

# Rabi crops may face weather risk

## COMMENTARY

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Despite the fact that the market prices of many kharif season crops such as oilseeds and pulses are currently ruling below the specified minimum support price (MSP), the underlying inflation expectations have not waned. This is because of the elevated levels of crude oil prices combining with a weak currency.

It is a double jeopardy for growers who receive unattractive market rates for their harvested produce as well as pay high retail price for fuel and food. As for food crops, it is unfortunate that the extant government policies are focused almost entirely on imposing trade and tariff restrictions on imports.

And these controls have

not yielded the desired result of raising farm-gate prices close to MSP, if not above it. We must change tack. The focus should now shift to policies that encourage consumption or expand demand; and unless this is done, crop prices may continue to languish. This is particularly important given the current low level of per capita availability, and widespread under-nutrition.

Yet, there is an emerging threat New Delhi will have to recognise; and that relates to weather. There are incipient signs of an emerging El Nino. By its nature, the weather phenomenon will result in substantially reduced precipitation. Although its intensity is as yet unclear, the risk cannot be wished away.

Planting of major Rabi crops such as wheat, coarse grains (maize), oilseeds (rapeseed-mustard) and



Planting of Rabi crops such as wheat will accelerate in coming weeks SHIV KUMAR PUSHPAKAR

pulses (chickpea) will accelerate in the next few weeks. The subsoil moisture conditions in many regions are less than satisfactory. In the event El Nino becomes a reality, crop prospects could be hurt.

In other words, Rabi crops such as wheat and others face a threat. Even otherwise, it is known that Indian wheat is at the limit of heat tolerance; and even a 2 degrees celsius increase in mean temperature during the growing

months of January and February can potentially reduce yields by as much as 20 percent.

Agriculture Ministry data as of October 26 show a steep slowdown in pulses planting for the Rabi season with chana acreage slipping significantly. While the data at the moment may be dismissed as preliminary, one is not sure if the pace of planting will pick up in the coming weeks given that chana prices have been ruling well below the MSP for an extended period of time.

Versus MSP of ₹1,735 a quintal, wheat is currently trading at ₹2,000. In the months ahead, the upside risk to wheat prices appears real on current reckoning because of the weather threat and suspicion of overestimation of the last Rabi harvest by at least five million tonnes (see Commentary in *Business-Line*, August 23, 2018).

The silver lining is of course the huge stocks of wheat lying with State agencies such as Food Corporation of India. These have to be effectively deployed to augment availability and contain any price spike. Availability of wheat in the southern states will have to be improved markedly, if need be through freight subsidy.

In the case of pulses, too, government inventory is estimated to be close to four million tonnes, including 2.5 mt of chickpea (chana).

Monitoring of weather conditions and planting progress is critical in the weeks ahead. The government should be ready with a contingency plan, especially given the political sensitivity.

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