

Chilli Outlook – August 2023

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. According to the 3rd advance estimates, India chilli production estimate was 15.78 lakh tonnes for 2021-22 as against 20.49 lakh tonnes in 2020-21.

In 2021-22, Telangana ranked fourth in chilli area and second in chilli production and productivity i.e., 3.85 lakh acres, 7.19 lakh tonnes and 1865 Kg per acre respectively (3rd advance estimates). Chilli area and production in Telangana account for 22% and 46% of all India area and production respectively. The major chilli growing districts are Khammam, Mahbubabad, Gadwal, Suryapet and Warangal (Rural). According to the 3rd advance estimates, Telangana chilli production estimate was 5.32 lakh tonnes for 2022-23 as against 7.16 lakh tonnes in 2021-22.

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: State wise Wholesale Prices Monthly Analysis for Red Chili July, 2023

State	Prices July, 2023	Prices June, 2023	Prices July, 2022	% Change (Over Previous Month)	% Change (Over Previous Year)
Karnataka	21028	16464	11383	27.72	84.73
Kerala	26269	26503	25336	-0.88	3.68
Madhya Pradesh	17681	14682	7747	20.43	128.23
Maharashtra	25525	16783	25420	52.09	0.41
Odisha	26241	24800	24800	5.81	5.81
Rajasthan	15000		11915	—	25.89
Tamil Nadu		15663		—	—
Uttar Pradesh	21268	24453	21176	-13.02	0.43
Average	21268	24453	21176		

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

Table 3: Arrivals and Prices of Chilli at Khammam Market in July, 2023

Date	Arrivals (q)	Minimum Price (Rs/q)	Maximum Price (Rs/q)	Modal Price (Rs/q)
3	300	13,500	19,600	18,500
4	60	13,500	19,600	18,500
5	289	13,500	19,000	18,000
6	249	13,500	19,600	18,000
7	240	13,500	19,400	18,000
10	236	15,000	20,300	18,000
11	194	13,500	19,700	18,000
14	260	13,500	19,600	18,000
18	169	13,500	19,600	18,000
19	65	13,500	19,600	18,000
21	113	13,500	19,700	18,000
24	142	13,500	19,700	18,000
25	188	13,500	19,700	18,000
27	93	13,500	19,700	18,000
28	37	13,500	19,700	18,000

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

Chilli Price Outlook

Mostly steady to weak sentiment was witnessed in the Red Chilli spot market. In Guntur, the impact of scattered rainfall has led to a decline in supply. Whereas, in Warangal, continuous supply is reported with the fear of price decline on higher stocks looms.

Masala companies and millers have ample stocks, and global demand has decreased as buyers wait for price corrections due to the higher ending stocks in the current season.

In Telangana, around 70-75% of the Red Chilli nursery preparation has been completed, and it is projected to reach 100% by the middle of this August month.

Farmers are considering a shift from Cotton to Red Chilli cultivation due to attractive price levels and the potential for higher returns, leading to a possible increase in Red Chilli cultivation area during the current season.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that Chilli may trade in price range between Rs. 18,000 – 19,500 per quintal in the month of August 2023.