice box, appears set to take centre stage as a sharp decline in production in crop season 2021-22 (November-May) drives up its prices to a five-year high.

For the record, cumin is the second-most popular spice in the world after black pepper. Apart from its significance in adding flavour to our cuisines, the spice has been used as a gift to brides and even used to pay taxes, going by folklore.

A crop native to Egypt's Nile valley and the Eastern Mediterranean, it is now largely produced in four countries — India, Syria, Turkey, and the United Arab Emirates (UAE).

Today, India accounts for ~70% of the world's cumin production and is also the largest exporter (30-35% of its production). A shortfall in the country's output is therefore bound to send up prices globally, too.



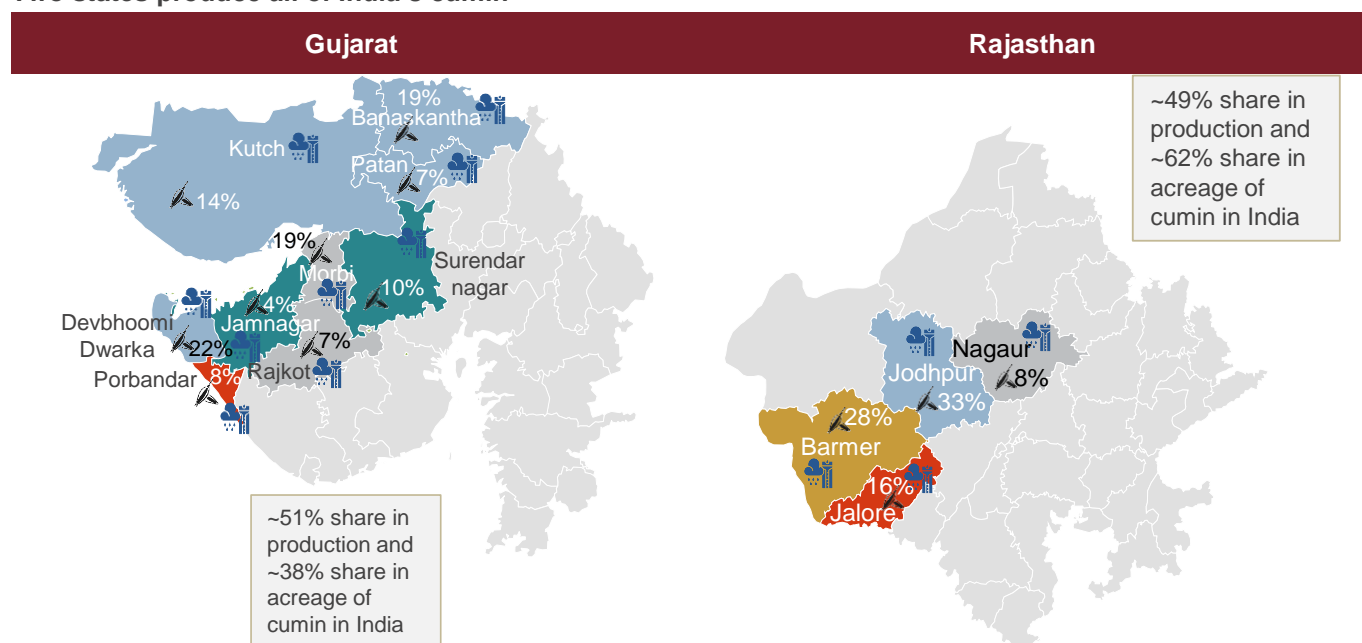
## Production has plunged...

Cumin acreage fell an estimated 21% on-year to ~9.83 lakh hectare during rabi season 2021-2022. Acreage likely declined 22% on-year in Gujarat and 20% on-year in Rajasthan.

As if that was not enough, adverse climatic conditions in the two states deterred proper seed filling, resulting in an estimated yield decline of ~20% on-year in Gujarat and ~15% on-year in Rajasthan.

Thus, total cumin output is estimated to have declined ~35% on-year to 5,580 lakh tonne in 2022.

**Two states produce all of India's cumin**



Note: % denotes district-wise share in cumin production in the respective state. The districts are colour coded as per rains received during October-December 2021 (legend given below). The symbol stands for largely excess rains in January 2022

>60%	+59% to +20%	+19% to -19%	-20% to -59%	-60% to -99%
Largely excess	Excess	Normal	Deficit	Largely deficit

**Reasons for low acreage**

- a. **Shift to mustard and gram:** During the cumin sowing period (October-December 2021), mustard prices jumped 43% on-year to Rs 74/kg and gram prices increased ~35% on-year, making these more attractive than cumin.
- b. **Decline in cumin prices:** Cumin prices have been falling since 2018. In fact, prices plummeted in 2020 and 2021 (up to August). This, too, deterred farmers from taking up the cumin crop.

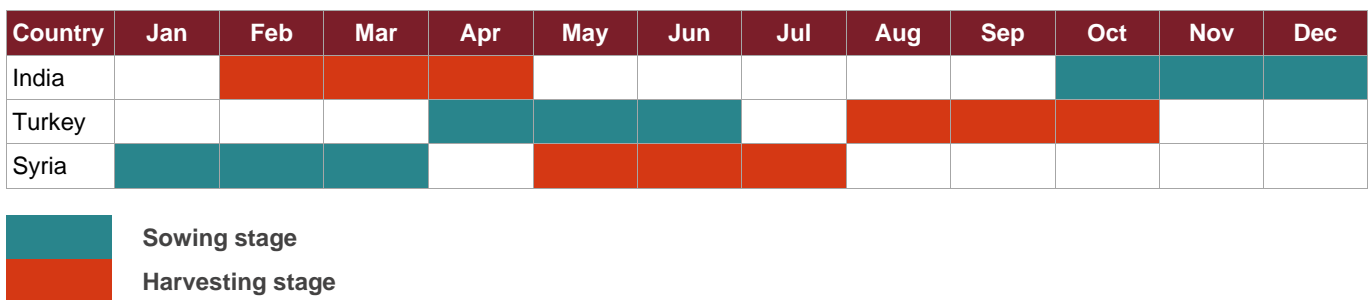
Year	Weighted average mandi price (Rs/ quintal)
2017	16,332
2018	15,801
2019	14,606
2020	12,333
2021	12,522

- c. **Unseasonal rains during October-December 2021:** Cumin is sensitive to water and excess moisture in soil leads to diseases such as wilt. Excess rainfall in the key cumin belts of Dwarka, Banaskantha and Kutch in Gujarat, and Jodhpur and Nagaur in Rajasthan increased the probability of wilt attack, preventing farmers from sowing the crop.

### ...so have exports

After trending up between fiscals 2018 and 2021, cumin exports declined ~24% on-year in fiscal 2022 (April 2021- February 2022), owing to 51% drop in exports to China (accounts for one-third of exports) following a pesticide residue issue in Indian consignments. Given that production has likely declined by a significant ~35%, exports too are expected to fall this fiscal.

That apart, India does benefit from the fact that the crop harvesting calendar varies across cumin cultivating countries. In India, cumin is grown as a rabi crop — sown during October to December and harvested between February and April. It is able to fill the void created by other countries' lean season.

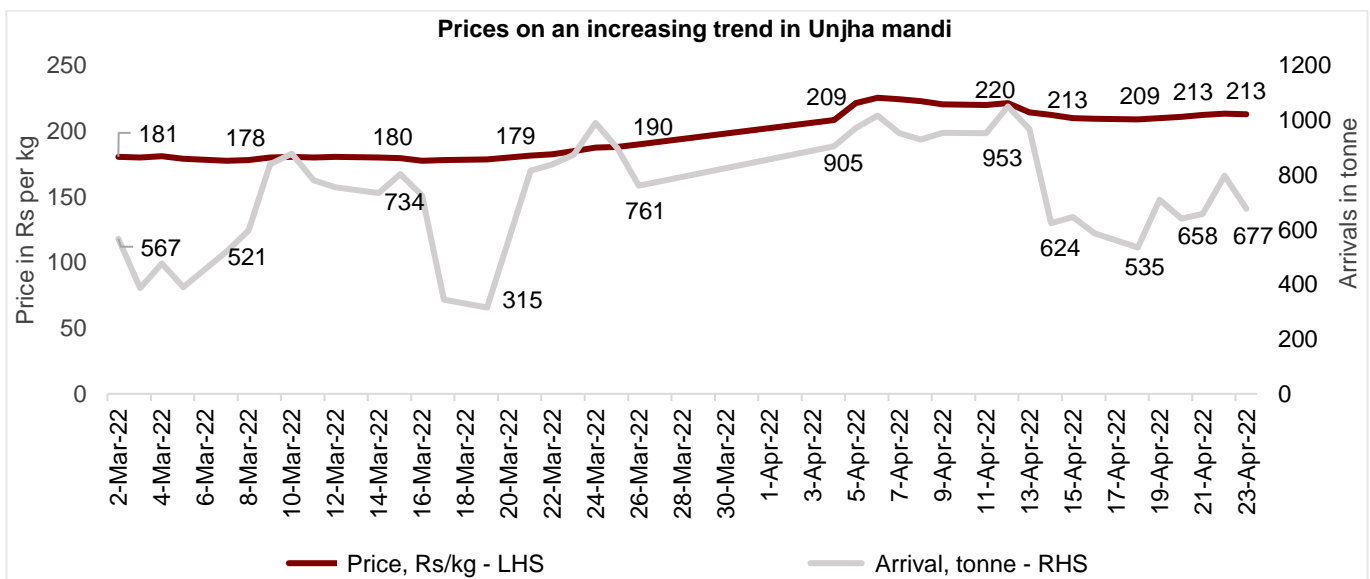


### Prices set to spurt

The shortfall in supply is expected to send cumin prices soaring this year.

Unjha mandi in Gujarat, which accounts for ~40% of India's cumin arrivals, witnessed a 60% on-year decline in arrivals in March 2022. While arrivals for April (1<sup>st</sup> – 23<sup>rd</sup>) show ~38% increase on-year, it is on a low base of last year where there were no arrivals in the second half of April amid the pandemic. Consequently, prices in the mandi jumped 47% and 72% on-year in March and April (1<sup>st</sup> – 23<sup>rd</sup>), respectively.

Prices in Unjha mandi have been increasing from Rs 180 per kg levels in March to about Rs 215 per kg this month (see chart below).



Fall in exports will put pressure on global price as well. Short supply from India, higher prices in Turkey and estimated lower production in Syria will support the bullish trend. As on April 23, 2022, cumin prices in the international markets were up ~50% on-year at €2.34/ kg on average.

CRISIL estimates cumin prices to shoot up 30-35% on-year to touch a five-year high of Rs 165-170/ kg in rabi season 2021-2022. Cumin farmers, therefore, are set to reap lucrative realisations this year

## Industry voices

*“Prices may rise to as high as Rs 200 per kg for the Singaporean 99, a premium quality cumin .”*  
— *an Unjha mandi trader*

## About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

## About CRISIL Research

CRISIL Research is India's largest independent integrated research house. We provide insights, opinion and analysis on the Indian economy, industry, capital markets and companies. We also conduct training programs to financial sector professionals on a wide array of technical issues. We are India's most credible provider of economy and industry research. Our industry research covers 86 sectors and is known for its rich insights and perspectives. Our analysis is supported by inputs from our large network sources, including industry experts, industry associations and trade channels. We play a key role in India's fixed income markets. We are the largest provider of valuation of fixed income securities to the mutual fund, insurance and banking industries in the country. We are also the sole provider of debt and hybrid indices to India's mutual fund and life insurance industries. We pioneered independent equity research in India, and are today the country's largest independent equity research house. Our defining trait is the ability to convert information and data into expert judgments and forecasts with complete objectivity. We leverage our deep understanding of the macro-economy and our extensive sector coverage to provide unique insights on micro-macro and cross-sectoral linkages. Our talent pool comprises economists, sector experts, company analysts and information management specialists.

## CRISIL Privacy

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit [www.crisil.com/privacy](http://www.crisil.com/privacy).