

# RABI SEASON WRAP-UP FY2024

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**Agri GVA growth projected to rise to 3.4% in FY2025 from ~1.0% in FY2024, assuming a normal monsoon**

**FEBRUARY 2024**





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*Rabi sowing exceeded year-ago levels, albeit by a marginal 0.03% as on Feb 2, 2024, amid mixed trends across crops.*

*Given the weak prospects for rabi output and YoY decline in kharif output, ICRA projects agri GVA growth at ~1.0% in FY2024, with a rise to 3.4% in FY2025, assuming a normal monsoon.*

*Work demanded under MGNREGS has declined during Nov-Jan FY2024; the continuation of this trend remains key to gauge stress in the rural economy.*



- In the ongoing winter season (January-February), India received deficient rainfall at 60% of Long Period Average (LPA) till Feb 14, 2024 amid strong El Nino conditions prevailing over the equatorial Pacific Ocean.



- Owing to sub-par rainfall in the South-west Monsoon, post-Monsoon, and the ongoing winter season, the all-India reservoir storage position remains unfavourable, with the current storage at 49% of live capacity at FRL as on Feb 8, 2024, trailing year-ago (61%) and historical (52%) levels.



- The cumulative sowing at the end of the FY2024 rabi season exceeded the year-ago level, albeit by a marginal 0.03% as on Feb 2, 2024. The lower sowing for crops such as pulses and rice was offset by the higher sowing for wheat, oilseeds, and coarse cereals during this period.



- Owing to concerns related to rabi crop output and yields amid El Nino conditions, as well as weak estimates for the annual kharif production, ICRA expects little-to-no growth in the agri GVA in Q3 and Q4 FY2024, which is expected to keep rural demand cautious in the near term.



- ICRA estimates the agri-GVA growth to slide to ~1.0% in FY2024 from 4.0% in FY2023, amid weak estimates for kharif crop output and mixed trends for rabi sowing. Thereafter, the agri-GVA growth is estimated to rise to 3.4% in FY2025, based on the assumption of a normal and well-distributed monsoon.



- After rising by 10.9% YoY during Jun-Oct FY2024, work demand under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) has declined by 7.3% during Nov-Jan FY2024, partly attributable to the onset of rabi sowing activities. The continuation of this trend remains key to gauge stress in the rural economy.



- Real rural wages have risen in FY2024 so far, averaging at 0.8% during April-November 2023, after contracting in each of the last two years (-1.7%/-1.4% in FY2022/FY2023). An uptick in nominal wage growth, along with a cooling off in the CPI inflation in rural areas, has led to this turnaround.



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