

Chilli Outlook – August 2020

India is the world's largest producer, consumer and exporter of chillies. India is the world leader in chilli production followed by China, Thailand, Ethiopia and Indonesia. Indian chilli is considered to be world famous for two important commercial qualities of color and pungency levels. Indian chilli is mainly exported to Asian countries like China, Sri Lanka, Malaysia, Bangladesh, Singapore, Thailand, UAE, etc. In India, major chilli producing states are Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Madhya Pradesh.

In 2019-20, Telangana ranked second in chilli area (2.98 lakh acres), production (3.06 lakh metric tonnes) and productivity (1545 Kg per acre). Chilli area and production in Telangana account for 11.59% and 17% of all India area and production respectively. The major chilli growing districts are Khammam, Mahabubabad, Gadwal, Suryapet and Warangal (Rural).

Current year from 1st January to 10th July, red chilli supply in Guntur market reported around 155,414 MT as compared to last year's 251,357 MT, down by 38.17% as most of the time market was closed due to lockdown and farmers were not releasing their stocks as current prices are lower than their expectations.

Table 1: Red Chilli Supply and Demand (in lakh tonnes)

Particulars	2016-17	2017-18	2018-19 (Expected)
Opening Stock	3.84	1.87	2.39
Production	10.73	13.76	10.50
Import	0.00	0.00	0.00
Total Supply	14.57	15.63	12.89
Consumption	8.70	8.80	8.50
Exports	4.00	4.44	3.85
Total Demand/Usage	12.70	13.24	12.35
Ending Stock	1.87	2.39	0.54
Average Monthly Consumption	0.73	0.73	0.71
Stock to Month Use	2.58	3.26	0.76
Stock to Consumption Ratio %	14.72	18.05	4.37

Source: www.agriwatch.com

Table 2: Monthly Red Chilli (Dry) Arrival Scenario

State	Market	% Change Over Previous Week	24 th July to 31 st July 2020	17 th July to 23 rd July 2020	24 th July to 31 st July 2019
Andhra Pradesh	Guntur	--	235,000	NA	405,000
Telangana	Warangal	--	NA	NA	31,000
Total		--	235,000	0	436,000

Units – Bags (1 bag = 45 Kg) Source: www.agriwatch.com

Table 3: State wise Wholesale Prices Monthly Analysis for Red Chilli July, 2020

State	Prices July, 2020	Prices June, 2020	Prices July, 2019	% Change (Over Previous Month)	% Change (Over Previous Year)
Chattisgarh	600	6000	600	-90	0
Gujarat			3255	---	---
Karnataka	17099.07	17536.38	9375	-2.49	82.39
Kerala	13827.4	14241.01	12197.1	-2.9	13.37
Madhya Pradesh			5180.89	---	---
Maharashtra	7810	9421.17	12412.89	-17.1	-37.08
Mizoram			12500	---	---
Odisha	19800	20679.63	14807.14	-4.25	33.72
Pondicherry		6089.31	5267.08	---	---
Rajasthan	11000	11000	10460.4	0	5.16
Telangana			9713.27	---	---
Uttar Pradesh	17005.88	16608.11	12729.73	2.4	33.59
Average	12448.91	12696.95	9041.54		

Source: www.agriwatch.com

Table 4: Arrivals and Prices of Chilli at Warangal and Khammam Markets in July 2020

Warangal					Khammam				
Date	Arrivals (q)	Minimum Price (Rs/q)	Maximum Price (Rs/q)	Modal Price (Rs/q)	Date	Arrivals (q)	Minimum Price (Rs/q)	Maximum Price (Rs/q)	Modal Price (Rs/q)
2	67	7,000	10,000	8,500	1	396	7,000	10,100	8,500
3	143	8,000	10,000	9,000	2	165	6,800	9,000	8,000
6	144	7,000	9,000	8,000	7	394	6,500	9,400	7,400
7	159	7,500	9,500	8,500	8	300	6,500	9,000	7,000
8	174	7,500	10,000	8,500	9	256	6,800	9,000	7,400
9	215	8,000	10,000	9,000	10	232	7,000	10,600	8,500
10	152	7,000	9,000	8,000	13	376	7,000	9,700	8,500
					14	277	7,000	11,000	9,000

Source: <http://tsmarketing.in/>

Chilli Price Outlook

Guntur, Warangal and Khammam spot markets were closed during last week of July due to fresh corona virus infection. No major movement reported. Buyers are unresponsive in the spot market due to corona virus fear. Overall lower supply reported in the spot market as very few farmers visited the mandi.

Current year, in Andhra Pradesh and Telangana, around 540,000 tonnes of chilli is stored in cold stores as against 405,000 tonnes in last year. It was followed by Karnataka (82,906 MT) and Madhya Pradesh (52,500 MT). These higher stocks are because of higher production and low demand and patchily functioning markets.

Chilli prices are likely to correct from higher levels in the spot market due to lower domestic and export demand as a result of corona virus fear amid expectation of increase in sowing area in major growing states like AP, Telangana, Karnataka and MP.

Kharif chilli nursery activity is going on in Andhra Pradesh and Telangana. In Andhra Pradesh and Telangana, farmers may shift from Maize and Cotton crop to chilli in this current year due to higher prices.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Chilli is likely to trade in price range between Rs. 9,500 – 11,500 per quintal in the month of August 2020.