

Extended simmer

Wayward monsoons have kept vegetable prices on the boil. We look at when the tide can turn

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From south-west to north-east, monsoons have pushed vegetables into an unsavoury stew.

First came the erratic and often copious summer spells that delayed arrivals at mandis and lit up prices.

Then the north-east variant rained pain.

With cumulative rainfall between October 1 and November 24 as much as 47% above normal, vegetable arrivals at mandis are once again severely curtailed, and once again prices are aflame.

Tomato prices may stay elevated for two more months

For instance, take tomato, which accounts for 10% of the total vegetable production in India. With standing crops damaged by excess rains in Karnataka (105% above normal), Andhra Pradesh (40% above normal) and Maharashtra (22% above normal), which are key suppliers of tomato during October-December, supply is down materially.

Our on-ground interactions indicate that the situation is so grim in Karnataka that tomatoes are being sent from Nashik in Maharashtra.

Not surprisingly, prices of tomatoes have increased 142% on-year as on November 25 and are expected to remain elevated for the next 45-50 days till the harvest from Madhya Pradesh and Rajasthan reach markets across the country beginning January.

The prices are expected to decline by ~30% from the current high levels of around Rs 47 per Kg in the coming 2 to 3 months.

Onion prices should begin easing in two weeks

Similarly, the onion crop, which accounts for 14% of the total vegetables produced in India, has also been affected. Transplanting was delayed in the key growing regions of Maharashtra because of deficit rains in August. That delayed arrivals in October, leading to a 65% increase in onion prices compared with September.

The good part is, fresh arrivals are expected from the northern states such as Haryana in the next 10-15 days, which should douse prices across India. However, since 70% of onion production happens in the rabi season — November is the major sowing month — rainfall will be the key monitorable for both arrivals and prices.

Water logging may raise potato prices

Potato (27% share in production), a rabi crop with sowing season spread over October and November, has been hit hard by excessive rains in the key growing states — Uttar Pradesh (162% higher), West Bengal (52% higher), Bihar (184% higher), and Gujarat (42% higher).

Our on-ground interactions suggest excessive water logging in the fields may warrant resowing of potato tubers, adding to the cost of farmers.

Currently, thanks to 10% higher vegetable production in the last rabi season, potato prices are hovering around Rs 18 per kg (38% lower on-year as on November 25). But if the heavy rains continue, sowing and output may be impacted, pushing up prices in the next couple of months.

Okra prices could begin easing in three weeks

Okra, or lady's finger, an early kharif crop with a 3% share in total vegetable production, has also been hit by heavy rains during the sowing and early vegetation stage in Andhra Pradesh (accounting for ~21% of okra production), which received 23% excess rains in August. Heavy rains in Gujarat during the fruit-setting stage has also added to supply woes.

That said, prices of okra, which are 57% higher on-year as on November 25, are expected to be tamed in the next 20-25 days with fresh arrivals.

Among other vegetables, capsicum and cucumber, which cumulatively have ~1.5% share in total vegetable production, have also been hurt.

Capsicum prices are ruling at Rs 53 per kg (17% higher on-year as on November 25) — again an impact of heavy rain in Karnataka that hindered harvest and damaged standing crops. However, prices could cool in the next 7-10 days, with supply from Uttar Pradesh and Chhattisgarh starting now, and from Maharashtra in January.

As for cucurbits such as cucumber, which are very sensitive to rains, crops have been damaged by rains in key growing regions of Karnataka and Madhya Pradesh — 76% and 105% higher than normal, respectively — sending prices up 19% on-year in November.

With rains beating a retreat, prices could follow suit

Net-net, any respite in vegetable prices in the short-term will be a function of how it pours from here. Hopefully, as the north-east monsoon beats a retreat, the worst may be over for vegetable prices.

But if heavy rains once again lash Karnataka and Andhra Pradesh, the key tomato-growing regions, output could reduce and lead to a fresh spike in prices.

Similarly, the onion crop in Maharashtra bears watching as 70% of the annual production of the bulb in India happens during the rabi season.

As for potato, another major rabi crop, spells of dry weather would be salutary in Uttar Pradesh (the largest producer-state accounting for 30% of India's annual potato output), where fields have been water-logged.

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