



# Indian Agriculture Update

## Green offshoots as clouds start clearing

October 2020

01

## Farm Income and Rural Liquidity

*Improved farmer's income and rural liquidity on the back of healthy Rabi procurement and inflows through government policies*

02

## Rural Sentiment Drivers

*Sentiments supported by timely monsoons, healthy Kharif sowing and favorable reservoir levels*

03

## Short-Term Challenges

*Possible disruption by Covid-19 spread and reduced remittances*

04

## Indian Agriculture at Glance

*An overview of major crops and MSP trends*

05

## Analysis of India's Key Crops

*Wheat, Paddy, Sugarcane, Pulses, Cotton...*

06

## Tracking Rural Sentiments

*High frequency indicators of rural sentiments continue to point towards a healthy rural demand*

# Summary

01

## Rural household incomes have been supported by

- Healthy Rabi procurement: A season of bumper Rabi harvest was completed by healthy Rabi procurement with ~36.4% of total production being procured at MSP. This supported farm income especially during the lockdown months.
- Policy support: An increased release of funds by the government towards MNREGA during Q1 FY2021 helped created employment and ease the pressure on rural incomes to an extent created by large scale reverse migration.

02

## Despite reduced economic activity across the country due to Covid-19 related disruptions, rural sentiments continue to be resilient helped by

- Monsoon and Kharif sowing: Timely and normal monsoons along with relatively even distribution led to Kharif sowing reaching record highs. Sowing was further supported by reverse migration of workers thereby inducing more people to work on farms.
- Expectations of bumper Kharif harvest: Helped by favorable monsoons and healthy Kharif acreage, the production for most of the major Kharif crops is expected to witness a growth over the previous year.
- Reservoir levels: The reservoir levels on a pan-India basis are much higher than the 10-year average, thereby setting the stage for another good Rabi season. However, low levels in North India which constitutes a major portion of Rabi production can be a dampener.

03

- The major short-term challenge for agriculture and rural economy is the increasing spread of Covid-19 in rural India with lack of medical infrastructure capable of creating logistical problems. Moreover, lockdown induced large scale reverse migration has led to sharp contraction in remittances from urban to rural areas. With sowing season now over, reduced remittances could create income pressures.
- Next, a brief understanding covering some of the major crops including wheat, paddy, sugarcane, pulses and cotton is given whereby trends in production, procurement, MSP and major growing states have been explained.
- Lastly, a look at various rural sentiment indicators points at a healthy rural demand in the near-term.



**Thank You!**

# Contact Details

Subrata Ray

*Senior Group Vice President*



subrata@icraindia.com



022 - 6114 3408

Shamsher Dewan

*Vice President*



shamsherd@icraindia.com



0124 - 4545 328

Rohan Kanwar Gupta

*Assistant Vice President*



rohan.kanwar@icraindia.com



0124 - 4545 808

Pradyumna Chaudhary

*Analyst*



pradyumna.chaudhary@icraindia.com



0124 – 4545 342



**L. Shivakumar**

*Executive Vice-President*



shivakumar@icraindia.com



022- 6114 3406



**Jayanta Chatterjee**

*Executive Vice-President*



jayantac@icraindia.com



080 – 4332 6401



**Naznin Prodhani**

*Head Media & Communications*



communications@icraindia.com



0124 – 4545 860

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