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Rabi crops: Bright prospects, but don't wish away weather risks



The estimate of the planted area in the rabi season is encouraging. Subject only to normal weather, on current reckoning, the possibility of a rebound in wheat, pulses and oilseeds production appears distinct.

To be sure, as of end-January, pulses have done rather well, with the planted area reaching a record 15.9 million hectares (mh) — up from last year's 14.3 mh. Specifically, chana or desi chickpea area coverage at 9.9 mh (8.9 mh) reflects growers' excellent response to high open market prices in recent months.

Similarly, area coverage for wheat has reached a new high of 31.6 mh — up from last year's 29.3 mh. This again appears to be in response to high open market prices (above ₹2,000 a quintal) at the time of planting.

Among oilseeds, rapeseed/mustard has been planted on 7.1 mh, 10 per cent more than last year, while the total oilseeds area is estimated 8.4 mh (7.8 mh).

While these numbers surely help reduce the level of anxiety about the crop size, there is no justification for remaining smug. Policymakers and traders have to remain alert to developments till the crops are harvested.

An unquantifiable yet significant risk relates to weather. We saw in 2014, 2015 and in 2016 how unseasonal rains and hailstorm in March-April reduced the crop size and hurt the quality of the produce, mainly wheat and pulses. There is nothing to suggest that such a weather event will not recur this year.

Wheat faces threat

Wheat is a crop that needs close attention. Over the last two weeks, the minimum and maximum temperatures in many growing areas have already begun to rise. The IMD, too, had warned of a mild winter. Indian wheat is already at the limit of heat tolerance. So, we cannot take a record crop for granted.

The government has set a target of 96.5 million tonnes (mt). Also, there are doubts over the government's estimate of 93.5 mt for 2016. Public stocks of wheat are also dipping rapidly and likely to go down to about 7 mt by end-March when the crop gets ready for large-scale harvest. Wheat inventory would be at multi-year lows. This can send a bullish signal to the market.

As for pulses, the rabi output target is 13.5 mt, with the target for chana pegged at 9.6 mt. On current reckoning, the chana harvest looks set to reach 8.5 mt and that of total rabi pulses may touch 13 mt.

Chana under pressure

Taking cognisance of the crop prospects, chana prices have already sharply corrected down to the current level of ₹5,100-5,200 a tonne. The downward price pressure has been exacerbated by the humongous import of desi chickpea from Australia and yellow pea (perceived as a chana substitute) from Russia, Ukraine and Canada.

If the downward spiral continues and tests the minimum support price (MSP) of ₹4,000 a quintal, chana growers are sure to feel disappointed, similar to what tur/arhar or pigeonpea growers have faced because of rates ruling below MSP.

It is extremely important that the government machinery makes a timely entry in the market and ensures aggressive purchase at harvest time so as to prevent a price collapse. It is important to support growers who have risen to the occasion and planted more in the hope of receiving remunerative returns. Whether policymakers have the will remains to be seen.

The writer is a global agri-business and commodities specialist. Views are personal.