

# *The Bitter Truth Behind the Sweet Cardamom Prices in India*

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## **ABSTRACT**

Cardamom, known as the “Queen of Spices”, is vital to India’s spice economy. Although nominal prices rose sharply from 2015 to 2024, farmers gained little in real terms once inflation was considered. Between 2016 and 2018, real incomes improved, but from 2019 onwards, inflation eroded most benefits, leaving farmers worse off despite record-high prices. The pandemic years deepened losses, and recent spikes created only paper prosperity, with over 60 per cent of income eaten by rising costs. This paper reveals that bigger prices don’t always means better lives of farmers. Real prosperity will come only when inflation is controlled, production is steady and farmers keep a fair share of the value.

## **INTRODUCTION**

Spices have always been an important part of food and culture, adding taste, aroma, and health benefits to daily life. Among them, cardamom is known as the

“Queen of Spices”, a sweet-smelling and flavourful herb loved across the world. In Saudi Arabia, it is the key ingredient on gahwa (traditional coffee), while in many counties it

is used in cakes, chewing gum, curries and even drinks like gin and bitter. Apart from its unique flavor, cardamom is also valued for its medicinal uses, making it one of the most popular spices worldwide. India's bond with spices goes back over 7000 years, when its rich spice trade shaped kingdoms, wars and global history. The rich aroma and flavor of Indian spices attracted traders from distant lands to this natural home of spices, blessed with thick forests and fertile soil. Over time, the spice trade changed history itself, as kingdoms rose and fell, wars were fought, treaties made and broken, and lands discovered which all are driven by the power of spices.

### Global Scenario

Cardamom is mainly grown in tropical regions across the world. Guatemala is the largest producer, followed by India. Together, the world produces about 35,000 metric tonnes of cardamom every year. Over the last two decades, demand for cardamom has risen sharply across the globe. The major consumers are the Middle Eastern countries, India, Pakistan, United States of America, European nations and Japan. The Middle East alone accounts for more than 60 per cent of global consumption, with Saudi Arabia being the single largest importer, followed by Kuwait.

### Indian Scenario

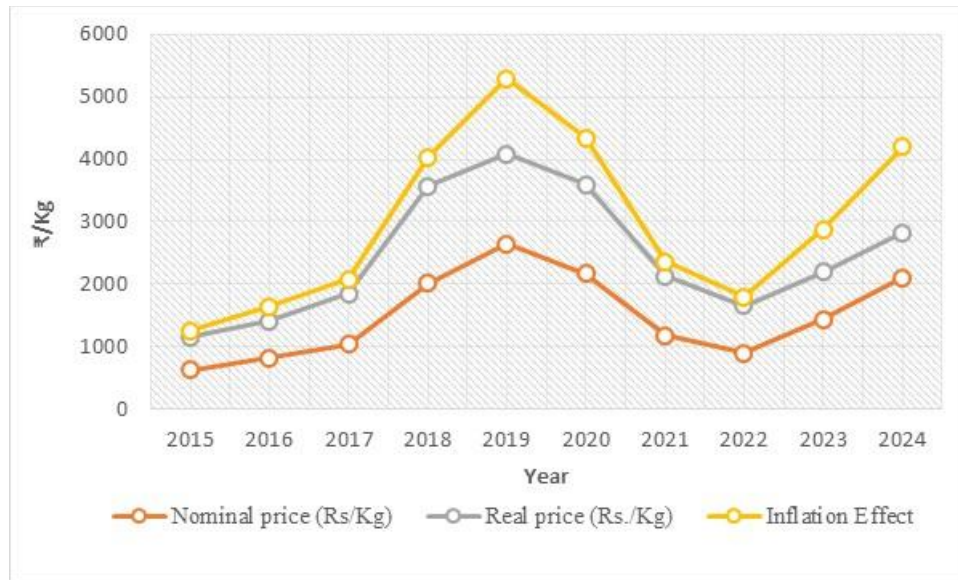
India, once the top producer, now ranks second after Guatemala, though it remains a leader in quality and consumption. Cardamom cultivation in India is concentrated in the western Ghats, also called the 'Cardamom hills', covering Kerala, Karnataka, and Tamil Nadu. Kerala contributes about 70 per cent, Karnataka around 20 per cent, and Tamil Nadu nearly 10 per cent of India's total cardamom production. In districts like Idukki (Kerala), talukas such as Udumbanchola, Peermeda, and Devikulam are the main growing centres. In 2024-25, India's cardamom production was estimated around 8000 production tonnes. India ranks second in exports after Guatemala, but its small cardamom enjoys premium demand due to its aroma and superior quality. About 15 to 20 per cent of Indian's production is exported, mainly to Saudi Arabia and Kuwait. However, export volumes vary depending on domestic consumption and yearly production levels. In 2023, India exported cardamom worth \$1551.1 million, which is a huge value, making up a significant portion of spice exports and overall exports as well. Saudi Arabia, Kuwait, the United Arab Emirates, Iran and Qatar are the top trading partners for India Cardamom export (Spice Board of India 2024).

**Table 1: Average nominal and real cardamom price with the impact of inflation on cardamom prices in India (2015-2024)**

Year	Nominal price(₹/Kg)	YOY change (%)	WPI (2011 =100)	Real price(₹/Kg)	Inflation Effect	YOY change (%)	Share of nominal price eaten by inflation (%)	Real farmer gains or loss (%)
2015	631	-	122.3	515.94	115.06	-	18.23	-
2016	818	29.63	139.3	587.22	230.78	100.57	28.21	13.18
2017	1041	27.26	129.4	804.48	236.52	2.48	22.72	36.99
2018	2018	93.85	129.6	1557.09	460.91	94.87	22.83	93.55
2019	2647	31.16	184.6	1433.91	1213.09	163.19	45.82	-7.91
2020	2171	-17.98	152.1	1427.43	743.57	-38.70	34.25	-0.45
2021	1182	-45.55	125	945.60	236.4	-68.20	20	-33.75
2022	896	-24.19	117.2	764.50	131.5	-44.37	14.67	-19.15
2023	1441	60.82	192.3	749.35	691.65	425.96	47.99	-1.98
2024	2103	45.94	290.3	724.42	1378.58	99.31	65.55	-3.32

Source: Spices Board of India 2024, Department for Promotion of Industry and Internal Trade (DPIIT), 2024.

**Figure 1: Trend in average nominal price, real price and inflation effect of cardamom prices in India (2015-2024)**



Source: Author's compilation

## HOW INFLATION EATS CARDAMOM PRICES

Table 1 shows two important measures of cardamom prices i.e. nominal price and real price. The nominal price is the average market price farmers receive in each year, while the real price adjusts for inflation using the Wholesale Price Index (WPI) of cardamom. This helps us understand the actual purchasing power of the farmer's income from cardamom. As seen in Figure1, while the nominal price line rises steeply, the real price line remains flat or declines after 2018, showing the illusion of growth. This visual gap between nominal and real prices is the bitter truth behind the sweet cardamom boom.

At first glance, the story of cardamom prices over the past decade looks like a success. From ₹631 per kg in 2015, prices surged to an all-time high of ₹2103 per kg in 2024. For anyone outside farming, this might sound like prosperity. But dig deeper, and a different story emerges as one where farmers received little real benefit because inflation quietly consumed their gains. The numbers show a

stark contrast between the nominal price (market price) and the real price (inflation-adjusted price).

### The illusion of rising prices

Between 2016 and 2018, farmers truly enjoyed good times. Prices rose sharply, and after adjusting for inflation, farmers saw real gains by 13 per cent in 2016, 37 per cent in 2017, and an impressive 94 per cent in 2018. This period was the golden phase of the decade. But from 2019 onwards, the picture began to change. In 2019, while nominal prices jumped by 31 per cent, the real income of farmers actually fell by 8 per cent. Nearly half of what they earned was eaten up by inflation. This marked the beginning of a downward spiral.

The crunch years (2020-2022): The pandemic years hit farmers hard. In 2020, nominal prices dropped by 18 per cent, and even though inflation was lower, farmers still lost out. In 2021, real incomes dropped by 34 per cent and in 2022, they fell again by 19 per cent. These were years when the farmer's produce earned less and bought even less, creating double distress.

The post-pandemic mirage (2023-2024): From 2023, prices shot up again. Farmers might have felt hopeful seeing ₹1441 per kg in 2023 and ₹2103 per kg in 2024. But this hope was deceptive. Inflation surged faster, so that by 2024, the real value of cardamom was only ₹724 per kg. In other words, 65 per cent of the farmer's income was swallowed by inflation. This created a cruel paradox: higher prices on paper, lower value in reality.

### What the analysis really means

Cardamom farmers often feel happy when prices rise, but the truth is hidden behind inflation. The so-called "illusion of rising price" makes farmers think they are earning more, while real income is eaten by rising costs. The "crunch years" showed how production shocks and high inflation reduced actual gains, leaving farmers struggling. During the post-pandemic mirage, prices touched record highs, but farmers again faced higher input costs, labor shortages, and debt. In reality, the farmer's pocket remained almost the same. Understanding real prices, not just nominal ones, is the key to knowing true profit.

### CONCLUSION

The cardamom story highlights a broader issue in agriculture—price rise does not equal prosperity. Unless inflation is managed, farmers remain trapped in an illusion of growth. Policymakers must focus not just on boosting market prices, but also on stabilizing inflation, improving storage and export infrastructure, and ensuring farmers actually retain the value of their hard work. In the end, a farmer's real prosperity should be measured not in nominal rupees, but in what those rupees can buy.

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### Note

1. Real Price =  $\frac{\text{Nominal price}}{\text{Wholesale Price Index (WPI)}} \times 100$
2. Year over Year (YOY) change =  $\frac{\text{Current year price} - \text{Previous year price}}{\text{Previous year price}} \times 100$
3. Inflation effect = Nominal price – Real price



Authors interacting with a cardamom farmer during a field visit in Idukki district, Kerala.