

**Overview**

The prospects for rabi crops based on information available on area under cultivation is that output will be at best stable as there is a marginal shortfall so far in acreage, which however, may be recouped going ahead. The rabi crop's performance is critical given that India's GDP growth for FY12 will have to be supported significantly by the farm sector since the performance of the industrial sector is likely to be well below what was projected at the beginning of the year. Further, given that the prices of rabi crops have been increasing given the base year and end-of season effects, it does merit some concern.

**Rabi prospects**

With food price inflation starting its descent on the back of a good kharif harvest, the rabi prospects are important as it accounts for 50% of foodgrains production and 33% of oilseeds output. The rabi crops are less dependent on monsoons and use the retained moisture of the monsoons for growth. So far around 75% of the normal area under cultivation has been covered, which gives roughly a good picture of the prospects for the year. Table 1 provides information on the progress of area under cultivation up to date.

The main highlights are:

1. There has been a decline in the area under cultivation relative to last year for all crops put together by around 5%.
2. Shortfall in area under cultivation is witnessed in wheat and jowar, which are the two major rabi crops.

3. Overall area under pulses has improved, though there is a marginal decline for chana (gram).
4. In case of oilseeds, area under cultivation has been maintained with the major seed, mustard witnessing an increase of just less than 1%.

**Table 1: Rabi progress Profile  
(area under cultivation in lakh hectares)  
(as on 9<sup>th</sup> December 2011)**

Crop	Normal	FY11	FY12	Variation
<b>Cereals</b>	<b>384.64</b>	<b>265.23</b>	<b>258.85</b>	<b>-6.4</b>
Wheat	277.45	211.35	209.56	-1.8
Jowar	46.18	38.82	35.35	-3.5
Maize	10.48	6.69	6.14	-0.6
<b>Pulses</b>	<b>122.71</b>	<b>119.21</b>	<b>120.60</b>	<b>1.4</b>
Gram	76.05	79.68	79.40	-0.3
Lentil	14.27	13.82	13.61	-0.2
<b>Oilseeds</b>	<b>94.52</b>	<b>73.99</b>	<b>73.83</b>	<b>-0.2</b>
Mustard	63.56	60.79	61.60	<b>0.8</b>
Sunflower	11.87	3.41	3.08	<b>-0.3</b>
Groundnut	9.10	2.88	2.98	0.1
All crops	601.87	458.43	453.28	-5.1

Source: Ministry of Agriculture

**Output prospects**

1. Overall kharif foodgrains production is to increase by 3.1% according to the First Advance Estimates provided by the Ministry of Agriculture. The present rabi progress in terms of land under cultivation does suggest that output levels would be only stable and not increase significantly unless there is a substantial improvement in the yield per hectare. The target production for the rabi crop is set at about 119 mn tonnes of foodgrains, giving a total crop production target of 245 mn tonnes of foodgrains for 2011-12.

2. If agriculture has to provide support to overall GDP growth, it should be growing by between 3-4% this year over a high base of last year. Therefore it is imperative for the rabi harvest to also exceed that of last year by a good margin.
3. Given the introduction of the Food Security Bill, which will put pressure on the stocks of rice and wheat, it will be necessary to have higher increases in the output levels to sustain the programme. The total requirement of foodgrains could go up to 60-65 mn tonnes from the present levels of 55 mn tonnes, which will necessitate substantial productivity improvements in this sector.

### Price prospects

**Table 2: Inflation in rabi crops (November)**

Crop	Weight	FY11	FY12
Wheat	1.12	-0.75	-4.1
Jowar	0.09	11.8	33.6
Maize	0.22	10.2	13.6
Gram	0.33	-4.7	44.0
Lentil	0.06	-1.3	-8.0
Mustard	0.34	-4.1	<b>11.6</b>
Sunflower	0.08	28.1	<b>5.9</b>
Groundnut	0.40	4.3	19.6

Source: Office of Economic Advisor

While food inflation has been coming down, the prices of rabi crops so far have shown a mixed trend. Wheat and masoor (lentil) have negative price changes and have a weight of 1.18% in WPI. High inflation has been witnessed for jowar, gram, maize, groundnut and mustard, which have a combined weight of 1.38%. ***This implies that shortfalls in production of these crops will have a positive impact on inflation. Therefore, these numbers need to be monitored.***

The government has already announced a MSP of Rs 1285/qtl for wheat, an increase of Rs 700 for gram and Rs 650/qtl for mustard, which will put pressure on wholesale prices. ***With the threat of not meeting the fiscal deficit target looming before the government, it is a question whether this higher food subsidy on account of wheat procurement would be offset by lower procurement.*** Going by the progressive procurement for rice, the government has engaged in, during the marketing season of 2011-12, about 124 lakh tonnes have been procured (an increase of 3.1% over last year). If this procurement trend is the same for other crops as well, price pressures would be inevitable.

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