

El Nino casts cloud, monsoon may be below normal: IMD

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India may receive below-normal rainfall this year as the shadow of El Niño rises, raising concerns over farm output, rural demand and inflation in Asia's third-largest economy.

The south-west monsoon, which waters most of India's farmlands, may be just 92% of its 50-year average this year, the India Meteorological Department (IMD) said on Monday. A range of 96-104% is considered normal. The last below-normal monsoon occurred in 2023 when it was 95%, prompting the government to deploy buffer stocks, export curbs and price control to limit the impact on food inflation. Earlier, private forecaster Skymet had projected this year's monsoon at 94% of the long period average (LPA).

"The 2026 southwest monsoon seasonal rainfall over the country as a whole is most likely to be below normal," IMD director general Mrutyunjay Mahapatra told reporters, adding precipitation of 90-95% is expected. The climate forecast system sees El Niño conditions evolving during the monsoon season, Mahapatra said. El Niño, which is linked to a warming of the Pacific Ocean, is linked to a drier southwest



The last below-normal monsoon occurred in 2023. AFP

monsoon.

However, rainfall may vary widely across the wide swath of India, as well as during the progress of the monsoon. According to IMD, Northeast, Northwest and South Peninsular India may see above-normal rainfall. The IMD forecast comes with a model error of plus or minus 5%. Last year, IMD had predicted monsoon to be almost 105% of LPA, while the final figure stood at 108%.

Madan Sabnavis, chief economist, Bank of Baroda, noted that this comes after a similar prediction from Skymet. "This is significant as both the forecasts do highlight caution on the agricultural front. While this may still be too premature

Sub-normal monsoon at 92% this year

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to draw conclusions, at this stage, it suffices to say that with the war not seeming like coming to an end, this news is not favourable for inflation.”

“Both forecasts highlight risks on the agricultural front,” said Sabnavis. “While it may be premature to draw firm conclusions, the possibility of El Nino developing in the coming months could affect the final outcome.”

According to Sabnavis, the timing of monsoon onset plays a crucial role in cropping patterns. A delayed arrival leads to postponement of sowing. The progress of the monsoon is important, particularly in the flowering stage of crops. Its distribution is critical, as it determines agricultural prospects in regions lacking irrigation.

According to Pushan Sharma, director, Crisil Intelligence, improved irrigation has made the farm sector relatively more resilient. “That said, near-term sowing conditions appear relatively supportive. Reservoir storage is relatively strong at around 82.070 BCM as of 9 April 2026, which is 27% above the LPA and approximately 18% higher than the same period



Only about 55% of India's net sown area is irrigated.

AFP

last year (69.752 BCM). Given that June is predicted to have relatively normal rainfall, early sowing prospects will be further supported,” added Sharma.

India remains heavily dependent on rains that fetch more than 70% of its annual precipitation.

“The IMD’s forecast of a sub-par monsoon, at 92% of LPA, is the lowest first long-range forecast in at least 26 years,” said Ica Ltd chief economist Aditi Nayar. “This poses downside risks to GDP growth in FY2027 and

upside risks to CPI inflation.”

“This, along with the impending impact of the ongoing crisis in West Asia, poses downside risks to India’s GDP growth in FY2027, while posing material upside risks to the CPI inflation trajectory during the fiscal. While the ample reservoir levels vis-a-vis historical averages pose some comfort, the average CPI inflation for FY2027 could well exceed 4.5%,” Nayar said.

Meanwhile, neutral conditions currently prevail in the

Adequate rainfall boosts the farm economy and strengthens rural demand, benefiting various sectors

Indian Ocean Dipole, a key climate driver. IMD models indicate a potential shift to a positive phase toward the latter part of the monsoon, which could partially offset adverse impacts.

At the moment, there is not much of a worry as far as big FMCG players are concerned, which have contingencies in play like shifting production and moving to more affordable packs to adapt quickly.

“As far as raw materials go, the wheat rabi crop has been good this year, so we are not particularly worried about inflation there. On the demand side, biscuits and snacks remain largely essential categories, though premium segments do see some impact when there is pressure on consumption. In such periods, consumers tend to shift towards more affordable packs, with even premium products being consumed in lower denominations. Rural consumers today are highly aspirational in both their consumption and outlook and are willing to upgrade, but often prefer to do so through smaller, more accessible pack sizes,” said Mayank Shah, CMO, at Parle Products Ltd.

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