

Chilli Outlook – August 2022

India is the world's largest producer, consumer and exporter of chilli. 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. According to the 1st advance estimates, India chilli production estimate was 18.74 lakh tonnes for 2021-22 as against 20.49 lakh tonnes in 2020-21.

In 2020-21, Telangana ranked fourth in chilli area and second in chilli production and productivity i.e., 2.23 lakh acres, 5.45 lakh metric tonnes and 2444 Kg per acre respectively (4th advance estimates). Chilli area and production in Telangana account for 12.32% and 27.41% of all India area and production respectively. The major chilli growing districts are Khammam, Mahbubabad, Gadwal, Suryapet and Warangal (Rural). According to the 2nd advance estimates, Telangana chilli production estimate was 7.11 lakh tonnes for 2021-22 as against 5.45 lakh tonnes in 2020-21.

Current year from 1st January 2022 to 29th July 2022, Red Chilli supply in the Guntur market remained around 373,860 MT as compared to 369,945 MT same period last year, marginally up by 1.06% as stockiest were releasing their old stocks in the spot market at higher prices. In Warangal spot market, current year from 1st January 2022 to 29th July 2022 Red Chilli supply remained around 86,980 MT as compared to 107,648 MT same period last year, down by 19.20% due to crop damage reported this year and also during the last week Warangal market was closed due to heavy rainfall in the district.

Table 1: Red Chilli Balance Sheet (Quantities in lakh MT)

| Particulars (Jan – Dec) | 2021 | 2022 (Expected) |
|---------------------------|--------|-----------------|
| Opening Stock | 1.04 | 1.88 |
| Production | 13.84 | 14.66 |
| Imports | 0.00 | 0.00 |
| Total Supply | 14.88 | 16.54 |
| Consumption | 8.50 | 8.63 |
| Exports | 4.50 | 4.75 |
| Total use | 13.00 | 13.38 |
| Ending Stock | 1.88 | 3.16 |
| Stock to Use Ratio | 14.46% | 23.62% |

Source: www.agriwatch.com

Table 2: Red Chilli (Dry) Arrival Scenario

| State | Market | 23 rd July to 29 th July 2022 | 16 th July to 22 nd July 2022 | 23 rd July to 29 th July 2021 | 23 rd July to 29 th July 2022 |
|----------------|----------|---|---|---|---|
| Andhra Pradesh | Guntur | -7.14 | 2,60,000 | 2,80,000 | 3,20,000 |
| Telangana | Warangal | -36.67 | 19,000 | 30,000 | 16000 |
| Total | | -10 | 2,79,000 | 3,10,000 | 3,36,000 |

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

Table 3: State wise Wholesale Prices Monthly Analysis for Red Chili July, 2022

| State | Prices July, 2022 | Prices June, 2022 | Prices July, 2021 | % Change(Over Previous Month) | % Change(Over Previous Year) |
|----------------|-------------------|-------------------|-------------------|-------------------------------|------------------------------|
| Gujarat | | 13065.71 | | — | — |
| Karnataka | 11382.67 | 5904 | 6422.78 | 92.8 | 77.22 |
| Kerala | 25237.45 | 23644.44 | 13744.03 | 6.74 | 83.62 |
| Madhya Pradesh | 8268.1 | 9079.91 | 9988.9 | -8.94 | -17.23 |
| Maharashtra | 25687.58 | 19221.17 | 17550.1 | 33.64 | 46.37 |
| Odisha | 24800 | 24800 | 19540.26 | 0 | 26.92 |
| Rajasthan | 12340 | 14000 | 11673.28 | -11.86 | 5.71 |
| Uttar Pradesh | 21176.47 | 20600 | 16685.19 | 2.8 | 26.92 |
| Average | 16861.53 | 15640.05 | 13657.79 | | |

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

Table 4: Arrivals and Prices of Chilli at Khammam Market in July, 2022

| Date | Arrivals (q) | Minimum Price (Rs/q) | Maximum Price (Rs/q) | Modal Price (Rs/q) |
|------|--------------|----------------------|----------------------|--------------------|
| 1 | 1,419 | 12,500 | 17,500 | 14,800 |
| 4 | 2,056 | 12,000 | 17,000 | 15,300 |
| 5 | 1,673 | 12,000 | 17,500 | 15,500 |
| 6 | 1,336 | 12,000 | 17,600 | 15,500 |
| 7 | 2,605 | 13,000 | 17,500 | 15,500 |
| 8 | 539 | 13,000 | 17,500 | 15,700 |
| 12 | 1,969 | 13,000 | 17,500 | 15,700 |
| 13 | 724 | 12,100 | 17,600 | 15,000 |
| 14 | 823 | 13,000 | 17,600 | 15,500 |
| 15 | 689 | 17,500 | 13,000 | 15,500 |
| 18 | 2,378 | 13,000 | 18,000 | 16,000 |
| 19 | 579 | 13,000 | 18,000 | 15,500 |
| 20 | 2,088 | 13,200 | 18,000 | 15,500 |
| 21 | 2,748 | 13,500 | 18,000 | 15,600 |
| 22 | 1,736 | 13,000 | 18,000 | 15,600 |
| 26 | 1,780 | 13,000 | 18,000 | 15,400 |
| 27 | 1,467 | 13,000 | 18,000 | 15,600 |

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

Chilli Price Outlook

By and large steady to weak sentiment was witnessed in the Red Chilli spot market during the past week. Red Chilli supplies declined by 10% as farmers and stockiest are holding their stocks as they are expecting further higher prices in coming days.

In Warangal and Khammam district due to continuous rainfall farmers were not releasing their premium quality stocks and hence prices are trading low as compared to previous week.

Normal export demand is continuing from Bangladesh, Indonesia and Malaysia at Guntur market supporting the prices. For Red Chilli 334(S4) more demand is coming from Bangladesh and masala millers from South India.

Currently, at Guntur market old crop supply is comparatively more around 70% of daily arrivals as farmers and stockiest are storing their fresh current year best quality crops on expectations of further higher prices in coming months.

As Red Chilli prices are continuously moving up from the last few days farmer's sowing perception (regarding area shifting to other crops) is changing continuously. Red Chilli sowing will continue till the end of August.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that Chilli may trade in price range between Rs. 14,500 – 16,500 per quintal in the month of August 2022.