

SOUTH-WEST MONSOON OUTLOOK 2025

IMD expects above-normal monsoon in 2025; heatwaves and above-normal maximum temperatures remain key near-term monitorables

APRIL 2025





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IMD predicts above-normal monsoon in 2025, with rainfall at 105% of LPA +/- 5%.

ICRA expects GVA growth of agriculture, forestry and fishing to print at 3.5-4.0% in FY2026.

Above-normal maximum temperatures and heatwaves are likely to pose upside risks to the food inflation trajectory; ICRA expects the CPI-food and beverage inflation to soften to 3.5-4.0% in FY2026 from 6.7% in FY2025.



- The India Meteorological Department's (IMD's) first stage long range forecast for the 2025 South-West Monsoon season has indicated above-normal rainfall at 105% +/- 5% of the Long Period Average (LPA), with the continuation of neutral El Nino Southern Oscillation (ENSO) conditions during the season.
- The all-India reservoir storage level stood at 40% of the live capacity at full reservoir level (FRL) as on April 3, 2025, surpassing the year-ago (35% of FRL) and historical (34% of FRL) levels. However, it remained marginally lower than the levels seen during 2020-2023. Consequently, a well-distributed monsoon remains key for the replenishment of reservoir levels and a timely onset of kharif sowing.
- Despite the deficient rainfall seen in the ongoing pre-monsoon season, the sowing of summer crops has progressed well, with a growth of 14.9% year-on-year (YoY) as on April 4, 2025, led by a double-digit uptick in the area sown for pulses, rice and coarse cereals, offsetting the contraction in oilseeds.
- The positive impact of the above-normal monsoon in 2024 and the sharp pick-up in agri-GVA growth in H2 FY2025 (to +5.9% in H2 FY2025 from +2.8% in H1) is expected to spill over in early-FY2026 and support rural demand. Nevertheless, a normal and well-distributed monsoon in 2025 remains key to ensure favourable outcomes in the upcoming kharif season. Presuming the same, ICRA expects the agri-GVA growth to print at 3.5-4.0% in FY2026 (+4.6% in FY2025 SAE, as per NSO).
- Amid the onset of the hot weather season (April-June), several major cities across North, West, and Central India have witnessed above-normal maximum temperatures during April 1-14, 2025. The IMD expects above-normal maximum temperatures and above-normal number of heatwave days to persist over most parts of the country during April-June 2025, which poses upside risks to perishable prices.
- ICRA expects CPI inflation to remain benign at ~3.5% in April 2025. Going forward, rising temperatures and heatwaves in most parts of the country over the next few months could hasten the seasonal rise in food prices and pose upside risks. Overall, assuming a well-distributed and normal monsoon, ICRA projects the average CPI-food and beverage inflation to soften sharply to 3.5-4.0% in FY2026 from 6.7% in FY2025, though risks from agro-climatic shocks remain a key monitorable.

IMD expects monsoon rainfall to be above-normal at 105% +/-5% of LPA in 2025, amid neutral El Lino conditions

EXHIBIT: IMD's forecasts for Southwest Monsoon seasonal (June-September) rainfall

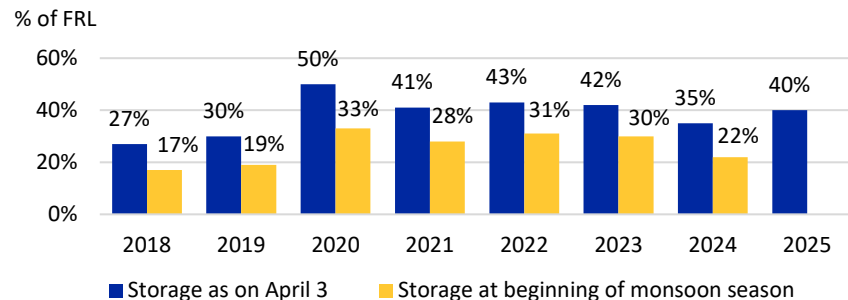
Year	IMD April Forecast	IMD June Forecast	Actual Rainfall (% of LPA)
2017	96%+/- 5% of LPA	98% +/- 4% of LPA	95%
2018	97%+/- 5% of LPA	97%+/- 4% of LPA	91%
2019	96% +/- 5% of LPA	96% +/- 4% of LPA	110%
2020	100% +/- 5% of LPA	102% +/-4% of LPA	109%
2021	98% +/- 5% of LPA	101% +/-4% of LPA	99%
2022	99% +/-5% of LPA	103% +/-4% of LPA	106%
2023	96% +/- 5% of LPA	96% +/-4% of LPA	94%
2024	106% +/-5% of LPA	106% +/-4% of LPA	108%
2025	105% +/-5% of LPA		

On a pan-India basis, rainfall between 96% and 104% of the LPA is considered to be normal. The other classifications are deficient (below 90% of LPA), below-normal (90-96% of LPA), above-normal (104-110% of LPA) and excess (more than 110% of LPA); LPA rainfall over country as a whole on data of 1971-2020 is 87 cm; Source: IMD; ICRA Research

- The [IMD's first stage long range forecast](#) for the South-West Monsoon rainfall for 2025 (June-September) has placed the volume of rainfall at 105% +/- 5% of the LPA, indicating an above-normal monsoon (104%-110% of LPA as per IMD's classification). In 2024, India witnessed above normal rainfall, at 108% of LPA, in line with IMD's forecast.
- Moreover, the IMD highlighted that above-normal seasonal rainfall is very likely over most parts of the country except some areas over Northwest India, Northeast India and South Peninsular India, where below-normal rainfall is likely.
- It has indicated the continuation of neutral El Nino conditions during the upcoming monsoon season. At present, neutral Indian Ocean Dipole (IOD) conditions are prevailing over the Indian Ocean and the IMD's latest forecast indicates the continuation of such conditions during the South-West Monsoon season.

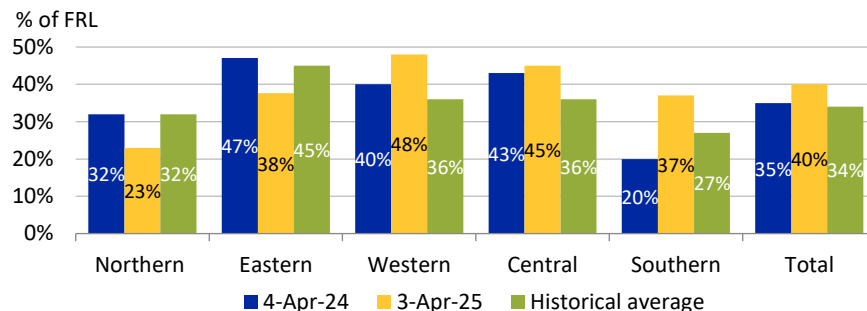
Reservoir storage exceeds year-ago and historical levels in April 2025, offering insurance for a timely onset of kharif sowing

EXHIBIT: Reservoir storage levels as percentage of Live Capacity at Full Reservoir Level (FRL)



Similar time periods have been taken for all years; Source: Central Water Commission (CWC); CEIC; ICRA Research

EXHIBIT: Region-wise reservoir storage levels



Source: CWC; CEIC; ICRA Research

- The all-India reservoir storage stood at 40% of the live capacity at FRL as on April 3, 2025, surpassing the year-ago (35% of FRL) and historical (34% of FRL over past 10 years) levels.
- Further, the reservoir storage in all the regions, barring Eastern (38% vs. 47%) and Northern India (23% vs. 32%), exceeded the year-ago levels in the range of 2 pp (Central India) to 17 pp (Southern India) as on April 3, 2025. Compared to historical levels, the storage in all regions, except the northern (-9 pp) and eastern (-7 pp) exceeded the historical average print with the reservoir levels in the western, southern, central regions exceeding the same by 12 pp, 10 pp, and 9 pp, respectively.
- Reservoir levels typically chart a seasonal downtrend during the pre-monsoon season (March-May), followed by an uptick during the South-west monsoon season (June-September). **Even as the reservoir levels as on April 3, 2025 exceeds the year-ago levels, they marginally trail the levels seen during 2020-2023. Consequently, a well-distributed monsoon remains a key for the replenishment of reservoir levels.**

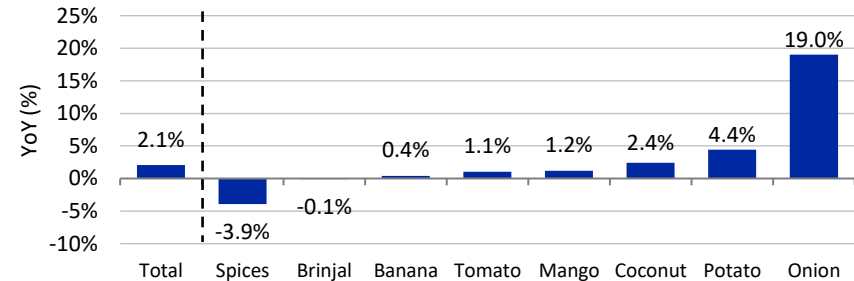
Barring oilseeds, rabi output of all other crops estimated to rise in 2024-25; output of horticulture crops projected to increase by 2.1%

EXHIBIT: YoY trends in kharif and rabi production as per Second Advance Estimates (SAE) for 2024-25 vs. Final Estimate for 2023-24

Million tonne	Kharif Production			Rabi Production		
	Final Estimate 2023-24	2 nd AE 2024-25	YoY (%)	Final Estimate 2023-24	2 nd AE 2024-25	YoY (%)
Wheat		NA		113.3	115.4	1.9%
Rice	113.3	120.7	6.6%	14.6	15.8	7.9%
Coarse Cereals	35.5	38.6	8.5%	16.92	17.5	3.2%
Pulses	7.0	7.1	2.5%	15.2	15.9	4.5%
Oilseeds	24.2	27.6	14.4%	14.3	14.0	-1.7%
Cotton*	32.5	29.4	-9.5%		NA	
Sugarcane	453.2	435.1	-4.0%		NA	

*Million bales of 170 kg each; Source: Ministry of Agriculture and Farmers Welfare, ICRA Research

EXHIBIT: YoY trends in output of some major horticulture crops as per First Advance Estimates (FAE) for 2024-25 vs. Final Estimate for 2023-24

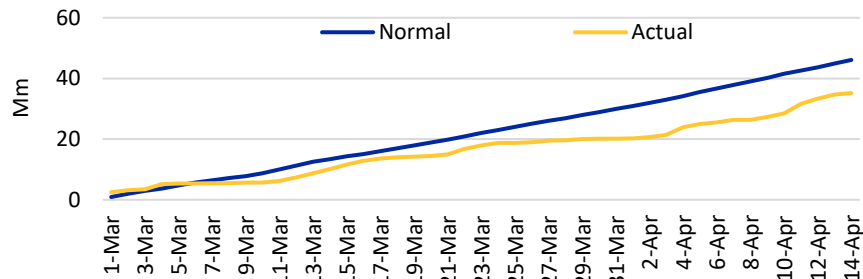


Source: Ministry of Agriculture and Farmers Welfare; ICRA Research

- As per the second advance estimates of crop production released by the Ministry of Agriculture and Farmers' Welfare, the output of rabi wheat (+1.9%), coarse cereals (+3.2%), pulses (+4.5%) and rice (+7.9%) is estimated to increase in 2024-25, compared to final estimates of 2023-24, while the oilseeds' production is projected to moderate by 1.7%. Notably, the kharif output for oilseeds (+7.4%), pulses (+2.8%), coarse cereals(+2.0%), and rice (+0.6%) have undergone upward revisions in the SAE for 2024-25, thereby reflecting that the quarterly agri GVA growth estimates for Q2-Q3 FY2025 may be revised up as well.
- Additionally, as per the FAE for 2024-25 released by the Ministry of Agriculture and Farmers' Welfare, the output of horticulture crops is estimated to rise by 2.1%, relative to the final estimates for 2023-24. The output of onions is estimated to increase sharply by 19.0% in 2024-25 FAE, relative to the Final Estimates for 2023-24, followed by uptick in the production of potatoes (+4.4%), tomato (+1.1%), etc. In contrast, the output of spices (-3.9%) and brinjal (-0.1%) is projected to decline in 2024-25. **Overall, ICRA remains optimistic around the output of rabi and horticulture crops and expects the food-led inflationary pressures to remain limited in the near term though risk to crop yields and output emanate from warmer-than-usual temperatures in the country.**

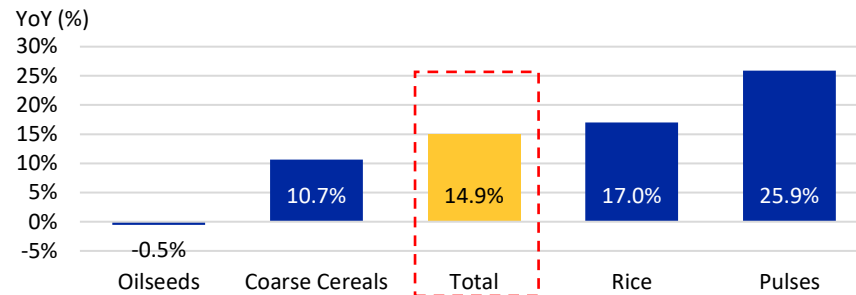
Despite deficient pre-monsoon season rainfall, summer sowing has progressed well, rising by ~15% YoY as on April 4, 2025

EXHIBIT: Cumulative normal vs. actual rainfall in summer season



Note: On a pan-India basis, rainfall between 96% and 104% of the LPA is considered to be normal. The other classifications are deficient (below 90% of LPA), below-normal (90-96% of LPA), above-normal (104-110% of LPA) and excess (more than 110% of LPA); Source: IMD; CEIC; ICRA Research

EXHIBIT: Area coverage under Summer/Zaid crops as on April 4, 2025

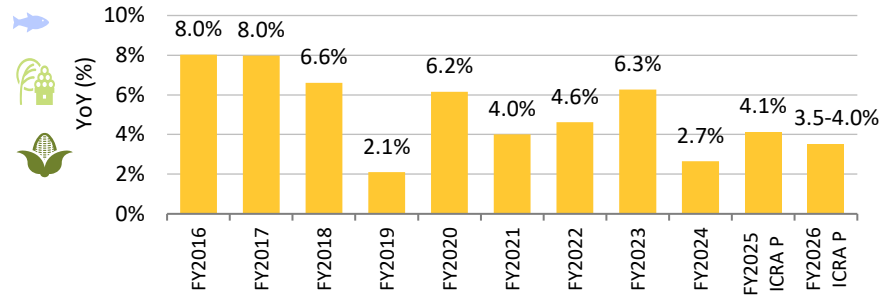


Zaid crop is grown before kharif sowing season and after harvesting of rabi crops; Source: Ministry of Agriculture and Farmers' Welfare; CEIC; ICRA Research

- India has received deficient rainfall at 72% of LPA up to April 14, 2025 in the ongoing pre-monsoon season so far (March-May), although the temporal distribution has been quite varied, with excess rainfall in the Southern Peninsula (183% of LPA), normal rains in Central India (103% of LPA), and deficient rainfall in North-west (47% of LPA), and East and North-east India (59% of LPA).
- Nevertheless, supported by adequate reservoir levels, the area covered under summer crops has progressed well, with a healthy YoY increase of 14.9% as on April 4, 2025. This is led by higher area sown for pulses (+25.9%; low base), rice (+17.0%) and coarse cereals (+10.7%), which offset the mild contraction in oilseeds (-0.5%). Moreover, ~84% of the normal area has been sown so far, higher than ~73% recorded at the corresponding period of last year.

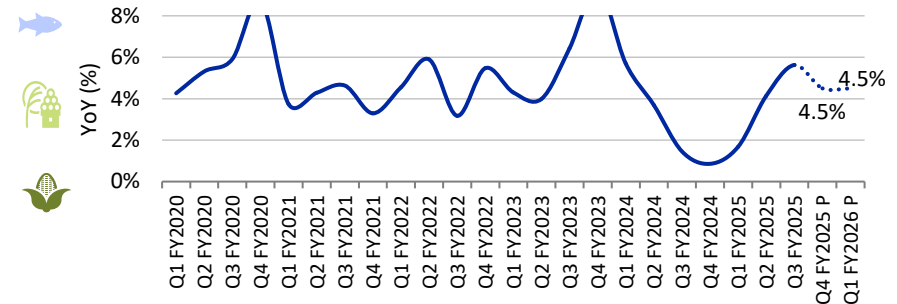
ICRA projects GVA growth of agriculture, forestry and fishing at 3.5-4.0% in FY2026, presuming a normal, well-distributed monsoon

EXHIBIT: Annual GVA of agriculture, forestry and fishing (at 2011-12 prices)



P: Projected; Source: NSO; ICRA Research

EXHIBIT: Quarterly GVA of agriculture, forestry and fishing (at 2011-12 prices)

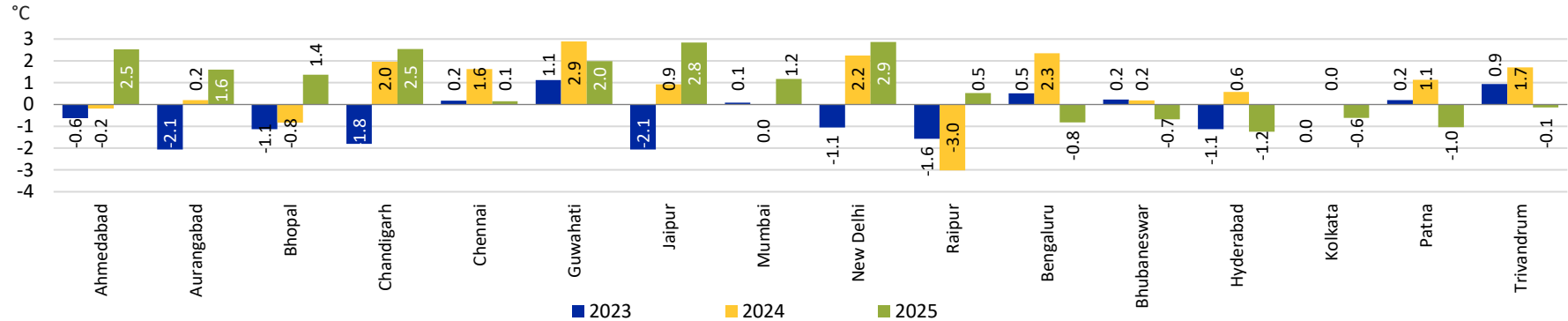


P: Projected; Source: NSO; ICRA Research

- The favourable impact of the above normal monsoons in 2024 and the consequent sharp pick-up in agri-GVA growth in H2 FY2025 (to +5.9% in H2 FY2025 from +2.8% in H1) is expected to spill over in early-FY2026. **ICRA expects rural demand to remain upbeat, aided by the farm cash flows on account of the rabi harvest that started in March 2025. Besides, higher-than-normal reservoir levels would provide some insurance against a delayed start or inadequate rainfall in the early part of the monsoon season. Nevertheless, a normal and well-distributed monsoon in 2025 remains key to ensure favourable outcomes in the upcoming kharif season.**
- An above normal monsoon that is timely and well distributed should support agri growth and rural demand. However, episodes of concentrated heavy rainfall could pose a risk to crop sowing/growth. Presuming the same, ICRA expects the agri GVA growth to print at 3.5-4.0% in FY2026 after growing by 4.6% estimated in FY2025 SAE (as per NSO).

IMD expects most parts of the country to witness above-normal number of heatwave days during April-June 2025

EXHIBIT: Deviation of maximum temperature from normal across major cities during April 1-14

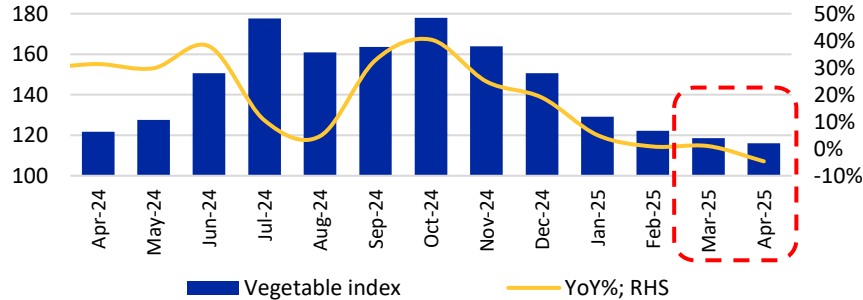


Source: IMD; CEIC; ICRA Research

- Amid the onset of the hot weather season (April-June), several major cities across North, West, and Central India have witnessed above-normal maximum temperatures during April 1-14, 2025. For instance, cities like Ahmedabad (2.5°C in April 1-14, 2025 vs. -0.2°C in April 1-14, 2024), Aurangabad (1.6°C vs. 0.2°C), Bhopal (1.4°C vs. -0.8°C), Chandigarh (2.5°C vs. 2.0°C), Jaipur (2.8°C vs. 0.9°C), Mumbai (1.2°C vs. -0.01°C), New Delhi (2.9°C vs. 2.2°C), and Raipur (0.5°C vs. -3.0°C) recorded above-normal maximum temperatures during the first 14 days of April, on average. Additionally, the average deviation from normal for most of these cities has also exceeded the levels seen during the corresponding period of 2024.
- As per the [IMD's outlook for April-June 2025](#) released on March 31, 2025 above-normal maximum temperatures are likely over most parts of the country, except some parts of west peninsular India and isolated regions of east-central India and East India during this period. Additionally, it has predicted above normal number of heatwave days to persist during the ongoing season over most parts of north and east peninsula, central, and east India and plains of northwest India. For April 2025, the IMD expects most parts of the country except some parts of extreme South Peninsular India and Northwest India to witness above-normal maximum temperatures.

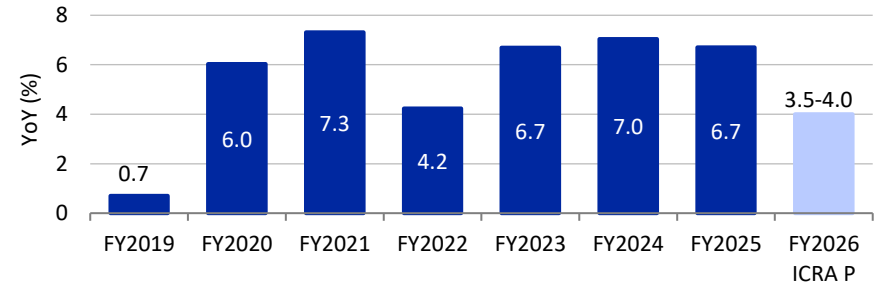
CPI inflation to remain benign in April 2025, amid risks owing to above-normal temperatures and heatwaves; F&B inflation to soften to 3.5-4.0% in FY2026

EXHIBIT: Retail price index for Vegetables



Data for April 2025 is up to April 14, 2025; The index is computed by using the monthly average prices of 12 vegetable items, namely, potato, onion, tomato, bitter melon, brinjal, cabbage, cauliflower, garlic, ginger, green chilies, peas and okra. The CPI weights for these items are used in the construction; Source: ICRA Research

EXHIBIT: Annual trends in CPI Food and Beverage Inflation (YoY; %)



P: Projected; Source: NSO; CEIC; ICRA Research

- The inflation in food and beverages (with a weight of 45.9% in the CPI) declined sharply to a 40-month low of 2.9% in March 2025 from 3.8% in February 2025, although the dip was not broad based, led by a sharp fall across the vegetables, pulses, and meat and fish segments.
- Looking ahead, ICRA's in-house retail price index for vegetables, which includes 12 items, moderated by a narrower 2.1% in April 2025 so far (till April 14) in sequential terms, vs. 3.0% in March 2025. This contrasts with the MoM expansion of 3.7% recorded in the corresponding year-ago period, amid lower MoM print of 10 of the 12 vegetable items barring brinjal, and green chills in April 2025 vis-à-vis April 2024. In YoY terms, the vegetables index witnessed a contraction of 4.7% in April 2025 so far, against an expansion of 1.0% seen in March 2025.
- **Notwithstanding these trends, rising temperatures could cause prices of perishables to harden rapidly over the next fortnight. At present, ICRA expects the CPI food and beverages inflation to remain benign in April 2025 (+2.9% in March 2025). Overall, the headline CPI inflation print is expected to inch up slightly to ~3.5% in April 2025 from 3.3% in March 2025. Going forward, above-normal temperatures and heatwaves in most parts of the country over the next few months could hasten the seasonal rise in food prices and hence are key monitorables. Presuming a well-distributed and normal monsoon, ICRA projects the average CPI-food and beverage inflation to soften sharply to 3.5-4.0% in FY2026 from 6.7% in FY2025, although risks from agro-climatic shocks remain a key monitorable.**



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