

Voluntary - Public

Date: 8/17/2009

GAIN Report Number: IN9107

India

Post: New Delhi

Monsoon Report (5)

Report Categories:

Agricultural Situation

Approved By:

Holly Higgins

Prepared By:

A. Govindan

Report Highlights:

A further slowdown in the monsoon activity during the week ending August 5 has increased the possibility of a major drought, with several state governments already announcing 167 of the total 626 districts as drought-hit. Major crops likely to be affected are rice, peanut, and sugarcane.

General Information:

Monsoon activity further deteriorated during the week ending August 5, with 27 of the 36 weather subdivisions reporting below normal rainfall. Precipitation during the week was 64 percent below normal at 23.5 mm, with monsoon activity mostly confined to north eastern states (Figure 1 attached).

Cumulative rainfall during June 1 to August 5 was 25 percent below the long-term average at 378.6 mm with 25 of the 36 weather subdivisions reporting below normal rainfall (Figure 2 attached). Some of the worst rain deficient states are Uttar Pradesh, Andhra Pradesh, Bihar, Jharkhand, Haryana, West Bengal, Assam and Meghalaya, East Madhya Pradesh, and Chhattisgarh – all major rice growing states. Other crops likely to be affected are peanut (Andhra Pradesh) and sugarcane (Uttar Pradesh and Bihar). The situation is somewhat better in the case of soybeans (West Madhya Pradesh and Maharashtra).

The Government's progressive planting data shows that rice planting is lagging behind last year's level by almost 6.6 million hectares through July, mostly in Uttar Pradesh, Bihar, West Bengal, Chhattisgarh, Jharkhand, and Orissa. With the window of opportunity for planting of the major kharif season (fall and early winter harvested) rice crop almost closing, there is likely to be a significant decline in the 2009/10 rice production, both due a decline in planted area and likely lower yields. Planting of most other kharif crops such as soybeans, coarse cereals, pulses, cotton, and sugarcane is tracking last year's level, although there could be a decline in production due to lower yields. Poor monsoon rains in the northern India could negatively impact planting of rabi crops such as wheat, rapeseed, and pulses in the fall, unless this region receives excellent rains in the next two months.

Following the poor rains this monsoon season, state governments in major affected states have declared a drought in 167 districts (http://www.agricoop.nic.in/DroughtMgmt/currentdrought_110809.pdf), seeking special relief assistance from the central government. Because of the looming threat of a major drought, the government has decided to provide 50 percent subsidy to affected farmers on the cost of diesel for irrigation, subject to a maximum of Rs. 1,000 per hectare, limited to maximum of two hectares per farmer. The cost of the diesel subsidy will be shared between the central and state governments on a 50-50 basis. Poor monsoon rains and their likely negative impact on agricultural production have further added to the food inflationary pressure in the economy, with prices of sugar, pulses, vegetables and fruits, and rice skyrocketing in recent weeks.