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TELANGANA RICE OUTLOOK IN AN EL NIÑO YEAR

Smaller Kharif Area and Water Constraints Put the Focus on Yasangi

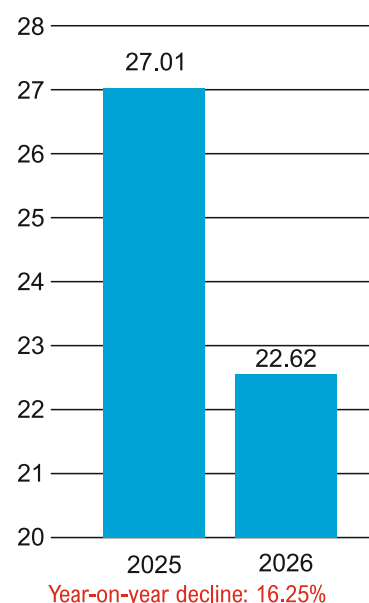
Executive Summary

Telangana is entering 2026/27 with a tighter rice supply outlook after several years of rapid expansion. Kharif paddy planting is materially below last year, while reservoir storage and Krishna-basin water availability create a larger downside risk for the Yasangi crop (the state's fully irrigated dry-season paddy crop, typically sown in November-December and harvested in April-May). The state should nevertheless remain a major rice-surplus producer.

Introduction

- As on September 18, kharif paddy area was 22.62 lakh hectares, compared with 27.01 lakh hectares a year earlier - a decline of about 16.25%. The planting window is now largely over, so only a modest further increase is likely.
- Telangana's cumulative monsoon rainfall as of 18 September was 543.5 mm against a normal 675.7 mm, a 20% deficit. Irrigation has buffered planted area, but the rainfall shortfall matters for reservoir inflows and groundwater recharge.
- Central Water Commission (CWC)-monitored reservoir storage on 10 September was 3.71 BCM, nearly 38% of capacity, 60% below the same period last year and 48% below normal. In the common Krishna reservoirs, Nagarjuna Sagar was about 57% full and Srisailem about 49% full as of 18 September, and Krishna River Management Board (KRMB) explicitly called for judicious use of available water (source: <https://apwrims.ap.gov.in/>)
- The base case developed in this brief places 2026 kharif paddy production at approximately 111 Lakh Metric Tonnes (LMT) and Yasangi paddy production at about 98 LMT, giving annual paddy output of roughly 209 LMT. The plausible range is 198-219 LMT, depending mainly on final kharif crop performance and Yasangi irrigation availability.
- At an indicative 67% milling recovery, the base-case paddy crop would translate into roughly 140 LMT of milled rice with a range of 133 LMT to 147 LMT. Telangana therefore remains structurally surplus, but the surplus is likely to be smaller than in the recent peak-production years.

Telangana Kharif Paddy Area (as of Sept 18):
2025 vs 2026



1. Kharif 2026: Paddy acreage has declined sharply

Telangana's kharif rice story in 2026 is primarily an acreage story. Weak and uneven monsoon rainfall delayed planting, and although July-August rainfall and irrigation allowed a significant recovery, the state did not return to the exceptional acreage reached in 2025, due to the El Niño effect. As of September 11, 2026, kharif paddy area stood at 21.96 lakh hectares, compared with 26.42 lakh hectares at the same point in 2025. This represents a decline of 4.46 lakh hectares, equivalent to 16.87% year on year. Telangana was therefore one of the major states contributing to the year-on-year decline in India's kharif rice area.

Source: UPAG/Ministry of Agriculture progressive area reporting; as on September 18, 2026 reporting.

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Indicator	2025 / benchmark	2026 status	Implication
Telangana kharif paddy area (as of Sept 18)	27.01 lakh hectares	22.62 lakh hectares	-16.25% YoY
Rainfall as of Sept 18	Normal: 675.7 mm	543.5 mm	-20%
India kharif rice area (as of Sept 18)	445.9 lakh ha	429.3 lakh ha	-3.72% YoY

Source: UPAg/Ministry of Agriculture crop coverage release and The Directorate of Economics and Statistics, Govt. of Telangana (<https://des.telangana.gov.in/>)

Cumulative rainfall as of 18 September was 543.5 mm, compared with a normal 675.7 mm, a deficit of 20% which was 22.7% until last week. Telangana's high irrigation coverage can protect planted area in the short run, but the rainfall shortfall still matters for reservoir replenishment, groundwater recharge and the amount of

Kharif 2026 scenario	Area (lakh hectares)	Paddy output (LMT)	Rice equivalent* (LMT)
Low	~22.62	107	72
Base	~22.62	111	74
High	~22.80	113	76

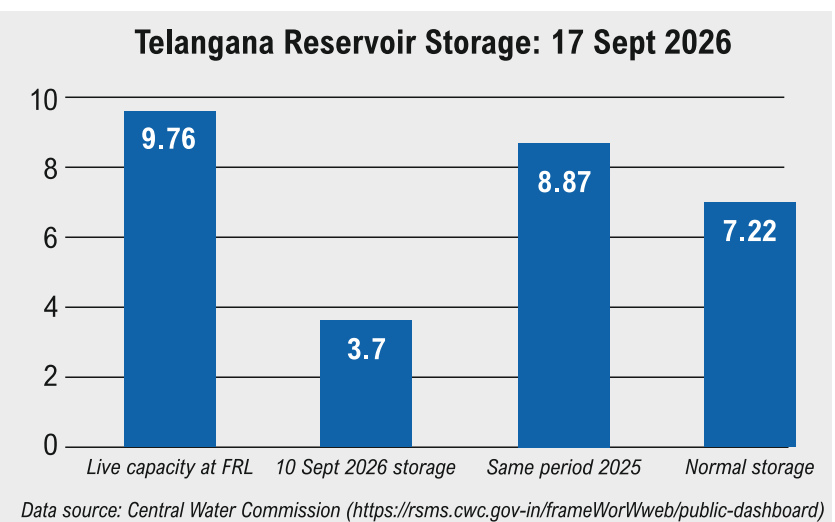
Source: *Indicative 67% milling recovery; actual recovery varies by variety and milling process.

water carried into Yasangi. Area alone should not be translated mechanically into production. Telangana's irrigated rice system can sustain relatively high yields even in a deficient monsoon, provided irrigation remains available through flowering and grain filling. With 22.62 lakh hectares reported as of September 18 and the planting window largely over, the outlook assumes only a modest further increase in final area. The base case uses about 22.62 lakh hectares and a kharif paddy yield 2% less than last year's kharif yield of 5 tonnes/ha, producing about 111 LMT of paddy. The low case of about 107 LMT allows for limited additional area and yield loss of 3%, while the high case of about 113 LMT assumes final area near 22.8 lakh hectares and favorable late-season crop performance with smaller than base level yield loss of 1%.

2. Reservoir storage shifts the risk to Yasangi

The main uncertainty for Telangana's 2026/27 rice supply is not the kharif crop already in the field; it is the next Yasangi crop. Yasangi paddy is highly dependent on assured irrigation through the dry season. Reservoir carryover at the end of the monsoon, Krishna-basin allocations and groundwater recharge will determine both farmers' planting decisions and the number of irrigation available.

For Telangana, storage on 17 September was therefore 49% below normal storage and 58% below last year's storage during the same period. Looking at Krishna system, as of 17 September, operational data placed Nagarjuna Sagar at roughly 46



TMC, about 25% of its 180 TMC capacity, and Sriram Sagar at roughly 58% of its 81 MT capacity. Musi reservoir storage is in much better position with 73% of capacity, close to its normal storage. These are not empty reservoirs, but they are far from the near-full conditions seen last year during the same time. More importantly, the Krishna River Management Board noted a shortage of availability in the common reservoirs and asked both states to use available water judiciously, giving priority to drinking water and power generation, and, if required, judiciously for life-saving or supplementary irrigation purposes only, reflecting the constrained water availability arising from the El Niño effect.

Reservoir	17 Sep 2026 storage	Approx. fill	Why it matters
Nagarjuna Sagar	~46 TMC / 180 TMC	~25%	Critical for Nalgonda-Suryapet and Left Canal command
Sriram Sagar	~47 TMC / 81 TMC	~58%	Lifeline for northern districts like Nizamabad, Nirmal, Jagtial, and Karimnagar
Musi	~3.18 TMC / 4.34 TMC	~73%	Slightly below normal storage in a Telangana irrigation reservoir
Lower Manir	~11 TMC / 22 TMC	~50%	Below normal storage of 77% of capacity

Source: Central Water Commission (<https://rsms.cwc.gov.in/frameWork/web/public-dashbord>)

3. Yasangi 2026/27: The key swing factor

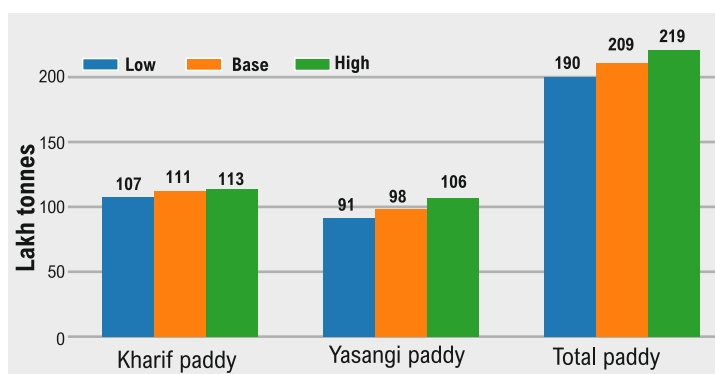
Telangana planted 25.14 lakh ha of paddy in Yasangi 2025/26, up from 23.22 lakh hectares a year earlier. Milled rice production was estimated to be around 90 LMT (134 LMT paddy). The major producing districts included Nalgonda, Suryapet, Nizamabad, Siddipet, Yadadri and Jagtial (Source: UPAg/Ministry of Agriculture crop coverage release (<https://upag.gov.in/area-productivity>)).

The base case assumes that the state does not repeat the 25.14 lakh ha Yasangi area of 2025/26. The working assumption is 20 to 30 percent reduction in planted acreage in Yasangi (30% reduction under lower water condition, 25% reduction under base assumption and 20% under improved water condition). Apart from lower acreage, we are assuming 3% reduction in paddy yield under base condition to 5.17 tonnes per hectare. This is not a forecast of a forced crop failure; it is a planning assumption that reflects a smaller irrigation cushion, uncertainty in availability of Krishna water and the need to protect drinking-water supplies. A meaningful improvement in September-October inflows could move acreage back toward 20 lakh hectares and yield 1% lower than last rabi yield of 5.33 tonnes per hectare. Conversely, weak inflows and tighter release schedules could pull area toward 18 lakh hectares and yield loss will be at 5% from last rabi season yield. Under the India Meteorological Department (IMD) forecast for September–October rainfall of subdued outlook, the acreage will be at 19 lakh hectares.

Yasangi 2026/27 scenario	Area (lakh hectares)	Paddy output (LMT)	Rice equivalent* (LMT)
Low water	18	91	61
Base	19	98	66
Improved water	20	106	71

Source: *Indicative 67% milling recovery. Scenario estimates are analytical projections, not official forecasts.

4. Telangana 2026/27 supply outlook



Source: Author's scenario analysis based on progressive kharif acreage, rainfall, reservoir conditions and 2025/26 Yasangi benchmark.

The central estimate is therefore approximately 209 LMT of paddy, equivalent to about 140 LMT of milled rice. The range remains deliberately wide because the Yasangi crop has not yet been planted. With kharif acreage now largely known, the largest source of forecast error is water availability between October and March and its effect on Yasangi planting and yields.

Even the low scenario of 133 LMT of milled would leave Telangana as a large rice producer and, given the state's consumption needs, a structurally surplus state. The policy issue is therefore less about food availability and more about the size and timing of disposition of the surplus: procurement, milling, storage, movement into the central pool, interstate sales and exports.

5. Suggested Activities in the Next Few Months

1. Treat Yasangi acreage as a water-budget decision. Publish command-wise water availability and the number of irrigation turns that can be reliably supplied, enabling farmers to make informed planting decisions.
2. Use the 2026 correction to accelerate diversification. Water-stressed commands are the logical priority for maize, pulses, oilseeds and other crops, backed by market assurance rather than only production targets.
3. Differentiate rice by market destination. Fine varieties, exportable long-grain rice and varieties suitable for parboiling should be aligned with procurement and market demand instead of expanding undifferentiated paddy.
4. Build a Telangana rice-water dashboard. Weekly paddy acreage, reservoir storage, groundwater, irrigation releases, procurement and market prices should be integrated into one decision dashboard through the end of Yasangi.

2026/27 supply balance	Low	Base	High
Kharif paddy (LMT)	107	111	113
Yasangi paddy (LMT)	91	98	106
Total paddy (LMT)	198	209	219
Milled rice equivalent (LMT)*	133	140	147

Source: *At 67% milling recovery. Figures are rounded.

6. Price Outlook, Stock Management

Global rice prices have strengthened in recent months amid growing concerns over potential El Niño-related supply disruptions, with Thai 5% broken rice prices rising by nearly 25% from recent lows. Uncertainty also remains over the upcoming dry-season rice crop in Telangana, elsewhere in India and across several major rice-producing countries in Asia. Against this backdrop, a cautious and calibrated approach to the release of existing rice stocks may be appropriate until the regional supply outlook becomes clearer.

Indian rice prices have so far increased much less than international prices, partly reflecting the country's large domestic stocks. However, continued strengthening of international prices could eventually transmit to the Indian market through stronger export demand. This argues against large or premature stock releases while the size of Telangana's Yasangi crop and India's broader rabi rice crop remains uncertain. Stock-management decisions should balance domestic price stability and food-security objectives with the need to preserve sufficient stocks until the 2026/27 supply outlook becomes clearer.

For Telangana, the central issue has shifted from kharif acreage risk to Yasangi water risk. Kharif planting is substantially below last year, but much of the crop is already established and irrigation provides some protection against the rainfall deficit. The greater uncertainty is now the size of the Yasangi crop, which will depend heavily on reservoir storage, Krishna-basin water allocations, groundwater availability, Power Supply and the number of irrigation turns that can be reliably provided.

The current base case is 111 LMT of kharif paddy and 98 LMT of Yasangi paddy, giving total 2026/27 production of about 209 LMT. Improved water availability could lift production toward 219 LMT, while weak reservoir inflows and more conservative irrigation releases could reduce output toward 198 LMT. These scenarios still leave Telangana structurally rice-surplus, but the size of that surplus, and consequently the appropriate strategy for procurement, storage and market disposal could vary considerably.

Way Forward

The outlook should therefore be updated twice: first in early October, after the principal monsoon inflow period, and again in December, when reservoir availability, irrigation-release plans and actual Yasangi planting become clearer. Until then, water allocation, Yasangi planting, procurement and rice-stock management should be treated as interconnected policy decisions. This would allow the state to safeguard domestic supply while retaining flexibility to respond to potentially stronger domestic and international rice markets as the 2026/27 supply situation becomes clearer.



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