

Smaller Indian Chilli Crop and Quality Issues Predicted to Push Prices Higher

Book your Chilli Volumes Early to Reduce Risk

Higher prices and tighter supply are projected for Indian chilli over the coming months. With a smaller crop expected this season and limited availability of higher-quality material, customers may benefit from planning purchases earlier than usual.

What Is Happening in the Indian Market

The harvest has started, but supply will be lower this year

40–45% of the crop already harvested in South India. Total production is still expected to be 35–40% lower than last year, mainly due to reduced planting and weaker yields.

Prices are already higher than last year

Chilli prices are currently 60% higher than in June last year. Prices typically soften during peak harvest in April, however it is expected they will remain around 20–30% above last year's levels.

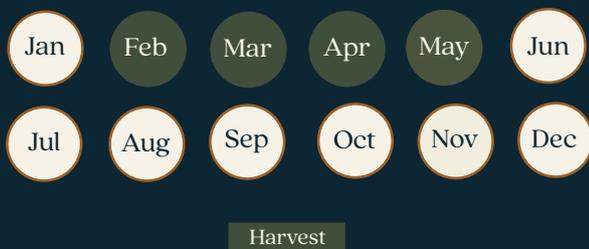
Demand remains strong both in India and overseas

Domestic spice processors, seasoning manufacturers and traders are actively buying, while exports are continuing to markets such as Bangladesh, China and Thailand. This steady demand is keeping prices firm.

High-quality chilli may be harder to find

Many farmers have used pesticides heavily this season because they expected higher prices. As a result, chillies that meet IPM (Integrated Pest Management) standards required for EU markets are now more limited. This is creating a premium for buyers who require this quality.

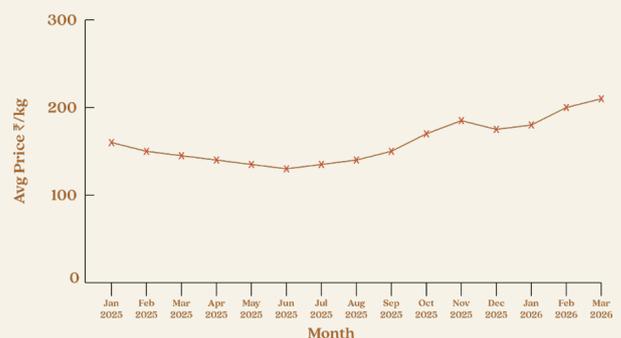
Harvest Season



Carry-over stocks are slightly higher but not enough to offset the short crop

Cold storage stocks are estimated to be around 25% full, compared with about 20% at the same time last year. While this offers some short-term support, it is unlikely to fully offset the smaller harvest.

Raw Red Chilli Price Trend
Jan 2025 - Mar 2026 (Approx wholesale range)



Chinese Chilli Offers Alternative to Indian Crop as Availability Tightens

China remains a competitive sourcing option; however, prices have risen sharply by approximately 8–10% since the Chinese New Year period. The country is now approaching the end of its production season, and availability of high-quality raw materials is becoming increasingly limited.

With temperatures set to rise from early April, any remaining stock will require cold storage, adding further cost pressure. The combination of reduced quality material in the market and increased storage expenses is expected to continue driving prices upward in the near term.

Next Steps

Given the expected reduction in chilli supply this season, we recommend reviewing purchasing plans for both Chinese and Indian chilli. April is forecast to see the best prices for Indian Chilli so securing volumes earlier may help reduce exposure to further price increases as the market develops.

Buyers who require specific grades, particularly IPM-compliant chilli or consistent colour and heat levels, may also benefit from confirming quality requirements early, as availability of these grades could become tighter as the season progresses.

We also expect Indian chilli prices to remain relatively firm throughout 2026 due to the smaller crop.



Meet our Herbs & Spices Category Manager, **Neil Burton**

Neil has extensive knowledge of the herbs and spices market across multiple origins. He is always happy to share his insight and provide updates on the latest market developments.

Please get in touch with Neil if you would like to talk about herbs and spices.

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