

If IMD is right, is the economy in trouble?

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MUMBAI

While the long-awaited monsoon finally made landfall in Kerala after a three-day delay, a deeper anxiety is now gripping the country.

The outlook for the 2026 southwest monsoon has turned grim after the India Meteorological Department (IMD) downgraded its seasonal rainfall forecast to 90% of the long period average (LPA), from 92% in April. Though still technically classified as “below normal”, this revision signals a much higher risk of a severe deficit. Coming on the heels of a strong 2025 season, this marks India’s weakest monsoon forecast since 2015.

Driving this grim outlook is the IMD’s projection that the neutral El Niño-Southern Oscillation (ENSO) conditions are expected to transition towards El Niño during the monsoon season.

Historically, El Niño years have coincided closely with below-normal or deficient monsoon rainfall in India. Over the past two decades, the country has weathered six El Niño monsoons: emerging as weak events in 2004, 2009 and 2018; a moderate event in 2002; and strong episodes in 2015 and 2023.

Although weather forecasts are rarely 100% accurate, IMD data shows the error rates in India’s official monsoon predictions have dropped steadily over the past two decades.

The weather office’s dual-forecast system (released in April and June) measures devi-



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ation from the historical LPA. Since 2001, the second-stage forecast has been within the acceptable 5% error margin on 13 occasions—a 54% success rate that has shown marginal improvement recently. IMD has also correctly called three of the five below-normal monsoons over this period, overestimating rainfall in the remaining two, though the margin of error typically widens during El Niño years.

The southwest monsoon accounts for roughly 75% of India’s annual rainfall, and nearly half of the country’s cultivated land is entirely dependent on its performance.

Sujan Hajra, chief economist and executive director at Anand Rathi Group, said, “Agriculture may account for less than one-fifth of output, but it continues to support

close to half the workforce. Consequently, even a relatively small hit to agricultural output can have a disproportionately large effect on rural consumption, sentiment and local employment.”

A sluggish start in June and the expected mid-season transition to El Niño pose severe risks for the upcoming agricultural cycle.

Credit rating agency Icria warns that the risk of poor rainfall in 2026 is directly tied to the developing El Niño.

Regardless of its intensity, this weather pattern threatens agricultural output. In its April report, Icria cautioned that a below-normal monsoon will likely hamper kharif sowing, hit farm yields, push up food prices, and leave crucial water reservoirs dangerously low.

These growing headwinds threaten to dampen rural senti-

ment. “This year’s concern is particularly acute because weather risks are concentrated in rain-fed regions that account for a substantial share of pulses, oilseeds and sugarcane production. That raises the probability of pressure on both farm incomes and food prices,” Hajra said.

Yet, he argued that the broader economy was better insulated than in past El Niño cycles. “The real risk lies not in the headline forecast but in the tail risk. A modestly below-normal monsoon is manageable.”

A key concern, he said, was a monsoon season with prolonged dry spells, poor reservoir replenishment, and concentrated rainfall deficit in key agricultural regions.

Debopam Chaudhuri, chief economist at Piramal Group, echoed this perspective, saying deficient rainfall by itself may not be a severe risk for overall inflation. But if coupled with drought-like conditions across major agrarian belts, India’s economy could find itself in a difficult position.

In its April report, Icria cautioned that a below-normal monsoon will likely hamper kharif sowing, hit farm yields, push up food prices, and leave crucial water reservoirs dangerously low. “Besides, the availability of fertilizers in the upcoming kharif season amid the ongoing West Asia conflict poses another challenge.” it added.

Experts say that a rainfall outcome around 90% of LPA, if reasonably well distributed, is unlikely to derail the overall growth trajectory.

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