

2019-20 INDIAN CHILLI CROP REPORT

Dec 01, 2019.

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Overall Crop outlook is good - MP arrivals are increasing - Update on possible Virus in Telangana region.

Current crop position looks fairly good in all the regions. Overall, weather continued to stay good during these couple of weeks and this has certainly helped the crop. Winter season is expected to be ideal so this will further help the chilli crop significantly.

Some areas in TLG reported virus damage and this may be a cause of concern but the virus isn't spreading and there is no significant damage to the crop overall. Based on our surveys, we are satisfied with the crop production at the moment in TLG. Prakasham area, one of the top chilli growing region in AP has reported sucking pest virus. More than 80% of the crop area got affected and treated accordingly. There is no crop damage in this area as well.

We have seen increase in new crop arrivals in MP (about 1 Lakh). BEDIA reported about 50 to 60 Thousand bags and DHAMNOD reported about 15 to 20 Thousand bags. Currently, about 50% of the material is rain touch or damaged. Quality arrivals will likely increase by Mid-December. New arrivals were also seen in Byadgi (5-6 thousand bags), Hyderabad & Guntur reporting around 11-12 thousand bags in their respective locations.

MARKET OUTLOOK:

At the moment, the export demand does seem receded due to higher prices, lack of quality chillies and the wait for new crop; but the requirement will pick up once quality arrivals start. Particularly MP will see good quality arrivals by Dec 15th.

Based on how things are going now, we are estimating very good crop next year, though the sowing may be relatively low, but the yield will be good and we believe quality chilli arrivals would continue to stay high even in April & May months.

As cold storages are almost empty in all the chilli producing states, we will see early entry of stockists and even big farmers will not sell their goods. It is better to plan the purchases as soon as good arrivals are in (estimated during Jan-Feb timeframe) as the prices are possibly going to stay in the range of 100 to 120 per kg initially and may not go down much. On the other hand, if the rates seem to go down this range, farmers would not be willing to sell and they will divert their goods to cold storage as there is every possibility that prices would likely increase by Apr-May timeframe.

----- DETAILED DATA -----

CROP AREA

- Sowing area in ANDHRA PRADESH (AP) constitutes about 1,32,000 Hectares. By the end of Kharif season, about 122,000 Hectares i.e. 93% of sowing was complete. During RABI season, 23,000 Hectares of sowing is expected. As of this week, 3000 Hectares of sowing is complete that constitutes about 14% of overall sowing.
- Sowing area in TELANGANA (TLG) is about 73,000 Hectares. By end of Kharif season, about 52,000 Hectares i.e. 70% of sowing was complete. During RABI season, 14,000 Hectares of sowing is expected. As of this week, 2000 Hectares of sowing is complete that constitutes about 15% of overall sowing.
- Based on reports from trusted sources, sowing in MADHYA PRADESH (MP) has reached 100% by the end of Sept. And sowing in KARNATAKA (KTK) is around 80-90% (approximate value).

NOTE: Data collected after surveying multiple villages and reports from multiple sources indicate that by late Nov there has been an increase in crop sowing in both TLG & AP states. Reports from Govt sources suggest otherwise, but we are fairly confident that chilli crop arrivals will be more than what we saw last year.

RAINFALL & WATER AVAILABILITY

Rainfall and water levels are adequate. Rainfall has reached 'Normal' expected levels i.e. around 100% (with + or - 10% deviation) in all the four states including the relatively dry areas in TLG, AP & KTK.

TLG Reservoirs Water Level: It's reported that there is 77% (368 TMC) increase in water level from last year. Last year it was 479 TMC, this year it's come around 847 TMC which is sufficient by good amount.

AP Reservoirs Water Level: It's reported that there is 70.3% (550.6 TMC) increase in water level from last year. Last year it was 783.4 TMC, this year it's come around 1334 TMC which is sufficient by good amount. Only Nellore has is deficit in rainfall.

CROP CLASSIFICATION

Due to high demand for Teja and S4/S334 this year, farmers are inclined to cultivate Teja chillis in particular. We have observed emerging areas for chilli cultivation for the first time in many districts. Area for Teja production will increase, the only hindrance for farmers is to find consistent labourers to harvest Teja chillis.

In KTK, Syngenta Byadgi 5531 & 2043 chilli crops will be very high as even the farmers dealing with KDL varieties have diverted their crop to Syngenta 5531. DABBI arrivals are expected to be a little lower than last year. So dealers looking for top grade Kashmiri Chilli Powder will have to make their purchases early in the season.

MP has mostly diverted to Mico Teja. TLG's Deepika crop will increase along with Wonderhot. Other varieties are also expected to rise but the combined overall crop expansion will be dependent on the effect of rains combined.

STATUS ON CROP DAMAGE

Damage: Some areas in MP have reported virus but the area is less than 7% which is not a significant loss to the overall crop production. About 50% of the new arrivals his week were damaged (effect of last month's rains).

- **Prakasham in AP** has reported sucking pests, fruit borers, collar rots. About 21,500 Hectares out of the total about 26000 Hectares (83.5% of area) was treated for these viruses. Though there is no crop loss reported.

- **TLG:** Current condition of the crop in AP & TLG is in Flowering to Fruit Development in many areas with some areas reporting fruit development from around medium size to full size, with some chillies even turning red.

We were also notified about the possible crop damage (dead branches, flowers falling off, stunted fruit growth) in TLG region. This was even reported in local news papers. But from our recent crop surveys in TLG this region we have seen very good crop. This issue is limited to a couple of Warangal rural regions that

are in and around Warangal Urban area. The overall % loss is minimal and shouldnt affect the crop production by much variation.

- KTK & MP reports Crop Loss & Damage: Due to heavy rains there is atleast 25% to 45% crop loss in Karnataka. Estimated production in KTK will be about 90% to 100% of arrivals in 2019. MP has reported loss as well, initial arrivals will most certainly be rain touch product. Quality will be weak.

PRODUCTION (Estimated)

Based on the current situation, even though there is reported crop damage in KTK & MP, the outlook for chilli crop next year is still positive and we will still see good crop next year.

CURRENT STOCK IN COLD STORAGES

News from trusted sources suggest the following:

GUNTUR: 5 to 7 Lakhs Bags. (Best qualities are low).

WARANGAL: 3.5 Lakhs Bags. (appx 1/3rd owned by a few traders for personal usage. Remaining Weak qualities mostly).

KHAMMAM: 1.7 Lakhs Bags.

BYADGI: 1 to 1.5 Lakhs Bags. (Weak qualities mostly).

NEW CROP ARRIVALS (Estimated)

MP - New crop arrivals have increased in Bedia, Dhamnood, Indore, Kukshi & Jagdalpur markets. Bedia and Dhamnood reporting around 70000 to 80000 bags already with overall MP new crop arrivals reaching upto 1 Lakh Bags. At the moment, arrivals is rain touch material but good quality is increasing gradually. Good quality arrivals are expected to start in and around Dec 2nd week.

AP & TLG - We are already seeing new arrivals in both the states particularly in Guntur (from Kurnool, Yemiganur, Prakasham areas) & Hyderabad (from Kurnool, Gadwal areas) Markets. Both these markets have reported about 10 to 12 thousand bags of new arrivals each. New arrivals have just started in the Warangal and Khammam areas (~100 to 1000 bags in a week). Arrivals are expected to grow in a couple of weeks.

KTK - New crop arrivals have incresed to 5000 to 6000 bags weekly but we will have to wait until January ending for consistent deliveries of 5531 & 2043 varieties. KDL KADDI & DABBI arrivals will start in the last week of Feb.

CURRENT STATUS: PRICING SENTIMENT

- Rainfall - Sufficient. Rainfall is fading in all areas. But incessant rains have caused crop damage in KTK & MP.
- Arrivals - Steady increase in MP. Reporting approximately 1.1 to 1.2 Lakh bags within this week @ Bedia, Indore, Kukshi, Khargone, Dhamnod markets.
- Stock Status - Low, particularly good qualities.
- Export Demand - Based on reports from multiple sources, export demand is still there which is also one of the factors for price increase.
- Crop Damage - KTK & MP have reported crop damage.