INDIA AGRICULTURE INDUSTRY

Size & Share Analysis - Growth Trends and Forecast 2026-2031

Professional Market Report

Source: Mordor Intelligence | Updated July 28, 2026

Executive Summary

India's agriculture market is expected to grow from USD 452 billion in 2025 to USD 471.03 billion in 2026 and reach USD 578.89 billion by 2031, representing a CAGR of 4.21% during 2026-2031. The source attributes growth to government spending, broader credit access, digital infrastructure, favorable foodgrain output, improved seed adoption, export reforms and initiatives aimed at reducing dependence on imports of edible oils and pulses.

Indicator	Source Report Figure
Market size, 2025	USD 452 billion
Market size, 2026	USD 471.03 billion
Forecast, 2031	USD 578.89 billion
CAGR, 2026-2031	4.21%
Leading commodity, 2025	Cereals & Grains - 49.10%
Fastest-growing commodity	Fruits & Vegetables - 7.42% CAGR

Foodgrain output reached 354 million tons in 2024-25 according to the source. Digital platforms are linking approximately 11 crore farmers to formal finance, subsidies and advisory services, while trade reforms and e-commerce channels are widening access to overseas buyers.

1. Market Overview

The market is defined by the source as the farm-gate value of domestically produced agricultural output, covering crops and livestock and valued using representative prices and quantities for the base year. Post-farm processing, agro-input manufacturing and rural financial services are excluded from the market value.

- Study period: 2021-2031.
- Forecast period: 2026-2031.
- Historical data period: 2021-2024.
- Forecasts include production, consumption, exports, imports and price-trend analysis by commodity type.

2. Key Market Takeaways

- Cereals and grains held 49.10% of the India agriculture market in 2025.
- Fruits and vegetables are projected to expand at a 7.42% CAGR from 2026 to 2031.
- Government support through subsidies and policies is estimated by the source to contribute a directional +1.2% impact on the CAGR forecast.
- Agri-tech and mechanization adoption, sustainable farming, export demand, regenerative farming and climate-resilient seeds are identified as additional growth drivers.

3. Market Growth Drivers

Driver	Impact on CAGR Forecast	Geographic Relevance	Timeline
Government support through subsidies and policies	+1.2%	National; higher impact in Punjab, Haryana and Uttar Pradesh	Medium term (2-4 years)
Rising adoption of agri-tech and mechanization	+0.8%	National; early gains in Maharashtra, Karnataka and Gujarat	Long term (>=4 years)
Growing demand for organic and sustainable farming	+0.6%	National; concentrated in urban markets and export zones	Long term (>=4 years)
Expanding export demand via new trade agreements	+0.5%	National; focus on coastal states and border regions	Medium term (2-4 years)
Carbon-credit monetization from regenerative farming	+0.3%	National; pilot programs in 8 states initially	Long term (>=4 years)
Climate-resilient seed cultivars boosting yields	+0.4%	National; priority in drought-prone and flood-affected areas	Medium term (2-4 years)

Government Support Through Subsidies and Policies

The Union Budget 2025-26 increased the Kisan Credit Card limit to Rs 5 lakh, expanding working-capital access for smallholders. The Prime Minister Dhan-Dhaanya Krishi Yojana directs resources to 100 low-productivity districts through irrigation, precision-farming training and risk-mitigation measures. The source also notes that input subsidies account for 73% of the agriculture budget and reduce fertilizer and energy costs.

Agri-tech and Mechanization

A Rs 6,000 crore allocation for digital agriculture infrastructure is funding AI-based crop surveys, drone-enabled nutrient mapping and app-based credit scoring. National mechanization is reported at 47%, while Punjab and Haryana exceed 40-45%. The source forecasts the farm machinery market to grow from USD 16.73 billion in 2024 to USD 25.15 billion by 2029.

Precision tools can increase yields by 30% and reduce water and fertilizer use by 15-20% according to the report, supporting both productivity and resource efficiency.

Organic and Sustainable Farming

Urban demand is supporting rapid growth in certified organic products, while regenerative farming and carbon-credit programmes are creating new income opportunities. The source notes pilot carbon-credit activity in eight states and policy support for natural farming, bio-inputs, AI-guided nutrient applications and community seed banks.

Export Demand

Agricultural exports increased 6.5% year-on-year to USD 37.5 billion during April-December 2024. The Foreign Trade Policy 2024 targets USD 2 trillion in total exports by 2030, with digital documentation and warehousing corridors intended to strengthen agricultural trade. Spices and coffee recorded particularly strong shipment growth in the periods cited by the source.

4. Market Restraints

Restraint	Impact on CAGR Forecast	Geographic Relevance	Timeline
Fragmented landholdings and declining soil fertility	-0.7%	National; severe impact in northern and eastern states	Long term (>=4 years)
Vulnerability to climate change and extreme weather	-0.5%	National; higher impact in rain-fed areas	Medium term (2-4 years)
Inadequate cold-chain and storage infrastructure	-0.6%	National; acute problems in rural and remote areas	Medium term (2-4 years)
Labour shortages from rural-to-urban migration	-0.4%	National; concentrated in high-growth industrial states	Short term (<=2 years)

Fragmented Landholdings and Soil Fertility

Small and marginal farms account for 85% of holdings, with average farm size below two hectares. Fragmentation makes mechanization and scale efficiencies more difficult without shared-service models. Soil nutrient imbalance is another constraint, while Custom Hiring Centers help mitigate equipment-access problems by renting tractors and harvesters.

Cold-Chain and Storage Infrastructure

The source estimates that India loses 40% of fresh produce annually, around 40 million tons valued at USD 13 billion, while only 4% of perishables move through integrated cold chains. It states that the Government plans to invest USD 15 billion over five years, with renewable-powered facilities and refrigerated container fleets among the priorities.

Approximately 20,000 refrigerated containers valued at USD 0.53 billion are identified as necessary to better align logistics capacity with horticulture output.

5. Commodity Segment Analysis

Cereals and Grains

Cereals and grains held 49.10% of the market in 2025. Expanded irrigation and mechanized harvesting support steady growth. Pulses and oilseeds remain more exposed to yield volatility, prompting the Mission for Aatmanirbharta in Pulses and related measures supporting self-sufficiency.

Fruits and Vegetables

Fruits and vegetables are the fastest-growing commodity segment, projected to expand at a 7.42% CAGR through 2031. Horticulture output reached 355.2 million tons in 2023-24, including 112.62 million tons of fruit and 204.96 million tons of vegetables. Urban dietary diversification and export demand are important growth factors.

6. Geography Analysis

Regional performance varies significantly because of differences in mechanization, irrigation, market access and crop specialization. Punjab and Haryana record mechanization rates above 40%, while northeastern states remain largely dependent on manual farming. Gujarat performs strongly in total factor productivity, supported by extension services, micro-irrigation and export-oriented horticulture.

Commodity specialization is also pronounced. Andhra Pradesh leads mango and banana output, Maharashtra anchors premium Alphonso mango exports, Gujarat is prominent in Kesar mangoes, and Karnataka is important for pomegranate shipments. Gujarat, Maharashtra and Telangana together account for roughly 65% of national cotton supply.

Climate variability remains an important regional risk. The source notes expectations of an above-normal 2025 monsoon at 105% of the long-period average, while unseasonal rainfall in Maharashtra damaged rabi crops and highlighted the need for insurance, weather advisories, resilient seeds and decentralized storage.

7. Regulatory Landscape

India's agriculture sector operates under central policy and state-level market regulation. The Ministry of Agriculture and Farmers Welfare anchors farm programmes and subsidy frameworks, while APMCs regulate physical mandis and electronic linkages such as e-NAM. APEDA and DGFT administer export procedures, while FSSAI and plant-quarantine systems support food-safety and export compliance.

For 2025-26 to 2026-27, policy focus includes import substitution and crop diversification. The Mission for Aatmanirbharta in Pulses establishes a multi-year framework, supported by procurement assurance for Tur, Urad and Masoor under PM-AASHA. The source also cites approval of the National Investment Policy for Urea (NIPU-2026), intended to facilitate an additional 10 million tonnes of gas-based urea capacity.

8. Agriculture Value Chain

The agriculture value chain covers input manufacturing and distribution, farm production, aggregation through FPOs, traders and cooperatives, primary handling, storage and logistics, and sales through mandis, e-NAM-linked markets, institutional procurement, processors, organized retail and export channels.

Post-harvest handling remains a major pressure point. Recent partnerships highlighted in the source focus on FPO-based input distribution, biological and specialty agri-inputs, and integrated commodity complexes linked to processing and research. These models aim to improve traceability, aggregation efficiency and access to quality inputs.

9. Market Opportunities and Future Outlook

Digital public infrastructure is identified as a major near-term opportunity. As of February 2026, 7.63 crore Farmer IDs had been generated and around 23.5 crore crop plots digitized. The Centre announced Rs 13,000 crore in interest-free capex loans for FY27 to accelerate AgriStack, creating opportunities in advisory services, input planning, formal credit and AI-enabled farm decision support.

Irrigation, post-harvest systems and integrated high-value crop chains are another major opportunity. The Union Budget 2026-27 earmarked Rs 6,587 crore for PMKSY, while the overall agriculture outlay cited in the source was Rs 1,62,671 crore. Organized seed and input distribution, micro-irrigation, export-compliant production and horticulture loss-reduction infrastructure are highlighted as investment themes.

10. Recent Industry Developments

- July 2026: ADM and Bayer extended their food value-chain partnership in Maharashtra to reach 100,000 soybean farmers across seven districts, scaling standardized agronomy, sustainability, aggregation and traceability.
- June 2026: Coromandel International signed an MoU with Samunnati to strengthen agri-input distribution through Farmer Producer Organisation networks.
- June 2024: The Government of India continued the digital agriculture rollout through AgriStack and digital crop-survey initiatives, supporting plot-level data and interoperable farmer services.

11. Report Scope

Report Feature	Coverage
Market definition	Farm-gate value of domestically produced agricultural output, covering crops and livestock
Commodity types	Cereals & Grains; Pulses & Oilseed; Fruits & Vegetables; Cash Crops; other covered commodities
Analyses	Production; Consumption; Exports; Imports; Price Trends
Excluded from market value	Post-farm processing; agro-input manufacturing; rural financial services
Forecast period	2026-2031

12. Source Note

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