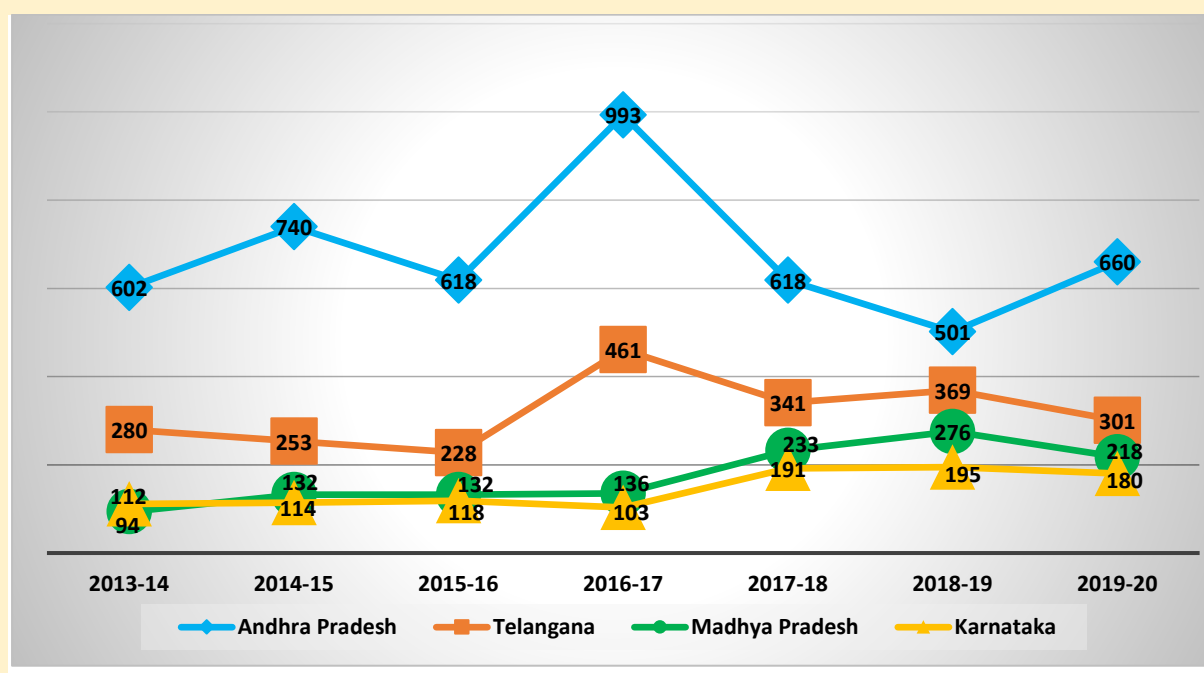


CHILLI OUTLOOK REPORT – January to December 2020

Spices are aromatic vegetable substances used for the seasoning of foods. Among them, Chilli is one important spice used all over the world in one form or the other. Indian chillies have been dominating the international chilli market. India is not only the largest producer but also the largest consumer and exporter of chilli in the world. Chilli alone contributes 42% to the total spices export quantity of the country and is predominantly exported to countries like China, Vietnam, Thailand, Srilanka, Indonesia and Malaysia. Indian chilli is considered to be world-famous for important commercial qualities of color and pungency levels. India is the largest producer with 1.75 million tonnes and contributes 43% of world chilli production followed by China, Ethiopia, Thailand, Pakistan and Bangladesh.

In India during 2019-20, Andhra Pradesh tops the list in dry chilli production of 6.66 lakh tonnes covered under 1.43 lakh ha with 4657 kg/ha productivity followed by Telangana, Madhya Pradesh, Karnataka and West Bengal. Guntur chilli yard being the largest chilli market in Asia influences the domestic and international prices of chillies. Guntur district in Andhra Pradesh produces 15 % of all the chillies produced in India and the state of Andhra Pradesh as a whole contributes 38 % of India's Chilli production. There are more than 400 different varieties of chillies found all over the world. The major chilli growing districts in AP are Guntur, Prakasam, Kurnool and Krishna. Teja, Byadgi, DD Best, 341, 273, 334 etc., are reported as premium varieties and preferred by exporters.

Figure 1: Chilli production of major states.



Source: Indiastat, 2020

According to the 2nd advance estimates of the Government of Andhra Pradesh, chilli production is estimated at 7.35 lakh tonnes grown under the area of 1.61 lakh ha with a productivity of 4565 kg/ha during 2020-21. According to Rabi Weekly Statistics Report February 2020-21 given by the Department of Agriculture of Andhra Pradesh, the total kharif area sown was 36.48 lakh ha out of which chilli was sown in the acreage of 1.45 lakh ha which is more compared to last year (1.36 lakh ha) and as of rabi 2020-21 the total area sown was 23.27 lakh ha of which rabi chilli area sown was 0.44 ha.

Table 1: Red Chilli Supply and Demand (in lakh tonnes)

Particulars	2016-17	2017-18	2018-19
Opening Stock	3.84	1.87	2.39
Production	10.73	13.76	10.50
Import	0	0	0
Total Supply	14.57	15.63	12.89
Consumption	8.70	8.80	8.50
Exports	4.00	4.44	3.85
Total Demand	12.70	13.24	12.35
Ending Stock	1.87	2.39	0.54
Average Monthly Consumption	0.73	0.73	0.71
Stock to Month Use	2.58	3.26	0.76
Stock to Consumption Ratio %	14.72	18.05	4.37

Source: www.agriwatch.com

As per some private sources, the data given is compiled in Table 1 depicts that the production has decreased from 2017-18 to 2018-19 and observing at the demand-supply scenario, the demand (12.35 lakh tonnes) for chilli was easily met by the total supply (12.89 lakh tonnes).

Table 2: Major Importing countries of Indian Chilli (2018-19)

Major Importing countries	Quantity (MT)	Rank	Value (in Lakh)	Rank
China	74903.07	1	93676.93	1
Vietnam	66302.67	2	86855.25	2
Thailand	66197.29	3	75447.04	3
Sri Lanka	53185.71	4	46488.38	4
Indonesia	34848.66	5	36627.18	6
Malaysia	31692.20	6	33557.50	8
United Arab Emirates (UAE)	29741.43	7	18859.66	9
United States of America (USA)	27793.16	8	45534.78	5
Bangladesh	25405.70	9	34250.48	7
Total	410069.89		471297.20	
India	468500		541118.00	
Share (%)	87.52		87.09	

Source: www.indiastat.com

China was the major importer of Indian chillies followed by Vietnam, Thailand, Srilanka, Indonesia and Malaysia. Chilli exports to these major nine countries account for 87 per cent of total India's chilli export which is shown in Table 2.

Table 3: Export and Import share of chilli to the total spices export and import for triennium years of India.

Years	Exports (000' tonnes)			Years	Imports (000' tonnes)		
	Chilli	Spices	Per cent share		Chilli	Spices	Per cent share
1993-96	35.68	180.25	19.79	2000-03	1.07	83.95	1.27
1996-99	53.52	236.08	22.67	2003-06	1.11	100.62	1.11
1999-02	65.35	238.24	27.43	2006-09	0.96	100.11	0.96
2002-05	101.89	289.00	35.26	2009-12	1.16	101.54	1.15
2005-08	156.89	389.45	40.28	2012-15	0.69	133.48	0.52
2008-11	210.67	499.67	42.16	2015-18	0.98	191.78	0.51
2011-14	284.83	715.93	39.78	-	-	-	-
2014-17	364.92	906.16	40.27	-	-	-	-
2017-20	465.47	1103.77	42.17	-	-	-	-

Source: www.indiastat.com

Table 3 reveals that the per cent share of chilli export to total spices export has increased from 19 to 42 per cent between 1993 and 2020 and similarly the per cent share of the chilli imports to total spices import has decreased from 1.27 to 0.51 per cent from 2000 to 2018. The results reveal that in overall spices export major share is contributed by chilli crop which in turn contributes to nations GDP.

Table 4: Comparison of area and production of chilli before and after bifurcation of Andhra Pradesh.

Years	Before Bifurcation				Years	After Bifurcation			
	Area ('000 ha)		Production ('000 tonnes)			Area ('000 ha)		Production ('000 tonnes)	
	India	AP	India	AP		India	AP	India	AP
2009-10	767.00	207.00	1203.00	831.00	2014-15	760.98	134.96	1605.01	739.62
2010-11	792.00	195.47	1223.40	638.30	2015-16	810.74	156.06	1519.75	618.42
2011-12	804.79	183.00	1276.30	565.00	2016-17	839.71	209.35	2095.47	1031.00
2012-13	794.12	210.02	1304.36	685.15	2017-18	751.53	119.00	2148.90	618.00
2013-14	774.87	131.32	1492.14	601.99	2018-19	721.00	158.00	1690.00	501.00
Average	786.56	185.36	1299.84	664.29	Average	776.79	155.47	1811.83	701.61
% Share		23.57		51.11	% Share		20.01		38.72

The details of the comparison of area and production of chilli concerning bifurcation of Andhra Pradesh and Telangana states have been given in Table 4. It is observed that area declined from 23.57 % to 20.01 % and production declined from 51.11 % to 38.72%. This

shows that area declined is less when compared with production decline which implies that productivity must be increased with the available area.

Inter-district comparison of Andhra Pradesh for chilli (2018-19) is shown in Table 5 and from the table, we can observe that Guntur district ranks top in both area and production. Among 13 districts of Andhra Pradesh, 6 six districts namely Guntur, Prakasam, Kurnool, Krishna, Ananthapur and East Godavari covers 96 per cent of area and production under chilli acreage and production.

Table 5: Inter-District Comparison of Andhra Pradesh for Chilli (2018-19)

Major Districts	Area (in ha)	Rank in Area	Production (in tonnes)	Rank in Production
Guntur	81406	1	262570	1
Prakasam	30391	2	76759	2
Kurnool	16445	3	75384	3
Krishna	13956	4	48695	4
Ananthapur	6869	5	6146	6
East Godavari	2712	6	10155	5
Total	151779		479709	
Other districts	6649		21698	
Andhra Pradesh	158428		501407	
Share (%)	95.80		95.67	

Chilli Price Outlook:

Chilli premium variety like Teja, 334 traded at higher prices due to good demand from countries like Vietnam, Malaysia, China and Sri Lanka etc.

Table 6: Monthly Dry (Red) Chilli Arrival Scenario

State	Market	% Change Over Previous Week	January 2021	December 2020	January 2020
Andhra Pradesh	Guntur	5.34	1380000	1310000	1055000
Telangana	Warangal	-9.13	107500	118300	168500
Total		4.14	1487500	1428300	1223500

Units -Bags (1 bag = 40-45 kg) Source: www.agriwatch.com

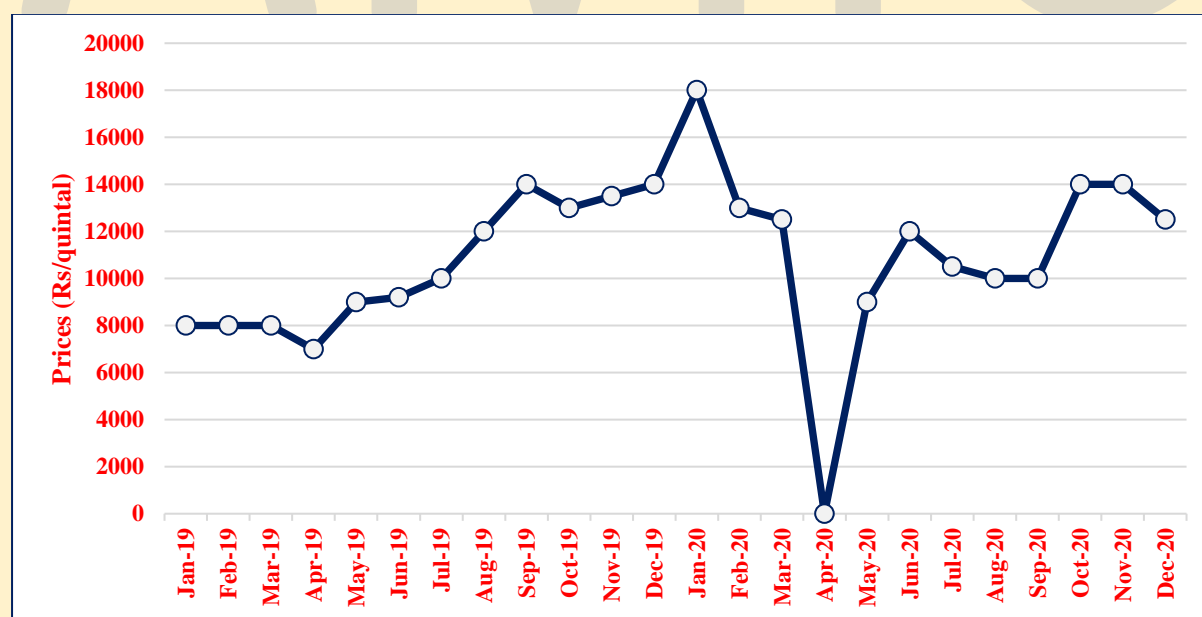
Total red chilli supply in Guntur market from 1st January 2019 to 31st December 2019, stands at around 555,075 MT as compared to 611,955 MT to the corresponding period 2018, supply down by 9.29 % as a result of lower stocks available in the Guntur spot market.

During January 2020 due to the unseasonal rainfall chilli drying process was hampered as the harvesting season was started and the quality was reported lower as the dark spot was reported in some chilli growing regions. Before covid-19 lockdown, new crop supply reported

around on an average daily basis 85,000 to 93,000 bags (1 bag = 40-45kgs). From 21st March till 25th May Guntur mandi closed due to Coronavirus infection. After reopening, chilli prices traded lower due to lower demand as buyers were inactive. Accordingly, the chilli export reported lower (around 60 – 70% from normal level) due to lockdown as a result of low activity from Mandi to Port level.

As per agriwatch sources (2019-20) around 540,000 tonnes of chilli grown in Andhra Pradesh and Telangana, has been stored in cold stores, (In 2018-19 it was 405,000 tonnes). Cold stores stocks continued to arrive at the Guntur spot market at the rate of 55,000 bags (1 bag = 45kgs) per day from Guntur cold storages, where around 90,000 MT (and 112,500 MT in AP) stocks are still stored, compared to 63,000 MT in 2018-19 due to higher production, higher stocks and low demand due to patchily functioning markets. From the 1st January 2020 to 30th Nov 2020, red chilli supply in the Guntur market was reported to add up to around 453,150 MT as compared to last year's (2019) 512,550 MT, down by 11.59% due to closure of market and lockdown, farmers were slowly releasing their stocks in expectation of further higher prices. Stocks are reported higher, domestic and export demand very low in Indian spot market due to coronavirus fear, if domestic consumption and export demand come down further, ending stocks will increase, which likely to cap prices from higher levels in the spot market.

Figure 2: Guntur chilli Mandi prices



Chilli prices mainly depend on export demand and weather condition in growing regions. Export demand from China and Bangladesh very less, however, some fresh demand

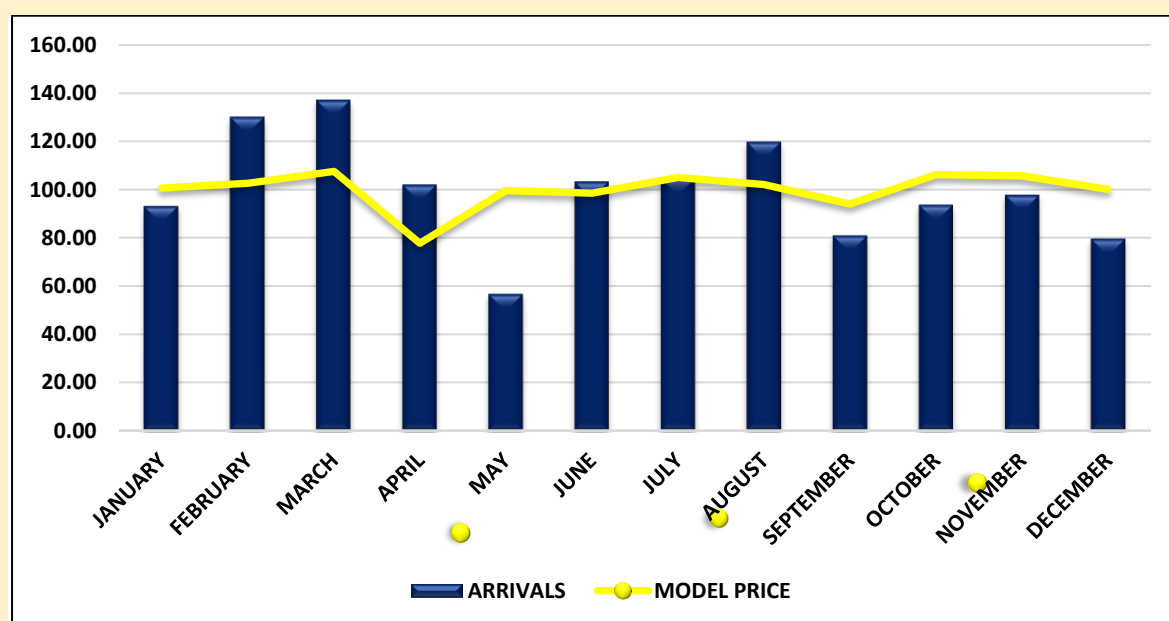
reported from Vietnam, Malaysia and Indonesia at the Guntur market. Good demand was reported for premium variety like Teja, 334 from Chilli Powder Company in the Guntur spot market.

Due to unseasonal rainfall in Chilli growing regions in AP, Chilli standing crop quality slightly damaged and around 85 ha in Krishna and Kurnool are majorly affected by sucking pest in the first week of December due to the Nivar cyclone. As per Agriwatch first estimates, Red Chilli all India production for 2021-22 (marketing year) is estimated at 13.84 lakh MT. Last year's production was 12.32 lakh MT.

Table 7: Seasonal Indices of Arrivals & Prices of Dry Chilli at Various APMC between 2015 to 2020

Months	Seasonal Indices of Arrivals	Seasonal Indices of Prices
January	93.22	100.61
February	130.30	102.60
March	137.36	107.57
April	102.13	77.74
May	56.66	99.63
June	103.45	98.49
July	104.61	105.02
August	119.90	102.08
September	81.00	94.07
October	93.81	106.26
November	97.87	105.76
December	79.71	100.17

Figure 3: Depicts the seasonal indices of arrivals and price of chilli from 2015-20



Chilli (NCDEX quality) in Guntur was traded at Rs.13,000 – 13,500 per quintal. Due to good domestic and export demand price raise observed. The prices (cold storage) are expected to move in a range between Rs.11,500 – 14,000/-qtl in the coming days. Red Chilli 334 variety prices are moving at Rs.12,500 – 13,500/-qtl and the prices (cold storage) are likely to correction from higher levels and to move in a range between Rs.12,500 – 15,000/- in future.

Under these circumstances, the Agricultural Market Intelligence Centre, ANGRAU expect that Chilli is likely to trade in the price range between Rs. 10000 to 11000 per quintal for normal variety and Rs 13000 to 15000 per quintal for Special varieties in February and March 2021.

AMIC