

Groundnut output seen falling, pulses steady

Cotton output might fall slightly due to low acreage, unfavourable weather

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The southwest monsoon is set to end its uneven run in 2021 with a flourish in September, with rain during the first 15 days of this month being far above normal.

The Met has predicted rain in September to be 110 per cent of the long-period average (LPA). The LPA for September is 170 mm.

The long breaks in monsoon, first in June and then in August, had affected the sowing of kharif crops in the initial phases, though the situation considerably improved later.

All eyes will be on the final harvest of kharif crops, mainly of pulses and oilseeds, because that will determine the trajectory of prices in the coming months and also the Reserve Bank of India's inflation forecasting.

While the Centre says inflation pressure on both commodities will ease considerably once the new harvest hits the market, trade and market sources say the situation might not be that easy.

The Centre recently introduced another round of import duty cuts for major edible oils and extended the import of pulses till December, from October earlier.

On Friday, it said prices of eight types of edible oils in the wholesale

markets across the country were showing a declining trend over the last week after it took the measures to boost domestic supply and curb hoarding.

The wholesale prices of groundnut, mustard oil, vanaspati, sunflower oil, palm oil, coconut oil and sesame oil declined during the week ended September 14, it said in a statement.

Oilseeds

Among kharif oilseeds, soybean and groundnut are the biggest in terms of both production and area under cultivation.

Though domestic oilseed production is a fraction of annual demand and reliance on imports will remain high for years to come, a slight dip in domestic output could push prices up in local markets.

Between the two, the production of groundnut is under a cloud due to low acreage as compared to last year and late rain in the main growing regions of Gujarat.

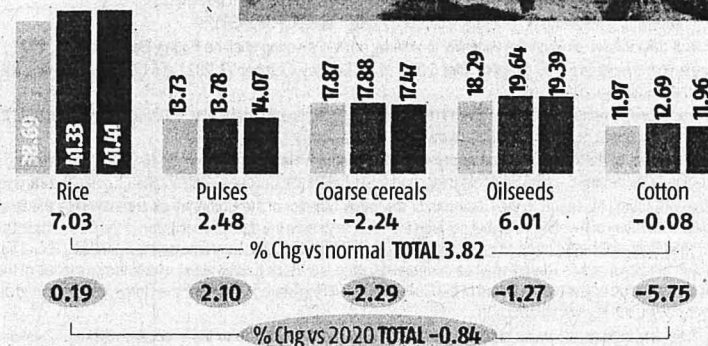
Trade sources, however, said a clearer estimate would be available when the harvest starts hitting the market in a big way.

In the case of soybean, a field survey done by weather forecasting firm Skymet and its sister concern Gramcover estimates production in 2021-22 at

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Kharif acreage as of Sept 17, 2021 (in mn hectares)

	Total
Normal*	106.44
2020	111.45
2021	110.51



*Area covered during the same period in last five years
Note: Total won't match as all crops have not been included

Source: Ministry of Agriculture

about 13.92 million tonnes, which, if accurate, could be 8 per cent higher than the previous year's output of 12.89 million tonnes (according to fourth advance estimates of 2020-21).

Soybean yields across the country are expected to be around

1,193 kg per hectare, or about 6 per cent more than the previous year's 1,126 kg, the survey found.

Pulses

The Skymet-Gramcover shows that according to the current scenario, pulses production is

estimated to be about 10.24 million tonnes, which, if accurate, will be 18 per cent more than last year's kharif production of 8.69 million tonnes (according to the fourth advance estimate).

"Pulses acreage is higher by 266,000 hectares this year (till Sept 10). This should translate to higher production of tur, moong and urad, which potentially have a sharp impact on food inflation. The crops will materialise from October onwards and output should be steady this year," CARE Ratings said in the recent report.

Cotton

Though not directly related to food inflation, cotton output is expected to be down this year due to lower acreage than in 2020.

GramCover and Skymet have computed the yields of cotton based on the rain recorded till July 31, 2021, and the monsoon forecast for the rest of the period (August and September) in key cotton-producing states. In the case of cotton, rain in July and August has the biggest impact on yields.

Cotton production, according to the survey, is estimated to be around 34.54 million bales (one bale = 170 kg), this will be 2.37 per cent less than the official 4th advance estimate for last year.