

October 6, 2026

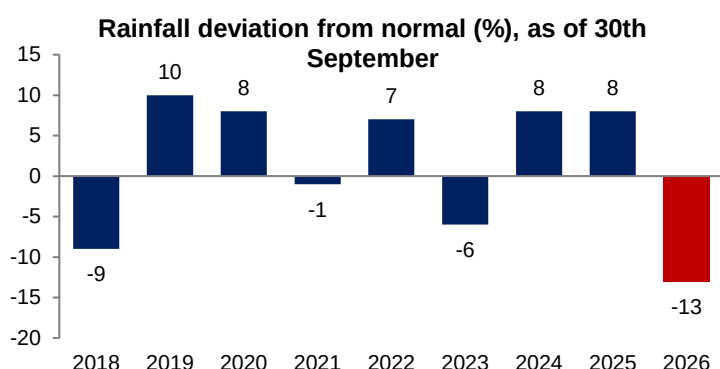
Monsoon 2026 ends below normal, but rural India has more buffers than before

What's the Point?

- Monsoon rainfall ended about **13% below normal**, yet kharif sowing is only **1.4% lower** than last year, with pulses and coarse cereals ahead.
- The 2026 monsoon ended below normal, but **sowing, irrigation, reservoirs in the central and western belts and food stocks** limit the impact on output and prices.
- In September-26, **tractor registrations grew ~14% and two-wheeler registration ~30% year on year** indicating that rural economy has held up well so far.

India's southwest monsoon is ending about **13% below the long period average**, a deficit year as El Niño had signalled. The shortfall has not produced a sowing shock. Kharif acreage is **1.4% lower** than last year, reservoirs hold **71% of live capacity** and **rural demand indicators remain positive**. The weakness is concentrated in the South and East, while Central India, which anchors much of the kharif crop, has fared better. With the season withdrawing, attention shifts to rabi sowing, food prices and the upcoming RBI policy.

While El-Nino has resulted in deficient rainfall...



...Kharif sowing has held up relatively well

Crop Sowing	% chg YoY (Sep'26)
Rice	-3.7%
Pulses	+1.5%
Coarse cereals	+0.6%
Oilseeds	0.08%
Sugarcane	-0.7%
Cotton	-0.9%
Total	-1.4

A deficit season with a resilient crop base

Rainfall: Cumulative rainfall is **13% below normal** as of 30th September, against **8% above normal** in 2025.

Regional spread: The shortfall is uneven though. **Central India, home to much of the core kharif belt, is only about 5% below normal**, against roughly **20%+ below normal in the South and East/Northeast**.

Sowing: Above-normal rains in July let sowing catch up, and total **kharif acreage is only 1.4% lower** than last year. **Pulses (+1.5%) and coarse cereals (+0.6%)** are higher and oilseeds are flat. Within these, **urad acreage is up 11.9%** and **jowar (+9.4%) and bajra (+3.3%)** have gained, as farmers adjusted crop choice to the rain. Rice, down 3.7%, is the soft spot

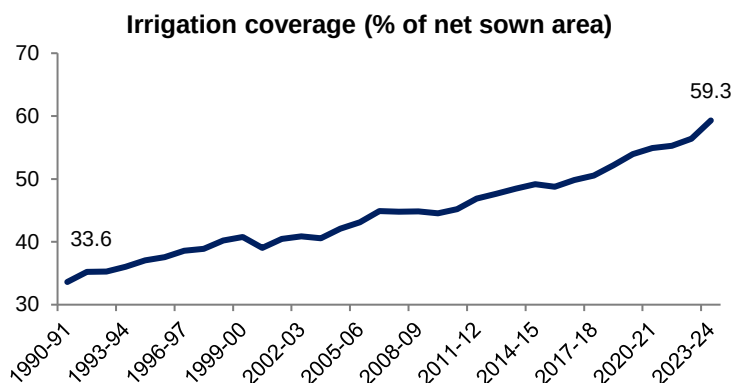
Buffers are stronger than in earlier deficit years

Water: Reservoirs hold **71% of live capacity**, below normal overall, but **Central and Western India are at or above normal** and **115 of 178 reservoirs are above 80% of their normal storage**. The **South, at 52% of live capacity**, is the region under stress. **Uttar Pradesh and Chhattisgarh, two large rice-growing states, have reservoirs 28% and 14% above normal**. Soil moisture is at or above the 10-year average in Uttar Pradesh, Chhattisgarh, Odisha, Jharkhand and eastern Madhya Pradesh, which supports crop development.

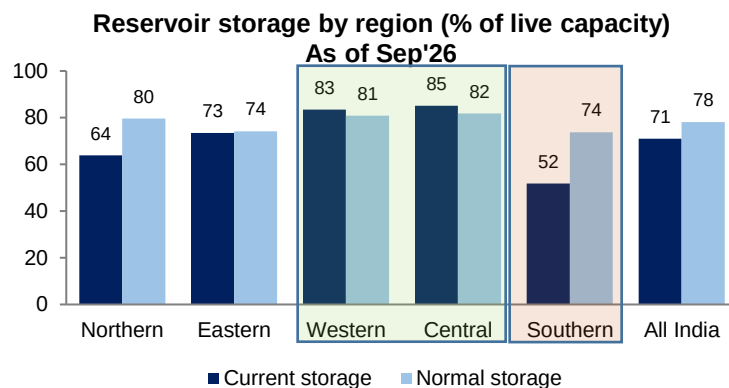
Irrigation: Irrigated area has risen to about **60% of net sown area in 2024-25 from 48.8% in 2015-16**, so more of the crop now depends on canals and wells than on the rain. Farmers have also moved towards shorter-duration, drought-tolerant crops such as pulses, millets and oilseeds.

Food stocks: Central pool foodgrain stocks stood at **870 lakh tonnes** on 1 September 2026, nearly **three times the buffer norm**. While, a part is committed to the public distribution system, the stock gives room to release supplies if prices rise.

Irrigation coverage has increased over time



Reservoir storage in Central and Western India stable



Rural demand is holding up and inflation is manageable

Diversified incomes: Rural households are less tied to the crop cycle. **Livestock, fisheries and forestry account for over 40%** of agriculture and allied output, which has historically been steadier in weak monsoon years. Support measures add to this: **PM-KISAN pays eligible farmers Rs 6,000 a year**, and **cash-transfer schemes operate in 17 states**.

High-frequency indicators: Rural consumption grew 9.8% and real rural fiscal spending rose 20.6% in Q1 FY27. In September, tractor registrations grew ~14% and two-wheeler registrations ~30% year on year indicating that rural economy has held up well so far.

Inflation and policy: Headline CPI inflation was 4.82% in August, within the RBI's 2–6% tolerance band, with **food inflation at 5.95%**. Rural inflation, at 5.2%, is above urban at 4.3%. The upcoming RBI policy will weigh food and crude prices alongside the El Niño outlook.

Conclusion

The 2026 monsoon ended below normal, but sowing, irrigation, reservoirs in the central and western belts and food stocks limit the impact on output and prices. The variables to watch are post-monsoon rainfall, which will decide rabi sowing in the water-stressed South and North; and food prices, where rice is the item to track. On balance, rural India enters the rabi season with buffers that have so far absorbed the shortfall, and demand indicators that remain positive.

Sources: IMD, Motilal Oswal, MoSPI, FCI, RBI and other publicly available information.

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