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Crop Outlook Reports of Andhra Pradesh

GROUNDNUT
(June, 2023 to May, 2024)



Centre for Agriculture & Rural Development Policy Research (CARP)

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ANGRAU - Crop Outlook Reports of Andhra Pradesh

Groundnut– June to May, 2023-24

Factsheet of Groundnut

- Globally, Groundnut covers 32.7 million hectares and produce 31.43 million tonnes with a production of 1648 kg per hectare.
- China ranks first in groundnut production with 18.38 million tonnes followed by India 10.13 million tonnes, Nigeria 4.28 million tonnes.
- USA has highest productivity of 4469.26 kg per hectare followed by Nicaragua with 4357.36 kg per hectare. India stands at 12th position in productivity with 1847.4 kg per hectare.
- In India, about 48.80 lakh hectares were reported under groundnut during 2023-24 and the production was estimated about estimated at 102.89 lakh tonnes.
- Gujarat has largest area under groundnut (16.35 lakh ha) followed by Rajasthan (8.96 lakh ha), Madhya Pradesh (5.4 lakh ha), Karnataka (4.25 lakh ha), and Andhra Pradesh (3.66 lakh ha).
- Notable Groundnut varieties cultivated across India include Kadiri-2, Kadiri-6, BG-1, BG-2, Kuber, GAUG-1, GAUG-10, PG-1, Chitra, and Amber, while in Andhra Pradesh, prominent varieties are Kadiri-6 (K6), Narayani, Lepakshi, TG-47 and Dharani.
- India has exported 6.807 million tonnes of groundnuts to the world for the worth of Rs. 713534.62 Crores/ 831.60 USD Millions during the year 2023-24 and the major export destinations are Indonesia, Vietnam, Philippines, Malaysia and Thailand.
- During 2023-24, Andhra Pradesh groundnut production is estimated about 3.56 lakh tonnes with an average productivity of 1141 kg/ha.
- The districts of Andhra Pradesh, Sri Sathyasai, Ananthapuramu, Kurnool, Annamayya and Chittoor, hold 63 percent of the groundnut area and contribute 74 percent to the state's total groundnut production
- Cultivation of groundnut in Andhra Pradesh costs Rs. 1,27,365.47 per hectare and the gross margin and net returns were Rs. 74,635.33 per hectare and Rs. 27,499.33 per hectare, respectively.
- Groundnut MSP for 2024-25 is 6783 Rs./qtl, with an increase of 406 Rs./qtl compared to the previous year.

Groundnut (*Arachis hypogaea* L.) is a leguminous plant that is widely cultivated in the tropics and subtropics between 40°N and 40°S latitudes. It is valued for its high-oil content and edible seeds. It is the fourth most important source of edible oil and a third most important source of vegetable protein in the world. Globally, Groundnut covers 32.7 million hectares and produce 31.43 million tonnes in 2022-23 of 1648 kg per hectare (faostat, 2023). China ranks first in groundnut production with 18.38 million tonnes (34.3%) followed by India 10.13 million tonnes (17.4%), Nigeria 4.28 million tonnes (8%), United States of America 2.53 million tonnes (5%) and Sudan 2.50 million tonnes (5%). Groundnut is not only an important oilseed crop of India but also an important agricultural export commodity.

Figure 1. Global production statistics of Groundnut during 2022-23

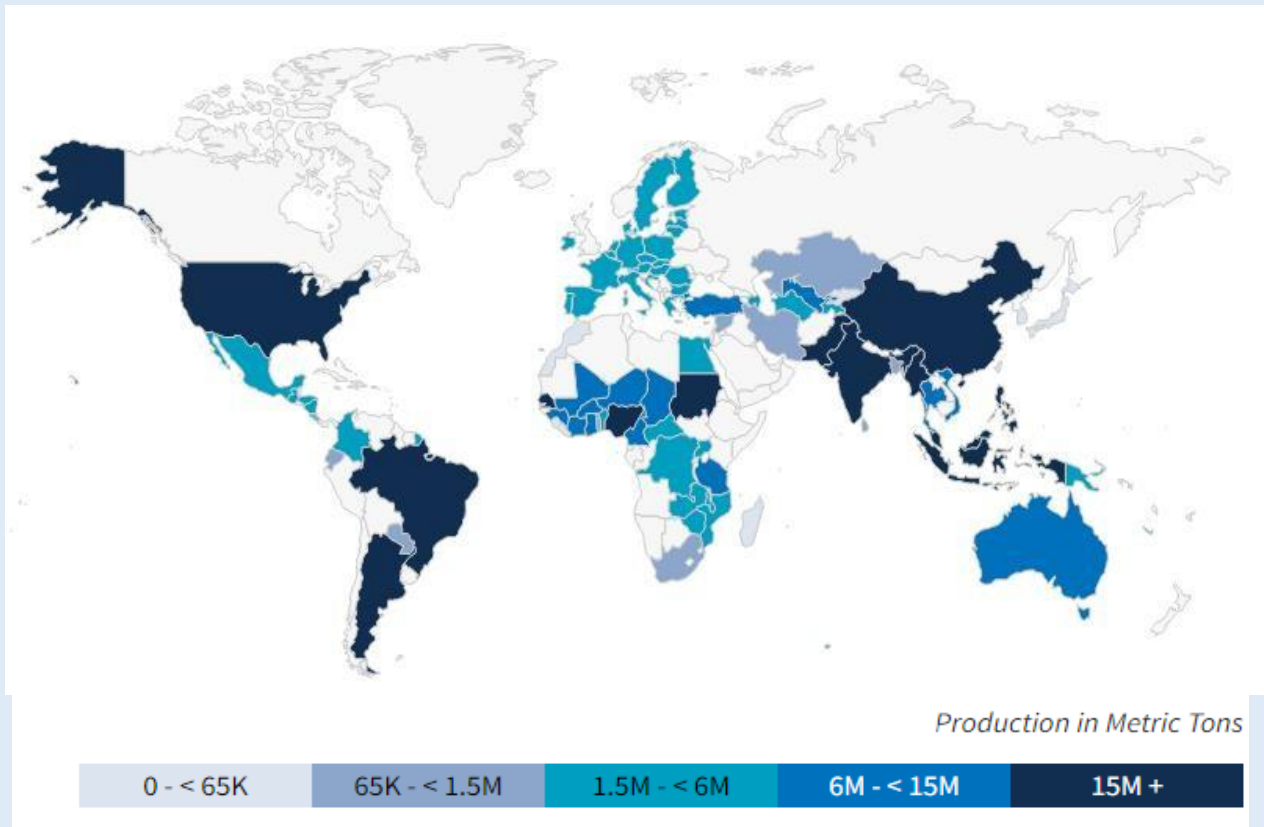


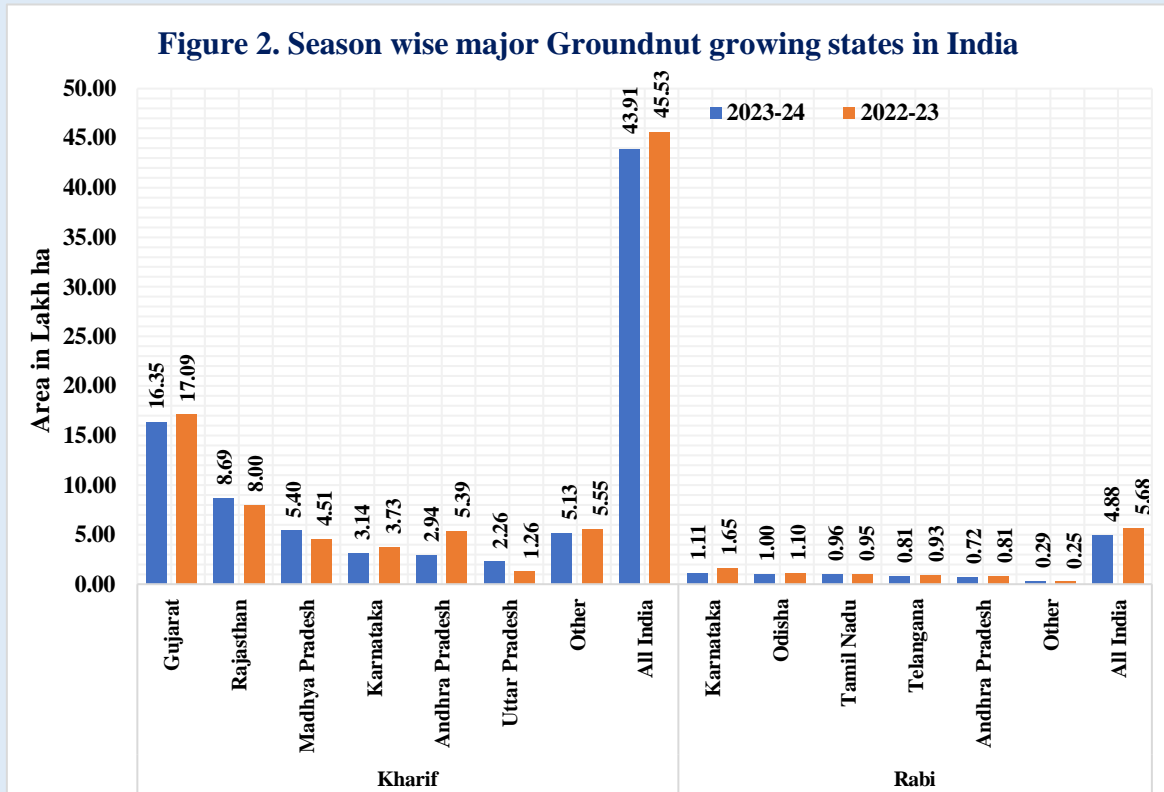
Table 1. Global statistics of area, production and yield of groundnut for the last five years.

Area			Production			Productivity		
Country	lakh ha	Rank	Country	lakh tons	Rank	Country	(kg/ha)	Rank
China	92.76	1	China	365.23	1	USA	4469.26	1
India	55.15	2	India	101.10	2	Nicaragua	4357.36	2
Nigeria	35.74	3	Nigeria	42.47	3	Türkiye	4020.8	3
Sudan	25.43	4	Sudan	33.78	4	Brazil	3795.633	4
Senegal	12.22	5	USA	27.35	5	China	3539.36	5
						India	1847.4	12

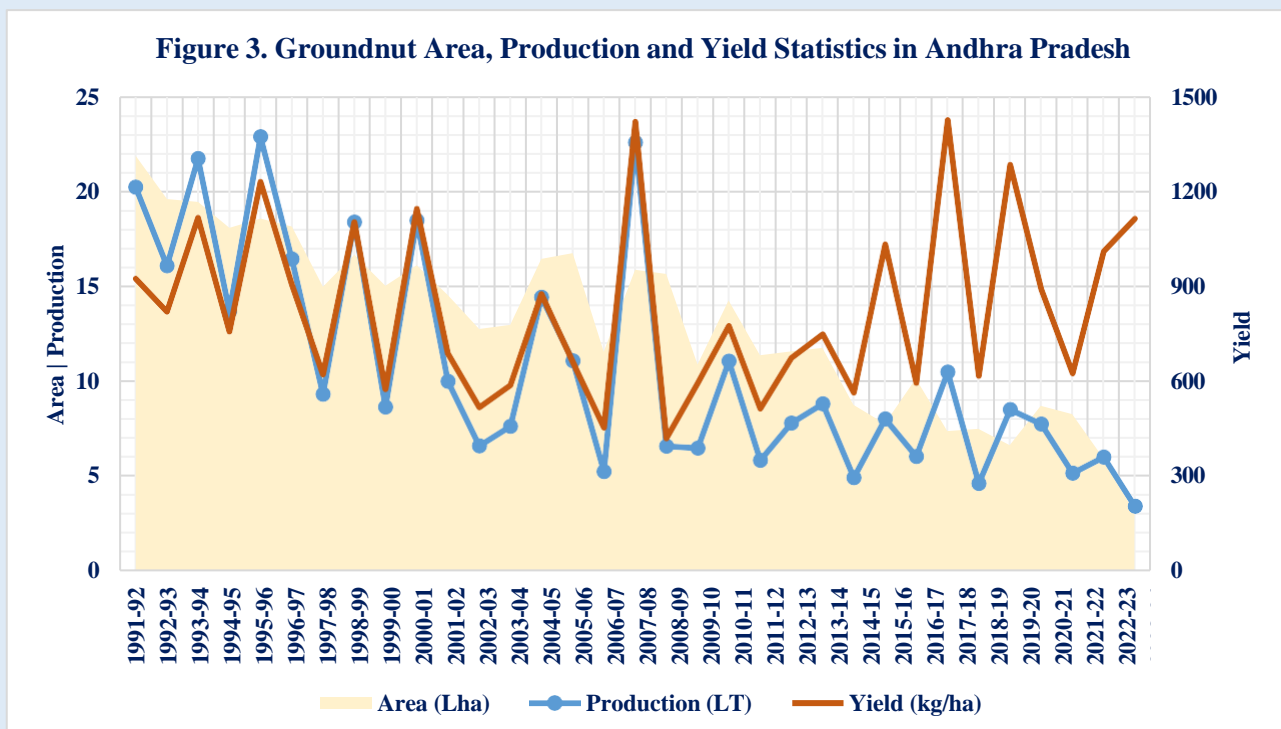
Source: faostat

Globally, China and India are the leading countries in the both area and production of groundnut crop, but the India is 12th position in case of productivity i.e. 1847.4 kg/ha (Table 1). In India major area under groundnut was under rainfed condition, which may result in unpredictable yields.

In India, about 48.80 lakh hectares were reported under groundnut during 2023-24, compared to 51.21 lakh hectares during the same period in 2022-23 (Figure 2). The states of Gujarat (16.35 lakh ha), Rajasthan (8.96 lakh ha), Madhya Pradesh (5.4 lakh ha), Karnataka (4.25 lakh ha), and Andhra Pradesh (3.66 lakh ha) are the major producers of groundnut in India.



According to the third advance estimates 2023-24, Government of India groundnut (kharif and rabi) crop is estimated at 102.89 lakh tonnes as compared to 102.97 lakh tonnes in 2022-23. Among the states, Gujarat is leading in groundnut production with 36.74 lakh tonnes followed by Rajasthan (20.86 lakh tonnes), Madhya Pradesh (9.09 lakh tonnes), Tamil Nadu (7lakh tonnes) and Karnataka (3.69 lakh tonnes). The annual production of groundnut in Andhra Pradesh is estimated about 3.56 lakh tonnes during 2023-24, with an average productivity of 1141 kg/ha (desap).



Over the last three decades, the groundnut cultivation area in Andhra Pradesh decreased by 86.03 percent, with a Compound Annual Growth Rate (CAGR) of -3.85% (Figure 3), and production decreased by 83.14 % (CAGR of -3.87%). The annual average productivity increased by 20.56 percent, however CAGR shown negative (-0.02%).

Table 2. Inter-District Comparison of groundnut production in Andhra Pradesh (2022-23)

District	Area (‘000 hectares)			Rank	Production (‘000 tonnes)			Rank	Yield (Kg/ha)
	Kharif	Rabi	Total		Kharif	Rabi	Total		
Sri Sathyasai	183	21	204	1	51	46	97	2	473
Ananthapuramu	177	20	197	2	80	53	133	1	682
Kurnool	44	15	59	3	44	42	86	3	1458
Annamayya	28	12	40	4	36	33	69	4	1755
Chittoor	35	3	38	5	53	6	59	5	1583
Nandyal	10	2	12	6	7	7	14	7	1056
Y.S.R	4	6	10	7	6	15	21	6	2313
Other	16	18	34		51	70	121		
Andhra Pradesh	497	97	594		328	272	600		1011

Source: Andhra Pradesh Agricultural statistics at a glance, 2023.

The major groundnut growing districts, namely Sri Sathyasai, Ananthapuramu, Kurnool, Annamayya and Chittoor, hold 63 percent of the area and contribute 74 percent to the state's total groundnut production (Table 2). The productivity of Groundnut is highest in the Guntur district with 4282 kg/ha and the under lower productivity (473 kg/ha) is reported in Sri Sathyasai district (desap). The average productivity of the state during 2022–23 was 1011 kg/ha.

Table 3: Quantity and value of exports of Groundnut from India

Years	Quantity (in tonnes)	Value (in Lakhs)
2021-2022	514163.87	469710.06
2022-2023	668885.40	673525.24
2023-2024	680698.61	713534.62

Source: APEDA; *upto April

Exports of groundnut from India are presented in Table 3. In 2023-24 the exports are 680698.61tons and Rs. 713534.62 in lakhs with respect to quantity and value.

The cost-return structure of groundnut in Andhra Pradesh for the year 2023–24 is presented in Table 4. Cultivation of groundnut costs Rs. 1,13,190.49 per hectare, among which labor costs have a lion share of 45.2 percent of the total cost. In total, the working capital share is 75.29 percent, and the fixed capital share is 29.08 percent. The cost of production for groundnut was Rs. 6,952.73 per quintal. Gross margin refers to returns over variable costs, which pertain to owner farmers, while net returns refer to returns over total costs, which pertain to tenant farmers. The gross margin and net returns were Rs. 28,517.69 per hectare and Rs. 548.64 per hectare, respectively. The return on rupee investment was 1.0,

which concerns tenant farmers, and the return on variable costs was 1.33, which mostly relates to owner farmers.

Table 4. Cost-return structure of groundnut in Andhra Pradesh 2023-24 (Rs. /ha)

S.No.	Particulars	Cost (Rs.)
1	Labour costs (Rs/ha)	51,159.14 (45.2%)
2	Material costs (Rs/ha)	32,916.99 (29.08%)
3	Variable costs (Rs/ha)	85,221.44 (75.29%)
4	Fixed costs (Rs/ha)	27,969.05 (24.71%)
5	Total cost (Rs/ha) Cost C2	1,13,190.49 (100%)
6	Yield (Qtl/ha)	16.28
7	Price (Rs./qtl)	6,818.00
8	Gross returns (Rs/ha)	1,13,739.13
9	Net returns (Rs/ha)	548.64
10	Gross Margin (Rs/ha)	28,517.69
11	Return on rupee BCR	1.00
12	Return on VC	1.33
13	COP [C2] (Rs./qtl)	6,952.73

Source: Survey Data, BCR-Benefit Cost Ratio, VC – Variable Costs

Groundnut Prices and Production Outlook:

Percent deviations from yearly average prices were calculated for groundnut for the year 2023–24 using monthly modal prices from Adoni, Kurnool and Yemmiganur AMCs of Andhra Pradesh (Table 5).

Table 5. Seasonal Variations of Groundnut arrivals and prices in major markets of A.P.

Months	Arrivals		Price	
	Quantal	% deviation	Rs. /Qtl	% deviation
Jun-23	20076	49.65	6,262	99.22
Jul-23	7759	19.19	6,665	105.60
Aug-23	66329	164.04	6,662	105.56
Sep-23	31832	78.72	6,332	100.33
Oct-23	47327	117.04	5,875	93.09
Nov-23	38918	96.25	6,041	95.72
Dec-23	23227	57.44	6,571	104.11
Jan-24	48904	120.94	6,331	100.31
Feb-24	102631	253.82	6,078	96.30
Mar-24	83070	205.44	5,973	94.64
Apr-24	13534	33.47	6,132	97.16
May-24	1614	3.99	6,814	107.96
Average	40435	100	6,311	100

Source: Data obtained from Kurnool and Yemmiganur AMCs

The results depict high deviations (SD- 76.6 %) in monthly arrivals of groundnut, with more than 71.8 percent of annual groundnut arrivals reported in August, October January, February and March

months. The prices show less variation (4.86%) from an annual average price of Rs. 6,311 per quintal, where maximum prices reported in July and August (Rs. 6,662 per quintal).

Table 6: Minimum Support Price for the Groundnut from 2010-11 to 2024-25.

Years	MSP	Difference in amount increase over preceding year
1980-81	206	-
1990-91	580	250
2000-01	1220	640
2010-11	2300	1085
2015-16	4030	1730
2016-17	4220	190
2017-18	4450	230
2018-19	4890	440
2019-20	5090	200
2020-21	5275	185
2021-22	5550	275
2022-23	5850	300
2023-24	6377	527
2024-25	6783	406

Source: Source: <https://farmer.gov.in>

From the table 6, it shows the MSP prices for the groundnut over the years, the major hike was occurred in the year 2010-11 with difference from the previous year of Rs.1085. Another significant increased amount appeared in during 2015-16 with MSP of Rs.1730. Groundnut MSP prices increased for 2024-25 by Rs. 406 per quintal compared to the previous year.

Table 7. MSP vis-a-vis Market Prices of Groundnut in Andhra Pradesh during June to May, 2023-24

Crop	MSP (Rs./qtl)	Major Markets	Average days and months of trading			
			Greater than MSP		Less than MSP	
			No. of Days	Month	No. of Days	Month
Groundnut	6377	Adoni, Kadapa, Kurnool and Yemmiganur	235	June to August and December to May	85	September to December

Source: vyavasayamarketingshakha.ap.gov.in

Table 7 shows the number of days when the market prices of groundnut were above, equal to, or below the MSP in major markets of Andhra Pradesh during June-May, 2023-24. On average, for 235 days from June to August and December to May, groundnut prices were above the MSP, while for 85 days from September to December, prices were below the MSP.

In summary, the 2023 peanut harvest season, marked by an 8% production increase, brings about 42 million metric tons globally. Despite Sudan's challenges, a festive atmosphere prevails. The outcome in 2024 hinges on price and demand dynamics, influenced by favorable weather conditions. India and China's roles are pivotal, potentially driving international peanut price declines amidst reduced demand. The industry anticipates exciting changes with heightened production and shifting market dynamics.

Based on data from the Directorate of Economics and Statistics, Andhra Pradesh (DESAP), the Time series analysis shows that the area for groundnut cultivation is expected to decrease to 409.27 thousand hectares during the kharif season and 89.67 thousand hectares during the rabi seasons of 2024-25. Under normal conditions, the estimated annual production is 521.81 thousand tonnes in Andhra Pradesh.

Under these circumstances, Agricultural Market Intelligence Centre, ANGRAU expects that groundnut may trade within a price range of **Rs. 6,800 to 7,250 per quintal** during the Kharif harvest season of 2024-25.

Note: The predicted / forecast values given in the report were estimated using historical data analyzed by different econometric models with the assumption of prevalence of normal weather and market conditions.

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