

Chilli Outlook – July 2021

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, Madhya Pradesh, Karnataka and West Bengal.

In 2019-20, Telangana ranked second in chilli area, production and productivity i.e., 2.98 lakh acres, 3.06 lakh metric tonnes and 1545 Kg per acre respectively. 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). According to the 3rd advance estimates, Government of Telangana, chilli production is estimated at 3.80 lakh metric tonnes during 2020-21.

From 1st January 2021 to 02nd July 2021, red chilli supply in the Guntur market is reported to add up to around 325,395 MT as compared to last year's 222,525 MT, up by 46.23% as new crop supply continued in the spot market and also expected higher production current year. Also, the market was closed from 23rd March to 16th May last year on account of lockdown which affected arrivals.

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

Particulars	2016-17	2017-18	2018-19
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	26 th June to 02 nd July 2021	19 th June to 25 th June 2021	26 th June to 02 nd July 2020
Andhra Pradesh	Guntur	21.15	3,15,000	2,60,000	NA
Telangana	Warangal	-57.65	7,200	17,000	33,000
Total		16.32	3,22,200	2,77,000	33,000

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

Table 3: State wise Wholesale Prices Monthly Analysis for Red Chili June, 2021

State	Prices June, 2021	Prices May, 2021	Prices June, 2020	% Change(Over Previous Month)	% Change(Over Previous Year)
Chhattisgarh			6000	—	—
Karnataka	8565.5	9161.1	17536.38	-6.5	-51.16
Kerala	13531.97	14166.81	14241.01	-4.48	-4.98
Maharashtra	17021.36	16439.91	16425.61	3.54	3.63
Odisha			20679.63	—	—
Pondicherry			6089.31	—	—
Rajasthan	14000	14000	11000	0	27.27
Uttar Pradesh	17241.94	17500	16608.11	-1.47	3.82
Average	14072.15	14253.56	13572.51		

Source: <https://agmarknet.gov.in>

Table 4: Arrivals and Prices of Chilli at Warangal Market in June, 2021

Date	Arrivals (q)	Minimum Price (Rs/q)	Maximum Price (Rs/q)	Modal Price (Rs/q)
1	4,095	10,500	13,500	12,000
3	3,946	10,000	13,100	11,500
7	3,279	10,000	14,000	12,000
8	2,211	10,000	14,025	12,000
11	3,056	10,500	13,400	11,900
14	817	9,000	14,000	11,500
15	2,479	10,000	13,600	12,500
17	1,244	9,500	13,600	11,500
18	913	9,500	14,300	11,900
21	790	9,000	14,000	12,000
22	494	11,000	13,300	12,000
24	697	11,500	13,500	12,500
25	595	9,500	13,300	11,400
28	421	9,500	12,500	11,500
29	402	10,500	13,200	11,800
30	319	10,000	12,600	11,000

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

Chilli Price Outlook

Red Chilli buyers reported inactive in the spot market at higher price levels due to overflow of chilli cold storage stocks in AP, Telangana, Karnataka and exporters demand was slow in the spot market due to increased shipping costs. Also recent corona virus lockdown in Bangladesh affect the sentiment.

Due to corona virus lockdown and shortage of labour, Chilli export contracts are pending for delivery to countries like China, Bangladesh, Sri Lanka etc. Now after the market reopens, trade is continuing in the normal way which will support the prices to go up.

In the current season 2021-22 Chilli sowing is likely to start from July first or second week in major growing regions of AP and Telangana. This year chilli acreage is likely to go up as farmers are receiving higher prices compared to last year.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that Chilli may trade in price range between Rs. 11,500 – 13,500 per quintal in the month of July 2021.