

SectorVector

Reading the topical trends

August 2021

Wee under water

Erratic distribution sprouts kharif frowns as monsoon revives

After stalling from June-end to mid-July, the southwest monsoon accelerated to close the deficit in long period average (LPA) of rainfall from 7% as on July 12 to just 4% as on August 8. The India Meteorological Department forecasts monsoon will remain normal for the rest of the season.

However, concerns around kharif sowing persist mainly because of uneven distribution of rainfall.

During the recovery phase (commencing July 13), the country received 2% lower rains than the LPA as on August 8. Rainfall was higher by 11% and 12% in North-west India and South peninsula region, respectively. The Central and East and North-east regions lagged 4% and 20% lower rains, respectively.

The patchy distribution of rains has perturbed many farmers. Gujarat, which accounts for 40% and 20% of total groundnut and cotton acreage, and Odisha, at 8% of total paddy acreage, are at a cumulative deficit of 43% and 28%, respectively. In contrast, Telangana, Andhra Pradesh and Haryana have received excessive rainfall as shown in the table below.

Region (according to the India Meteorological Department)	State	Rainfall (June 1- July 12)	Rainfall (July 13- August 8)	Cumulative rainfall (June 1 - August 8) deviation from LPA
North-west	Punjab	38%	10%	10%
	Haryana	41%	86%	35%
	Rajasthan	30%	43%	14%
	Uttar Pradesh	8%	0%	4%
Central	Maharashtra	8%	15%	11%
	Madhya Pradesh	12%	27%	10%
	Gujarat	40%	46%	43%
	Odisha	21%	35%	28%
	Chhattisgarh	9%	27%	9%
South peninsula	Karnataka	1%	22%	9%
	Telangana	46%	23%	34%
	Tamil Nadu	80%	9%	38%
	Andhra Pradesh	34%	2%	19%
East and north-east	Bihar	57%	27%	17%
	West Bengal	7%	16%	11%

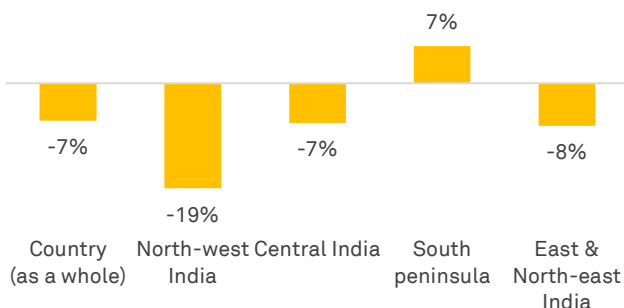
Note: Percentages represent deviation from LPA. Green signifies positive deviation and red negative deviation.

The **north-west**, which was facing a **19% deficit** till July 12, currently has a rainfall level at **11% above LPA**. This recovery has been pivotal in supporting the standing crops and improving crop acreages. Soybean acreage in Rajasthan revived significantly and was **3% lower on-year as on August 6** compared with **40% lower** as per the July 16 sowing report. **Haryana** received excessive rainfall (**86% of LPA**) during the revival phase, which damaged standing crops, especially cotton, impacting further sowing in the state.

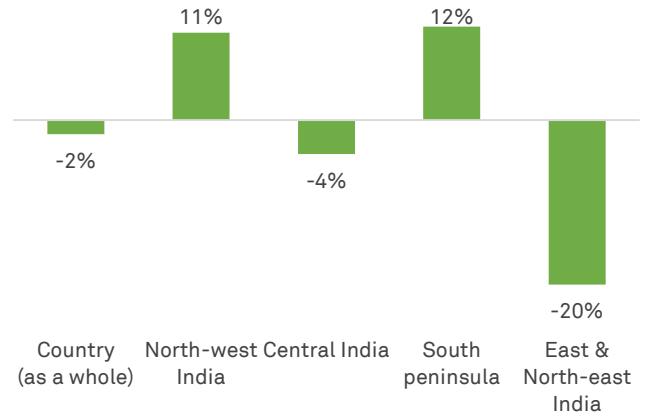
In Central India, rainfall was 4% deficient compared with the LPA (July 13 - August 8). Good rainfall in Madhya Maharashtra, Vidarbha and Marathwada supported kharif acreage, which was merely 1% lower on-year, according to the state sowing report dated August 2. The floods in Maharashtra were mainly concentrated in the Konkan region. According to latest government estimates, over 2 lakh hectares of crop area has been damaged.

However, patchy rainfall distribution caused disquiet in some areas. Rainfall in **Gujarat** remained at 46% deficit even during the revival phase. The 43% cumulative rainfall deficit in the state from June 1 to August 8 resulted in a shift from groundnut and cotton to castor, a hardy crop that can survive prolonged water stress. According to the government's sowing report of August 6, groundnut in the state is down by 7% and cotton lower by 1% over a low base of last year. Madhya Pradesh was under a prolonged dry spell from mid-June to mid-July. This beat down soybean and urad acreage by 11% and 5% on-year, respectively, as per the sowing report till August 6, despite a revival in monsoon rains in the state to a great extent. However, the rainfall recovery from July 13 to August 8 supported paddy and maize acreage, which were higher by 19% and 3%, respectively. As per CRISIL Research's on-ground interactions, the share of direct seeded rice is on the rise in the state.

Region-wise rainfall variation vs normal
(June 1 to July 12)



Regionwise rainfall variation vs normal
(July 13 to August 8)



South India continues to receive higher rains, at 12% above normal. As per state report, overall kharif sowing for Telangana has been reported higher by 7% on-year as on August 4. While water-logging was reported in low-lying areas of northern Telangana during the last week of July, there was no major impact on kharif crops. The east and northeast areas recorded 20% lower-than-normal rainfall between July 13 and August 8. However, this will not have a major impact since the sowing window for their key crop paddy will be open for next 2-3 weeks.

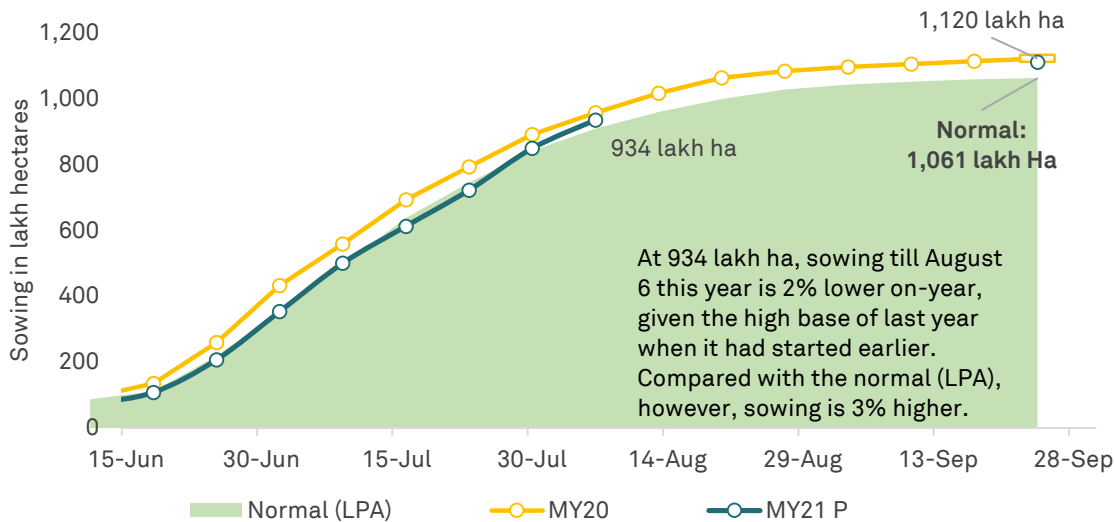
Incessant rains lashed Madhya Pradesh and Rajasthan towards the end of July and beginning of August. Parts of east Rajasthan and north Madhya Pradesh were deluged with extremely heavy rains, which could affect field crop productivity, especially of soybean and pulses.

In our view, overall kharif sowing is expected to be remain 1% lower on-year and 3-4% higher over the average of the past five years. Cumulative sowing till August 8 was 2% lower on-year, attributable to the advancement in sowing last year, and 3% higher than the average of the past five years.

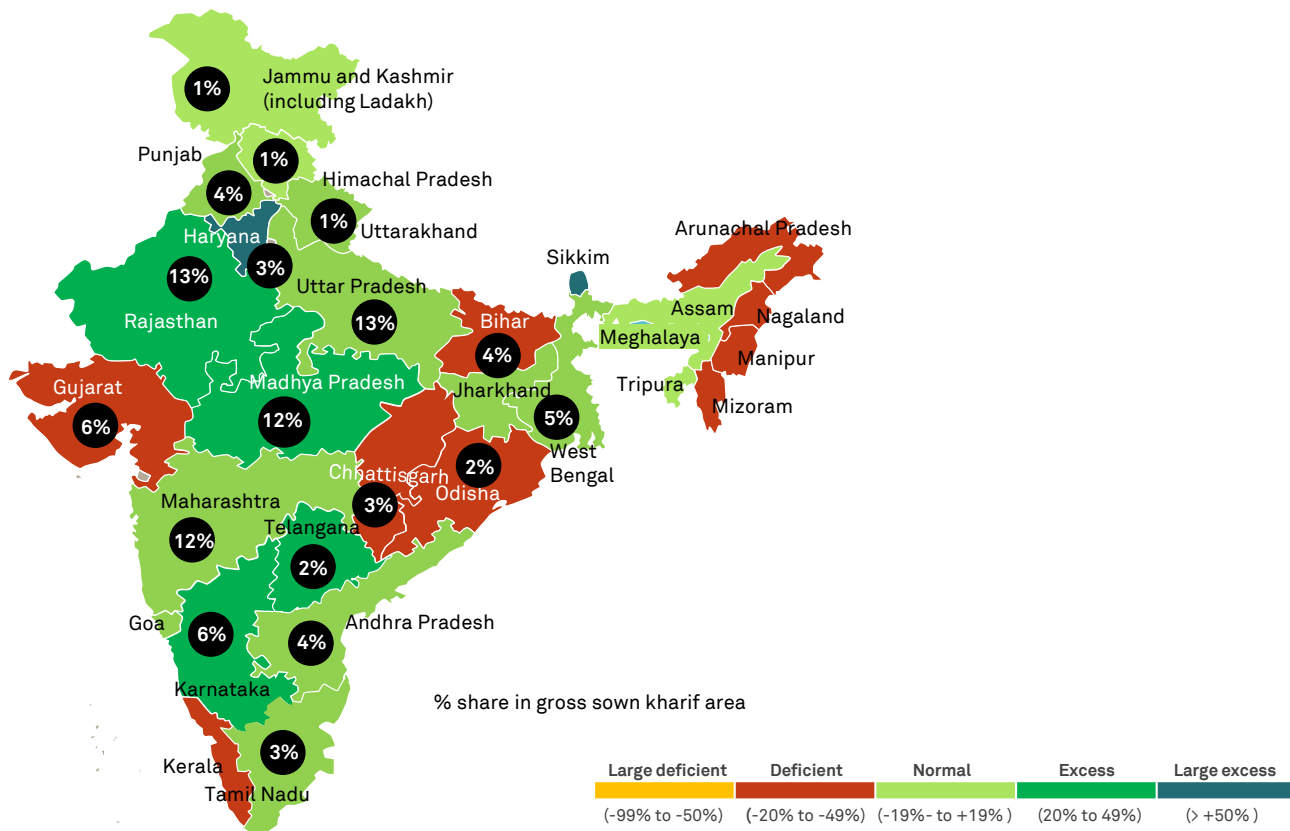
With Indian agriculture largely rainfall-dependent, the now-on, now-off monsoon this year has shifted the sowing from much-expected oilseeds (groundnut and soybean) to maize and paddy for kharif.

While the IMD has forecast normal monsoon going forward, kharif productivity will depend on its temporal and spatial distribution.

Cumulative sowing till August 6



Rainfall state of play over July 13-August 8



Note: Region-wise classification as per the IMD; MY: marketing year
Sources: 1) IMD, 2) Ministry of Agriculture and Farmers Welfare, 3) Directorate of Agriculture, Government of Gujarat, 4) Department of Agriculture, Karnataka, 5) Department of Agriculture, Telangana, 6) Department of Agriculture, Maharashtra 7) CRISIL Research
Source: IMD, Ministry of Agriculture, CRISIL Research

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