



**CHILLI
MARKET
UPDATE**

**DECEMBER
2021**



Red chillies have been one of the most profitable crops for farmers in the recent years. Let us have a look at the historical crop production and pricing of red chillies in India:



	2021	2020	2019	2018	2017	2016
Total Chilli Production in Million MT	1.98	1.84	1.50	1.72	2.40	1.40
Avg. Price in INR	135	120	95	85	65	125



Due to better price realization in the last 2 years, farmers have shown very high interest in cultivating red chillies. Sowing for red chillies started from June and got completed by the end of October. Initial estimates from our field survey indicated 20% increase in sowing area for red chillies. Carry forward stocks availability in the month of October was 30% larger than usual availability levels. Weather was conducive for cultivation of red chillies and we were expecting 10% larger crop yield as compared to 2020 – 21 season. In line with expectation of larger crop in 2022 season, there was major selling pressure in chilli markets and price for red chillies corrected from month of June till October as indicated below:



* from file, 2020

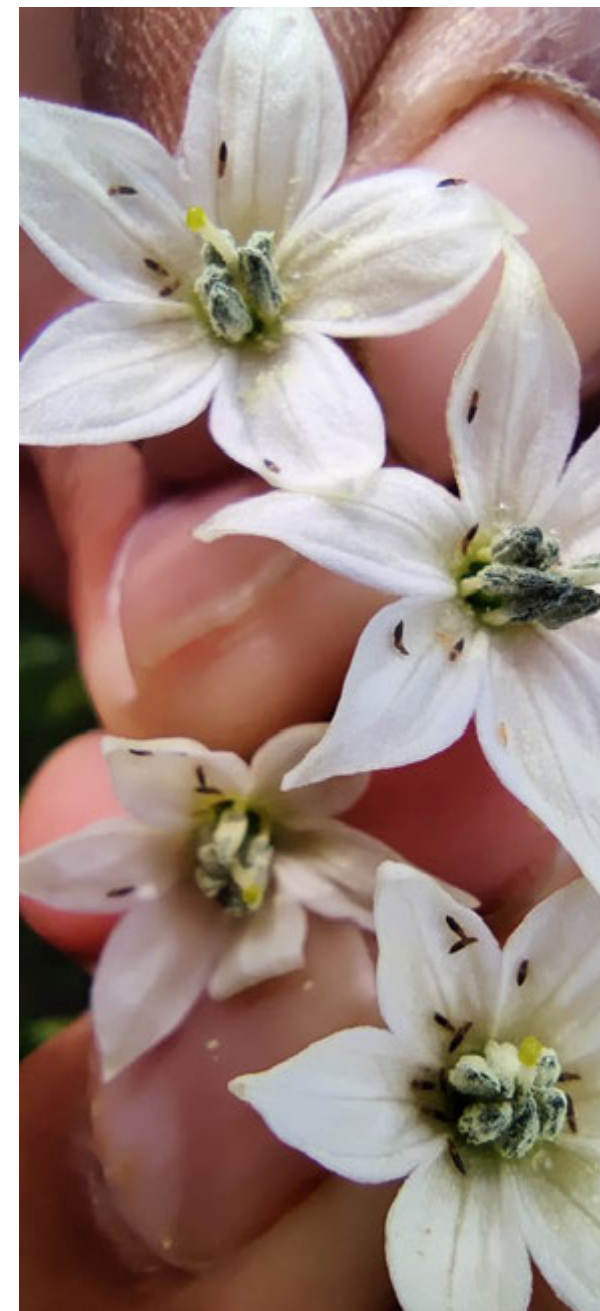
Month	Feb	March	Apr	May	Jun	July	Aug	Sept	Oct
Avg. Price in INR	145	140	135	135	130	130	125	120	110

Unfortunately in the month of November, chilli growing regions faced two major setbacks:

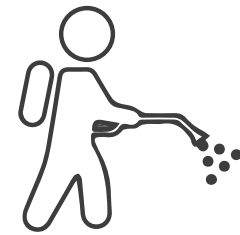
- **Unseasonal rainfall:** There was very heavy unseasonal rainfall in key growing regions of red chillies. The growing regions received heavy rainfall for 4 – 5 days continuously. There was water logging incidents in majority of the fields. Our field survey team had visited growing regions in the middle of November and has noticed major damage to the standing crop. We are estimating 30% reduction in standing crop due to unseasonal rainfall. Majority of the crop loss is due to fungal diseases and water logging.



- **Western thrips attack (*Thrips parvispinus*):** Western thrips are not native to India and has come to India through papaya imports from south east asia. This particular insect is known to specifically attack the flowers and damage the same. Presence of western thrips is widespread across chilli growing regions and we are expecting 20% crop yield loss due to the same.



Western Black Thrips infected chilli flowers



To tackle this problem, farmers are using large volumes of pesticides and fungicides to protect the crop. Hence, **IPM chillies availability will be short in 2022 season**



China has reported **15% shortage** in chilli crop production in 2021–22 season. We are expecting larger export demand for Indian red chillies from China. Carry forward stocks available with Indian spice industry and oleoresin manufacturers are very low. Majority of red chillies buyers have reduced their inventory on expectation of larger crop in 2022 season.



News of crop damage due to unseasonal rainfall and pest attack have had an adverse impact on red chilli markets. Price movement of red chillies have been dramatic in the last few days.

Month	Sept	Oct	15 Nov	20 Nov	25 Nov	01 Dec	06 Dec	07 Dec
Avg. Price in INR	120	95	95	105	115	125	195	165



Red chilli prices have entered a bullish phase and have increased by 70% from the lower price seen in October. We are currently in a highly volatile phase in red chilli market and its better to wait and watch before committing to the 2022 purchase.

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