

VANAKALAM (KHARIF) 2022-23 PRE-HARVEST PRICE FORECAST OF CHILLI

Chilli Price per Quintal will be around Rs. 14500 – 16500 at the Time of Harvesting (January to March 2023)

India being the world's largest producer, consumer and exporter of chillies has the largest area of 7.32 lakh ha (18.08 lakh acres) accounting for 44% of world area. India is the world leader in chilli production with 19.88 lakh tonnes followed by Thailand (3.23 lakh tonnes), China (3.08 lakh tonnes), Ethiopia (2.98 lakh tonnes) and Bangladesh (1.58 lakh tonnes) accounting for 40 per cent of total world chilli production with 41.57 lakh tonnes in 2020-21. 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.

According to 2021-22 second advance estimates, Indian chilli occupied an area of 6.94 lakh hectares (17.14 lakh acres) with a production of 18.66 lakh tonnes and productivity of 2689 Kg per hectare (1088 Kg per acre). In India, major chilli producing states are Andhra Pradesh (7 lakh tonnes), Telangana (4.33 lakh tonnes), Madhya Pradesh (3.03 lakh tonnes), Karnataka (1.85 lakh tonnes) and Orissa (0.69 lakh tonnes) accounting for 38,23,16,10 and 4 percent of all India production respectively. Current year from 1st January 2022 to 16th December 2022, Red Chilli supply in the Guntur market remained around 5.76 lakh tonnes as compared to 7 lakh tonnes same period last year, down by 17.74% on lower production and high demand of premium quality during the last season.

According to Spice Board of India 2021-22 (Est.), India is likely to export 5.57 lakh tonnes of chilli worth Rs. 8581 crores due to below normal chilli export demand reported from China, Bangladesh and Sri Lanka. Chilli total export quantity is likely to go down in current year due to higher domestic prices. Also, lockdown in China (biggest importer from last three years) and Sri Lanka economic crisis might have added to the sentiment. Lower demand reported from masala millers for Teja variety has put a cap on prices. There is good demand for 334 variety by the domestic masala millers and exports hence its prices are currently trading higher as compared to Teja.

In 2021-22, Telangana ranked fourth in chilli area and second in chilli production and productivity i.e., 2.10 lakh acres, 4.33 lakh tonnes and 5096 Kg per acre respectively. Chilli area and production in Telangana account for 12.25% and 23.20% of all India area and production respectively. The major chilli growing districts are Khammam, Mahabubabad, Gadwal, Suryapet and Warangal (Rural). According to the 1st advance estimates, Telangana chilli production estimate is at 3.70 lakh tonnes for 2022-23 as against 4.33 lakh tonnes in 2021-22.

The Agricultural Market Intelligence Centre established under a research project for development of price forecasting mechanism in the Department of Agricultural Economics, College of Agriculture, Rajendranagar, Hyderabad at Professor Jayashankar Telangana State Agricultural University with the financial support of Agricultural Marketing Department, Telangana State has assessed 2022-23 vanakalam (kharif) pre-harvest price forecast of chilli. Under prevailing weather and crop conditions, it is expected that the chilli price per quintal will be around **Rs.14500-16500** at the time of harvesting (January to March 2023). This price forecast is based on the monthly modal price of chilli obtained for 20 years from Khammam regulated market using econometric models like ARIMA, SARIMA, ARIMAX, ARCH and GARCH and also the market survey. Khammam, Warangal and Mahbubabad are the major chilli markets in Telangana.

Note: There may be any possible deviation of the actual prices from the predicted prices in light of tentative developments in the commodity markets such as change in international prices, export or import restrictions, etc. And these price forecasts are based on past market price data & different econometric models and that actual market price may not turn out to be the same as forecasted.