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THE LENS

Nov 21, 2026



Agriculture• Horticulture

India’s 386.9 million-Tonne Horticulture Record

Why Bigger Harvests Are Not Yet Producing Lower Food Inflation or Better Farmer Realisations

India is expected to produce a record 386.9 million tonnes of horticultural crops in 2025-26, strengthening its position as one of the world's largest producers of fruits, vegetables, spices and plantation crops. Production is estimated to have increased by 4.36%, despite a 1.4% decline in cultivated area, indicating a meaningful improvement in productivity.



However, the record harvest highlights a deeper contradiction in India's agricultural economy. Consumer food inflation reached 8.94% in October 2026, with onion prices rising 116% year-on-year, while potato prices declined by more than 14% amid bumper production. This demonstrates that higher agricultural output does not necessarily translate into lower consumer prices or better farmer incomes.

India can simultaneously face excess potato supply, onion shortages, fruit wastage, expensive urban food and weak farm-gate prices. The key challenge lies in the farm-to-consumer supply chain, where limited processing, crop-specific cold storage, refrigerated transport, grading, packaging, export access and market intelligence restrict the conversion of record horticultural production into stable prices and higher-value products.

What's Happening?

On November 17, the Agriculture Ministry released its Third Advance Estimates for horticultural production in 2025-26.

Total production is estimated at 386.92 million tonnes, compared with 370.74 million tonnes in 2024-25. This represents an increase of 16.18 million tonnes, or 4.36%.

- Vegetable production of 227.27 million tonnes, up 4.35%.
- Fruit production of 123.07 million tonnes, up 4.60%.
- Plantation-crop production of 18.26 million tonnes, up 7.56%.
- Spice production of 12.35 million tonnes.
- Flower production of 4.88 million tonnes, up 14.45%.
- Aromatic and medicinal-plant production of approximately 0.93 million tonnes.

Total horticultural area is estimated to have declined from 30.14 million hectares to 29.72 million hectares. Despite approximately 415,000 fewer hectares being cultivated, the country is expected to produce an additional 16.18 million tonnes. pib.gov.in. Based on these figures, average horticultural productivity has increased from approximately 12.30 tonnes per hectare to 13.02 tonnes per hectare. This is a gain of around 5.8% in a single year.

The increase could reflect improved seeds and planting material, better irrigation, higher fertiliser use, favourable crop conditions, orchard maturity and increased productivity in specific crops. However, because these are advance estimates rather than final data, part of the increase could also change when complete state-level information becomes available.

Fruits and Vegetables Dominate the Horticulture Economy

Fruits and vegetables together account for approximately 350.33 million tonnes, or more than 90% of India's total horticultural production. Vegetables alone represent around 58.7% of output, while fruits contribute another 31.8%. Consequently, movements in a few large crops particularly potatoes, onions, tomatoes, bananas and mangoes can materially change the national horticulture figure.

Fruit production is projected to increase by 5.42 million tonnes to 123.07 million tonnes. The Agriculture Ministry attributes the improvement to higher production of bananas, mangoes, papayas, apples, pomegranates and jackfruit.

Vegetable production is expected to rise by 9.47 million tonnes to 227.27 million tonnes, supported by potatoes, tomatoes, brinjal, bottle gourd, cucumber, cabbage, beans and peas. Together, fruits and vegetables account for approximately 14.89 million tonnes or 92% of the total 16.18 million-tonne increase in horticultural output.

This means the headline record is not equally distributed across every horticultural category. It is overwhelmingly a fruit-and-vegetable story, with potatoes making an exceptionally large contribution.

The Potato Boom Explains Much of the Record

Potato production is projected to increase from 58.57 million tonnes in 2024-25 to 65.57 million tonnes in 2025-26. The nearly 7-million-tonne increase represents growth of 11.95%. Potatoes alone account for approximately 43% of the entire increase in national horticultural output. The latest estimate is also substantially higher than the Second Advance Estimate released in June, which projected potato production of 59.89 million tonnes. The estimate has therefore been revised upward by approximately 5.68 million tonnes in only a few months. This revision is important for three reasons.

First, it shows that a significant part of the national horticultural record is concentrated in one crop. Second, it demonstrates why advance agricultural estimates must be treated cautiously. Third, it creates a potential farm-income problem if storage, processing and demand do not expand at a similar rate. Potato prices in the Consumer Price Index were already 14.24% lower year-on-year in October. Cauliflower prices declined by 10.57%, while brinjal and cabbage also recorded negative inflation.

Lower prices are positive for consumers and food companies purchasing raw materials. But for farmers, a rapid fall in prices can make it difficult to recover cultivation, harvesting, transport and storage costs. Potatoes are comparatively easier to store than tomatoes or leafy vegetables, but storage itself can become expensive. Farmers must pay cold-storage charges and finance their inventory while waiting for higher prices. If future prices remain weak, storage only postpones the loss rather than preventing it.

Onion Production Tells the Opposite Story

While potatoes are abundant, onion production is estimated at 28.90 million tonnes, compared with 30.77 million tonnes in 2024-25. This represents a decline of approximately 1.87 million tonnes, or just over 6%. The revision is also significant. The Second Advance Estimate projected 30.74 million tonnes of onion production. The latest figure is approximately 1.84 million tonnes lower.

This helps explain why onion prices increased by 116.22% year-on-year in October, making onions the highest-inflation major item in the new CPI basket. Garlic inflation reached 60.74%, ginger 48.32% and lemon 47.30%.

The contrast between potatoes and onions demonstrates why the aggregate production figure can be misleading. Consumers do not purchase “horticulture” as a single product.

They purchase individual commodities. A 12% increase in potato output cannot compensate households for a shortage of onions because the two are not perfect substitutes. Similarly, surplus production in one state cannot immediately resolve shortages elsewhere if transportation, storage and market linkages are inadequate.



Horticulture Has Now Overtaken Foodgrain Production

India's 2025-26 foodgrain production is estimated at 376.56 million tonnes, including approximately 154.02 million tonnes of rice, 120.66 million tonnes of wheat and 55.09 million tonnes of maize. Horticulture output of 386.92 million tonnes is approximately 10.36 million tonnes higher.

This comparison does not mean horticulture is economically superior in every respect. A tonne of potatoes, bananas or flowers has a different value, shelf life and nutritional role from a tonne of rice or wheat. But it demonstrates how significantly India's agricultural basket has diversified.

Horticulture now accounts for approximately 37% of gross value output within the agricultural-crops segment. Production has increased from 277.35 million tonnes in 2013- 14 to almost 387 million tonnes in 2025-26.

This transition has major policy implications. India's traditional agricultural infrastructure was designed mainly around foodgrains. Wheat and rice can be stored for extended periods in warehouses and are supported through minimum support prices, procurement agencies and the public distribution system.

The ₹57,000 Crore Fruit-and-Vegetable Loss Problem

A government-commissioned NABCONS study estimated annual losses of approximately 7.36 million tonnes of fruit and 11.97 million tonnes of vegetables.

The associated monetary loss was estimated at:

- ₹29,545 crore for fruits.
- ₹27,459 crore for vegetables.

The combined loss was therefore approximately 19.33 million tonnes, valued at more than ₹57,000 crore. These estimates were based on reference years 2020–22, so they should not be treated as a measurement of the current harvest. Nevertheless, they illustrate the scale of the structural problem.

The estimated lost volume is greater than the entire annual production of several individual horticultural categories. It is also larger than the projected 16.18 million-tonne increase in horticultural production this year.

This creates an important economic insight: reducing losses could potentially add more usable food to the system than another year of production growth. Increasing yield requires seeds, fertiliser, water, labour and capital. Preventing existing produce from being wasted can sometimes be less expensive and environmentally more efficient.

Is India's Cold-Storage Capacity Sufficient?

As of June 2025, India had approximately 8,815 cold-storage facilities with combined capacity of 40.22 million tonnes. That capacity is equivalent to only around 10.4% of annual horticultural output. This is not a direct measure of the capacity gap because storage facilities can handle multiple crop cycles and are also used for non-horticultural products. Nevertheless, the comparison demonstrates the difference in scale between annual production and storage infrastructure. Capacity is also geographically and commercially concentrated.

Earlier RBI analysis found that Uttar Pradesh, West Bengal, Gujarat and Punjab accounted for approximately 71% of national cold-storage capacity. A large proportion of India's facilities are designed primarily for potatoes rather than multi-product fruits and vegetables. A potato cold store cannot automatically be used for mangoes, bananas, grapes or leafy vegetables. Different commodities require different temperatures, humidity levels, gases and handling practices.

What Does This Mean for Investors?

The horticulture record creates opportunities across several industries, but beneficiaries will differ based on crop prices, location and business models.

Food-Processing Companies

Processors could benefit from greater availability and lower raw-material prices, particularly in potatoes and selected vegetables.

However, the benefit depends on procurement timing and inventory strategy. Companies purchasing at peak harvest prices may experience margin expansion, while those holding expensive inventory from earlier periods could report losses.

Investors should track raw-material costs as a percentage of revenue, gross-margin movement, inventory days and contracted versus spot procurement.

Cold Storage and Warehousing

Higher production creates demand for temperature-controlled storage, but not every warehouse will benefit equally.

Location is critical. A modern facility near a production cluster with reliable electricity,road connectivity and processing customers may maintain high utilisation. A poorly located facility designed for one commodity can remain underutilised.

Power costs, capacity utilisation, rental rates, debt and receivable periods are more important than announced capacity alone.

Refrigerated Logistics

India requires more reefer vehicles and integrated farm-to-market logistics. The opportunity includes transportation, pre-cooling, route optimisation and temperature monitoring.

But reefer logistics is capital-intensive. Empty return trips, fuel costs and seasonal utilisation can reduce returns. Companies need dense networks and contracts across multiple products to use vehicles throughout the year.

Quick-Service Restaurants and Packaged-Food Companies

A bumper potato crop can reduce input costs for frozen-food, snack and restaurant businesses. Higher tomato supply may also support sauce, puree and ready-to-cook manufacturers.

However, onions, garlic, ginger and edible oils remain important inputs. Lower potato costs may be offset by inflation elsewhere in the ingredient basket.

Investors should examine the entire commodity mix instead of drawing conclusions from one crop.

Seeds, Irrigation and Agricultural Inputs

The estimated 5.8% increase in output per hectare is encouraging for companies supplying high-yield seeds, nursery plants, micro-irrigation, crop protection and farm technology.

The opportunity is strongest for businesses with crop-specific products and distribution networks in horticultural regions.

However, exceptionally favourable weather or statistical revisions may explain part of a one-year productivity gain. Investors should look for multiyear trends rather than extrapolating one season.

Packaging Companies

Fruits, vegetables, flowers and processed foods require corrugated boxes, plastic crates, aseptic packaging, glass containers, flexible packaging and protective materials.

Export growth and organised retail can shift demand from loose transportation toward standardised packaging. Sustainability regulations may also increase demand for recyclable and reusable solutions.

Organised Retailers

Better sourcing networks can allow retailers to purchase directly from farmers or FPOs, reduce intermediary costs and maintain consistent quality.

Yet retail margins do not automatically increase when farm prices fall. Competition, wastage and transportation costs determine how much of the savings is retained and how much is passed to consumers.

Exporters

Exporters of grapes, bananas, mangoes, pomegranates, onions, processed vegetables and fruit preparations can benefit from higher production.

The strongest companies will have approved pack houses, traceable sourcing, long-term overseas relationships and the ability to manage changing domestic export policies.

Conclusion

India's record horticultural output is a genuine agricultural achievement. The country is expected to produce 386.9 million tonnes from less cultivated land, implying productivity growth of almost 6%.

But the composition of the harvest is more important than the headline number.

Potatoes account for approximately 43% of the increase in national horticultural output and are already experiencing price deflation. Onion production has declined by about 6%, while onion inflation has crossed 116%. This explains how record production and high food inflation can occur simultaneously.

The next stage of India's agricultural development must therefore focus less on simply producing more and more on preserving, processing and monetising what is already produced.

For investors, the opportunity extends across food processing, cold storage, refrigerated logistics, agricultural inputs, packaging, organised retail and horticultural exports. But the strongest businesses will be those with crop-specific infrastructure, efficient working capital, reliable farmer linkages and the ability to convert seasonal surpluses into yearround products.

India has already become a horticultural production powerhouse. The larger economic opportunity lies in becoming a horticultural value-addition and export powerhouse where higher output translates into better farmer incomes, lower consumer volatility and sustainable returns for companies operating across the farm-to-market supply chain.



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