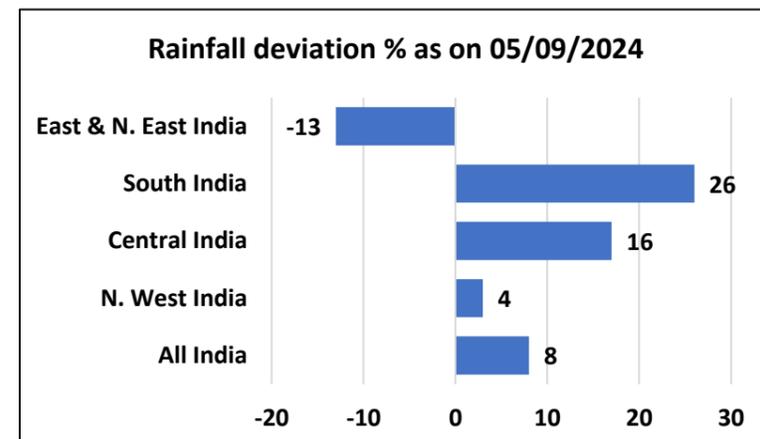


Rainfall deviation over the country has turned from an 11% deficit (% of long period average, cumulative from 01st June, 2024) on 30th June 2024 to 8% surplus as on 05th September, 2024. Rainfall deviation was 2% surplus as on July end and has picked up steadily in the month of August. However, uneven spatial distribution remains a concern, with south Indian region continuing to run a surplus of 26% vis a vis east & north-east Indian region facing a major deficit of 13%. The good thing is, the major crop cultivating north-west region has progressed from 18% deficit in July end to 4% surplus on 05th September.

Fig.1 & 2. Rainfall has shown steady progress in recent weeks; % of Long period average (LPA)

	04-Sep-23	30-Jun-24	31-Jul-24	31-Aug-24	05-Sep-24
All India	-11	-11	2	7	8
N. West India	-1	-33	-18	2	4
Central India	-12	-14	17	17	16
South India	-13	14	27	20	26
East & N. East India	-18	-13	-19	-13	-13



Spatial distribution of rainfall remains uneven yet recovery seen in August

While the country has clocked a rainfall surplus of 8% as per the latest data available, the disparity between the regions / states continues to remain.

Fig.3. Most states facing high rain surplus except UP, Punjab, Haryana etc; strong reservoir levels providing cushion in some states

States	Key Crops	Rainfall deviation (%)	Reservoir level (%)
		(05-09-2024)	(29-08-2024)
Tamilnadu	Rice, Pulses	55	48
Rajasthan	Pulses, Coarse Cereals, Oil seeds	55	-7
Gujarat	Oil seeds, Cotton, Pulses	50	61
Andhra Pradesh	Rice	42	71
Telangana	Rice, Cotton, Pulses	39	71
Maharashtra	Pulses, Coarse Cereals, Oil Seeds, Sugarcane, Cotton	29	19
Karnataka	Pulses, Coarse Cereals	24	18
Madhya Pradesh	Rice, Pulses, Coarse Cereals, Oil seeds	10	18
Chhattisgarh	Rice, Coarse Cereals	2	19
West Bengal	Rice, Pulses, Potatoes, Oilseeds	-6	9
Odisha	Rice, Pulses, Coarse Cereals, Cotton, Potato, Oilseeds	-12	8
Haryana	Rice, coarse Cereals	-10	-
Uttar Pradesh	Rice, Pulses, Coarse Cereals, Sugarcane	-14	39
Punjab	Rice, Cotton	-22	-61
Bihar	Rice	-26	-7

(Rainfall deviation: cumulative rainfall deviation %), (Reservoir level: % departure from normal storage); Source: CEIC, UBI research

Key agri states like Punjab, Haryana, Uttar Pradesh are still in substantial rain deficit though the north-west region is in 4% surplus. While Punjab is suffering from a double whammy of low reservoir levels as well, the situation is comparatively better in Uttar Pradesh. States like Tamilnadu, Rajasthan, Gujarat, Andhra Pradesh and Telangana on the other hand have received excessive rainfall with parts of Andhra Pradesh and Telangana even facing flood like situation which also may not bode well for food prices. North-eastern states like West Bengal, Odisha and Bihar continue to be in deficit. Out of 36 subdivisions all over India, 4 subdivisions covering 9% area of the country continue to be in rainfall deficit while 2 subdivisions covering 9% area have received largely excessive rainfall. 17 sub-divisions covering 46% of the area are in receipt of normal rainfall as on 05.09.2024, which is way better compared to same period last year when only 4 subdivisions were under normal category and 18 subdivisions under large deficient category.

As per the Indian Meteorological Department, after clocking a significant rain surplus in August (16% above LPA, 5th highest since 2001), the month of September is projected to clock 9% rain surplus. The IMD predicts further recovery in rains in north west region yet stays concerned regarding floods, landslides etc in some parts of the country.

Reservoir levels have seen a swift recovery

As per reservoir storage bulletin dated 29.08.2024, live storage available in 155 reservoirs of the country is 144.333 BCM (billion cubic meters), which is 80% of total live storage capacity of these reservoirs, sharply higher vis-à-vis 26% during corresponding period last year and 19% up from the normal storage level. Out of 155, 18 are filled 100% while 13 have

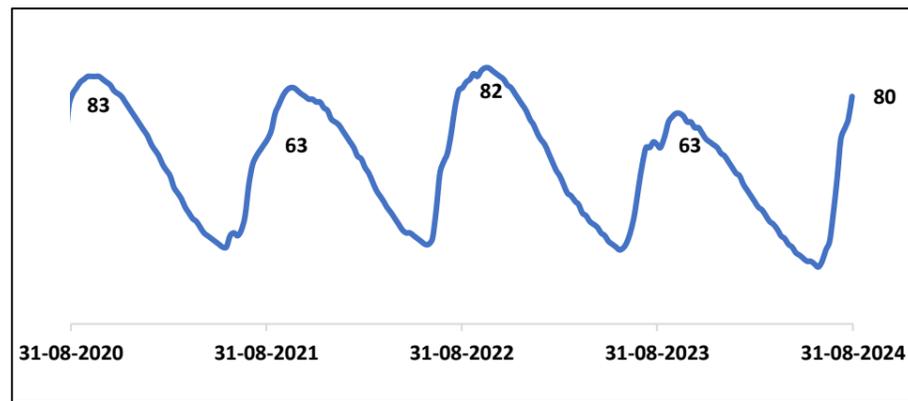
By:

Kanika Pasricha
kanika.pasricha@unionbankofindia.bank

Nidhi Arora
nidhiarora@unionbankofindia.bank

storage of 40% and below of their live capacity. Though the reservoirs levels are quite satisfactory looking at the progress made in the last month, the levels are still below 83% seen in August 2020 (source: Central Water Commission).

Fig. 4. Reservoir levels are up 26% from corresponding period, last year

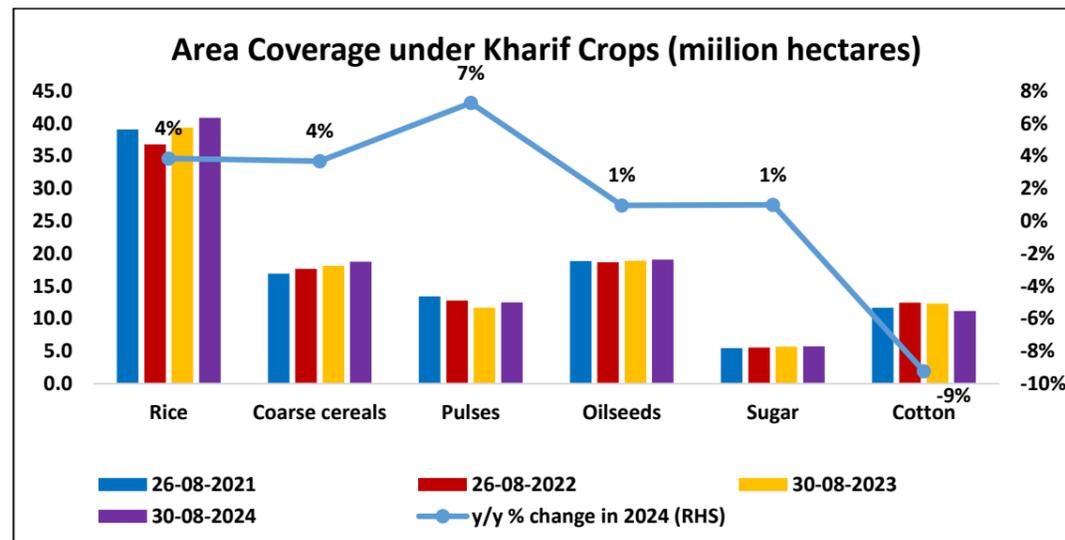


Source: CEIC, UBI research

Sowing up by 2% YoY, yet lags historical trends

With the progression of monsoon, sowing of kharif crops has picked up well. Overall, as on 30th August 2024, the sowing area is up by 2% led by pulses and paddy with their respective areas up by 7% and 4% respectively. The area under sowing as on 30th August 2024 is 108.7 million hectares vis a vis 106.7 million hectares last year. Cotton is still 9% below the area sown last year. Oilseeds and sugar are marginally above the previous year's levels. Given the low base from last year which saw the impact of ElNino effects, sowing has recovered, yet it still lags the near record sowing levels clocked during 2021 and 2022.

Fig. 5. Pulses and paddy sowing has picked up while cotton is yet to catch up

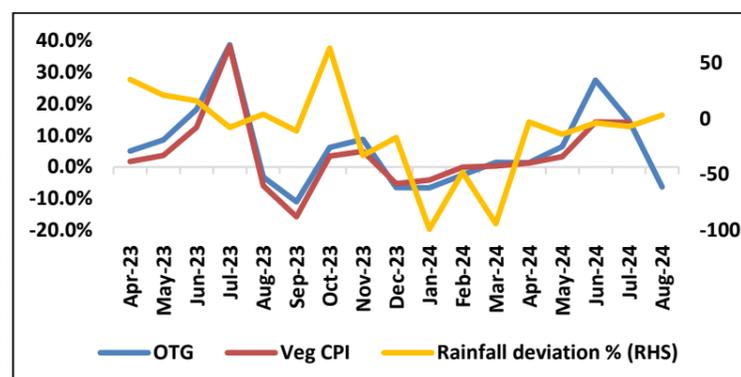


Source: CEIC, UBI research

Monsoon trends in September crucial for determining food prices trajectory

Food inflation in July'24 softened to its lowest since June'23 to 5.1% vs 8.4% in June'24 as expected partly due to high base effect of June'24 and partly due to cooling off in prices across the board except fruit prices which remained elevated. Vegetables inflation eased to 6.8% vs 29.3% in June'24. Pulses and cereals inflation also came down from 16.1% and 8.8% in June'24 to 14.8% and 8.1% respectively. On-the-ground food prices movement shows a drop across vegetables, cereals, pulses etc. This shows salutary effect of favourable monsoon this year vs last year. With CPI ex vegetables at below 4% consistently for last seven months, cooling in vegetables inflation will be key to watch. Food inflation, is further expected to come down in coming months as the monsoon has progressed well in most of the regions of the country and reservoir levels have also seen sharp pickup; this, coupled with improved sowing of kharif crops is expected to keep the supply side concerns at bay for some time. With at least one more month to be covered by monsoon, any negative surprise on the monsoon front whether deficit of rain or flooding will again trigger the food price inflation on the upper side.

Fig. 6 & 7. OTG food prices directly impacted by rainfall, as visible in declining prices in August'24



Source: CEIC, IMD, CWC & UBI research

% Change in Price (m/m)	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Cereals	-0.03	0.20	0.64	-0.40	-1.68
Pulses	0.69	1.67	2.56	1.86	-1.17
Oils	0.15	-0.13	0.49	-0.14	-1.99
Vegetables	4.35	4.06	16.61	29.43	-7.26
Sugar	0.11	0.54	0.49	0.18	-0.11

Banking Research Team	
Kanika Pasricha Chief Economic Advisor	kanika.pasricha@unionbankofindia.bank
Suneesh K	suneeshk@unionbankofindia.bank
R Gunaseelan	gunaseelan@unionbankofindia.bank
Nidhi Arora	nidhiarora@unionbankofindia.bank
Rajesh Ranjan	rajeshranjan@unionbankofindia.bank
Amit Srivastava	asrivastava@unionbankofindia.bank
Jovana Luke George	jovana.george@unionbankofindia.bank
Dhiraj Kumar	dhirajkumar@unionbankofindia.bank
Akash Deb	akash510@unionbankofindia.bank
Rohit Yarmal	rohitdigambar@unionbankofindia.bank
Shreyas Bidarkar	shreyas.bidarkar@unionbankofindia.bank
S. Jaya Laxmi	s.jayalakshmi@unionbankofindia.bank

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