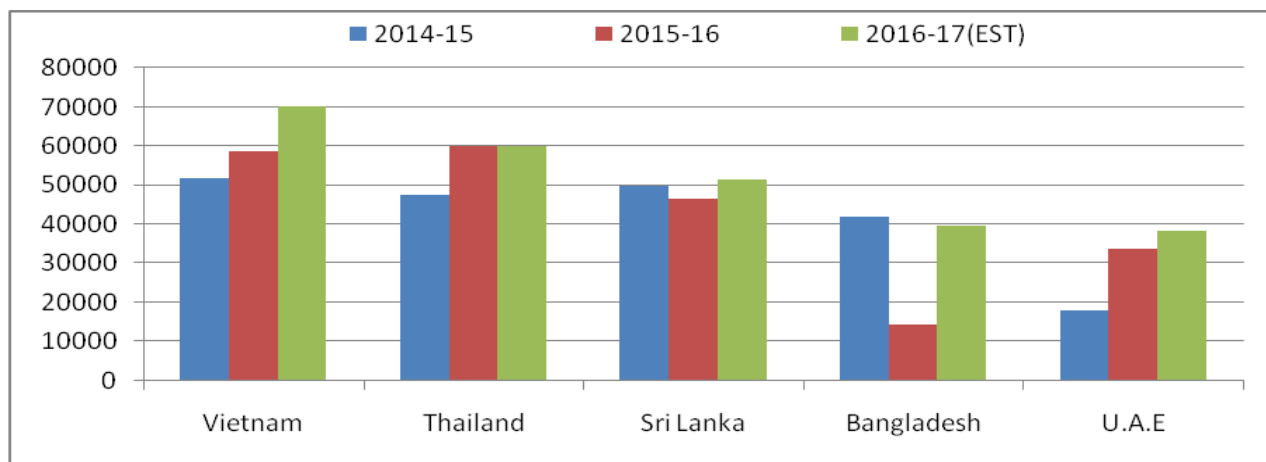


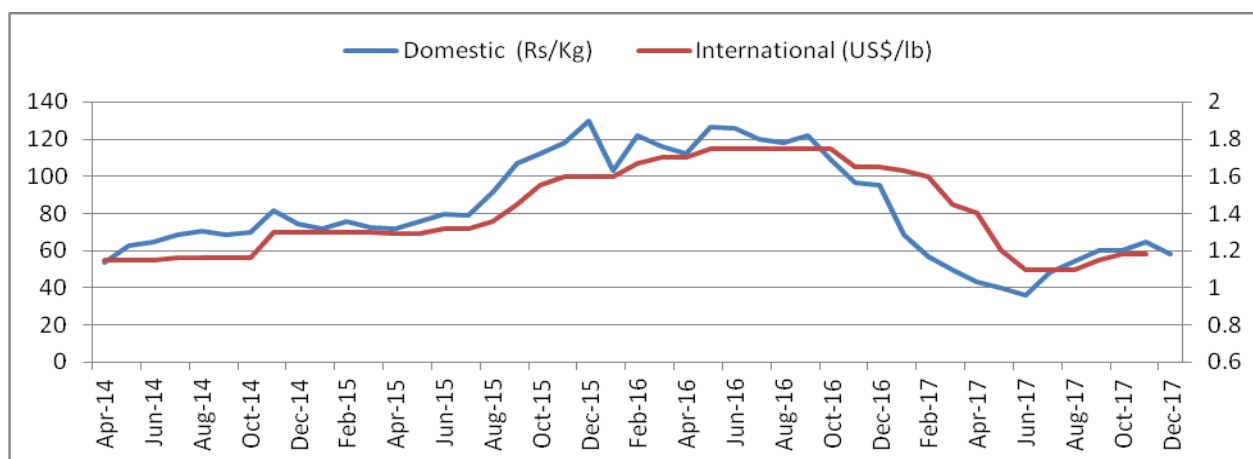
Chilli Outlook - February 2018

Chilli is one of the most important commercial crops of India. There are over 50 spices produced in India and good number of them is grown in the country which is indigenous. Among them pepper, cardamom, ginger and turmeric are important. Among spices, a few spices viz., clove, nutmeg, vanilla and certain varieties of chillies were introduced to the country. Many varieties of chilli are grown for vegetables, spices, condiments, sauce and pickles. India is the largest producer and consumer of chilli among other major producers in the world. India contributes 36 per cent to total world's production and remained in first position in terms of international trade by exporting nearly 30 per cent from its total production. Indian chilli is mainly exported to Asian countries like Vietnam, Thailand, Sri Lanka, Bangladesh and U.A.E.



Source: <http://www.indianspices.com>

Fig. 1 Major Country-Wise Export of Chilli from India (in metric tonnes)



Source: <http://www.indianspices.com>

Fig.2 Monthly Average Domestic and International Spot Prices of Chilli

The trend in average monthly domestic and international chilli prices from April 2014 to December 2017 presented in Fig 2 clearly indicates that the domestic prices are highly influenced by international prices. The domestic price of chilli is almost following the international price trend. The domestic price that was nearly 120 per Kg during February 2016 has fallen down by 60% i.e., Rs. 36 / Kg during June 2017. After June 2017 prices are showing increasing trend in both domestic as well as international markets.

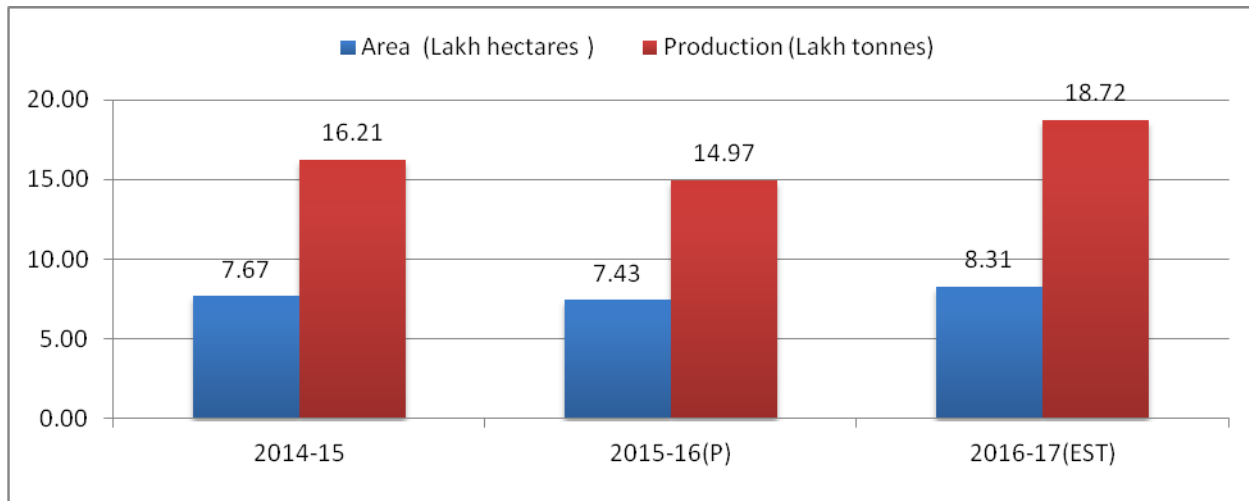
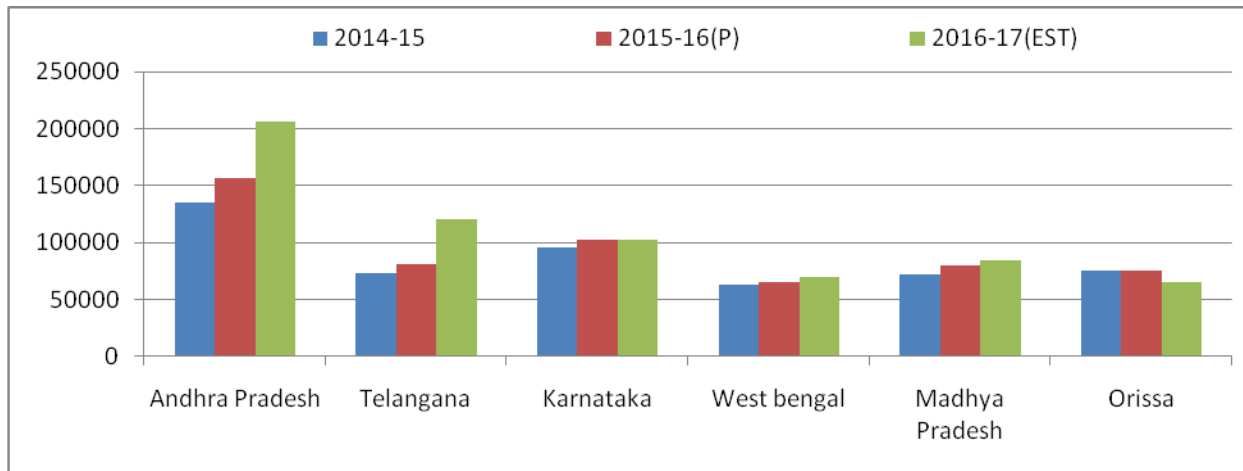


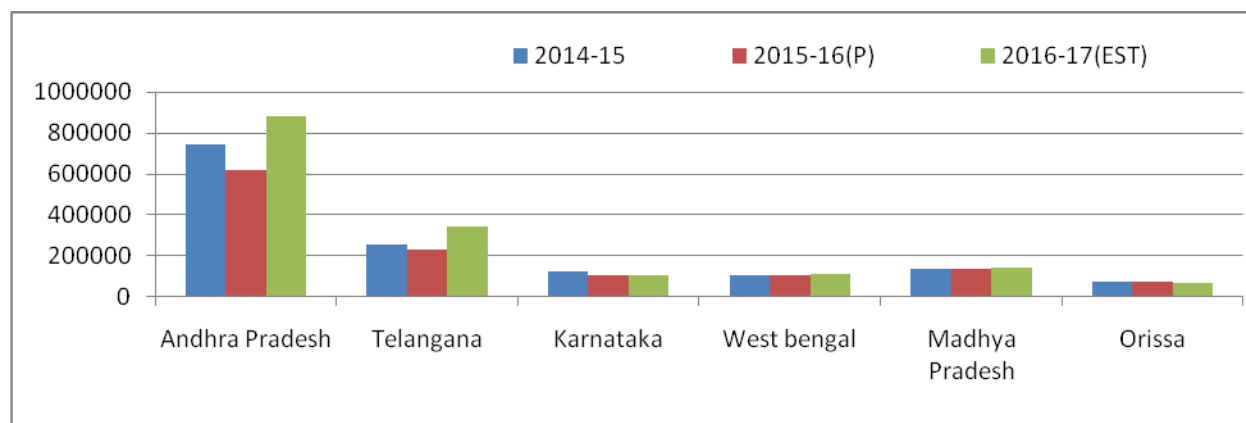
Fig.1 Area and Production of Chilli in India



Source: <http://www.indianspices.com/>

Fig. 3 State wise area under chilli in India (in hectares)

Among the states, Andhra Pradesh and Telangana occupy maximum area under chilli followed by Karnataka, West Bengal, Madhya Pradesh and Orissa. Increased area and production in both Andhra Pradesh and Telangana are the major reasons for price fall during 2016-17.



Source: <http://www.indianspices.com/>

Fig. 4 State wise Production of Chilli in India (in metric tonnes)

In Telangana the area under chilli has declined to 0.08 lakh hectares in 2017-18 as compared to 0.23 lakh hectares in previous season because of drastic fall in prices in 2016-17. The major chilli growing districts are Mahabubabad, Kothagudem, Khammam, Suryapet and Mancherial.

Table 1: Prices and Arrivals of Chilli at Khammam market in the month of January 2018

Date	Arrivals (Tonnes)	Min Price (Rs/quintal)	Max Price (Rs/quintal)	Modal Price (Rs/quintal)
2	60	7500	9000	8500
4	116.4	6200	8925	7500
5	87.6	5500	8775	7800
8	180	7000	8900	8200
9	158.4	7000	8901	8400
10	108	6500	8875	8300
11	132	7000	9018	8200
12	108	7500	9200	8400
17	156	7400	9100	8500
19	300	8200	10100	9600
22	372	7600	10025	9400
23	348	8400	10800	10200
24	413.2	8500	11275	10700
25	444	8200	11100	9700

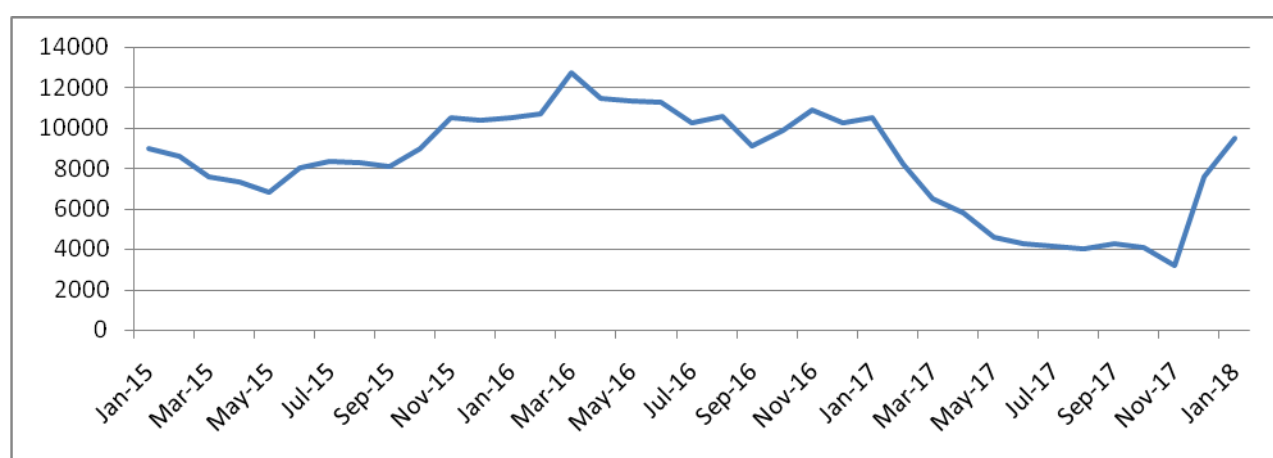
<http://agrimarketing.telangana.gov.in/indexnew.jsp>

In Telangana, Khammam is the major chilli market followed by Warangal based on arrivals. Chilli prices at Khammam and Warangal markets are ranging between Rs. 7500 –10700 and Rs. 7500 – 10500 respectively.

Table 2: Prices and Arrivals of Chilli at Warangal market in the month of January 2018

Date	Arrivals (Tonnes)	Min Price (Rs/quintal)	Max Price (Rs/quintal)	Modal Price (Rs/quintal)
2	22.2	5000	8400	7500
4	19.6	4500	8400	7500
5	27.1	4600	8600	7500
8	40.1	5000	8500	7200
9	34.4	5000	8700	7500
10	12.8	4500	8800	7500
11	13.2	5000	9050	7500
12	24.1	5000	9000	7000
17	19.2	5000	9100	7100
18	45	4500	9350	8200
19	50.2	6500	9459	7000
22	80.6	5500	10000	8800
23	84.7	7500	10600	10000
24	73.4	7500	11600	10500
25	111.6	7500	11300	10300
29	134.6	7000	10200	9800
30	58.1	6000	10500	8000

<http://agrimarketing.telangana.gov.in/indexnew.jsp>

**Figure 3: Average monthly prices of Chilli in Khammam market (Rs/q)**

The trend in average monthly prices of chilli in Khammam market from January 2015 to January 2018 presented in Fig. 2 reveals that the previous two years i.e., 2014-15 and 2015-16 being drought years, lower arrivals coupled with increased domestic and international demand lead to drastic raise in market prices to more than Rs. 10000 during 2016 harvesting season. This has inspired many farmers during 2016 kharif season to take up chilli in larger extent of area. The climatic conditions were also favourable and resulted in bumper crop yields. Till middle of March 2017 the chilli prices are around Rs. 8000 – 10000. Unfortunately, the heavy flow of product in to the market coupled with the shortage of cold storage facilities and fall in domestic

and international demand lead to drastic fall in chilli prices. However, the expected chilli output this year (2017-18) may fall due to reduced area coverage. Majority of chilli area in Telangana state was shifted to cotton in the current season. Coupled to this, diseases also hit the chilli crop this year. This may result in lower yield i.e., 15 to 25 quintals per acre as against 25 to 30 quintals per acre during last year. Hence, we expect that prices may not fall much further from current levels. At these price levels, prospective buyers like stockists, exporters, masala millers are expected to start accumulating.

Agricultural Market Intelligence Centre, PJTSAU expect that Chilli is likely to trade in price range between **Rs.7500 – 8000 per quintal** during February and March 2018.