



INDIAN TRACTOR INDUSTRY

**Healthy crop production to support
industry demand**

SEPTEMBER 2025



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The wholesale volumes reported a growth of around 11.7% in 5M-FY2026. Wholesale volumes are estimated to grow at a moderate pace of 4-7% in FY2026.

The growth is likely to remain supported by above-normal monsoons, which is expected to shore up agricultural production.



- **Tractor demand remained strong in YTD FY2026:** Industry wholesale and retail volumes grew by 11.7% YoY and 11.9% YoY, respectively, in 5M FY2026, owing to positive farmer sentiments and adequate monsoons. Going forward, the recent GST rate cut on tractors to 5% is expected to support demand, particularly during the upcoming festive season. Pre-buying ahead of the TREM V emission norms, proposed to take effect from April 1, 2026, could further aid volume growth.
- **Favourable monsoon to support agricultural activities and industry volumes:** With the early onset of monsoon, India received above-normal rainfall at 108% of the long-period average (LPA) until September 17, 2025, albeit with an uneven spatial distribution
- **Kharif sowing crosses normal sown area:** As of September 12, 2025, India's kharif sowing exceeded the normal sown area, driven by healthy precipitation across most regions of the country. The third Advance Estimates for kharif and rabi crop for AY2024-25* indicate a YoY increase of 7.9% and 4.5%, respectively, in the foodgrain output over the final estimates for AY2023-24.
- **Tractor volumes likely to report moderate growth in FY2026:** The industry is expected to report a growth of 4-7% in FY2026, supported by favourable monsoons. Further, ICRA's channel check indicates that inventory levels across dealerships remain normal. Financing availability for the industry remains adequate, with moderate delinquency levels
- **Tractor OEMs to maintain strong credit profiles:** The margins of tractor manufacturers are likely to remain healthy, aided by the expected rise in volumes, favourable product mix and operating leverage. The credit profiles of the OEMs remain robust marked by low debt and adequate cash and liquid investments.

*AY: Agricultural Year – July to June; OEMs: original equipment manufacturers; YTD: year to date



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