ICRA

INDIAN TRACTOR INDUSTRY

Tractor wholesale and retail volumes grew by 45% and 4% YoY respectively, in September 2025

OCTOBER 2025

Highlights

Click to see full report

The wholesale volumes reported a strong growth of 45.0% YoY in September 2025 and 18.8% YoY in H1 FY2026.

ICRA has revised its wholesale volume growth outlook for the tractor industry to 8–10% for FY2026, up from the earlier estimate of 4–7%. This is driven by the above-normal monsoons that is expected to boost agricultural output, along with the GST reduction implemented in September, which is likely to support demand levels.

- **Tractor demand remained strong in September 2025:** The tractor wholesale volumes rose by 45.0% YoY, while retail volumes increased by a modest 4.0% YoY in September 2025, with demand levels supported by positive farm sentiments and adequate monsoons. Following the GST reduction, dealers built up the inventory in anticipation of increased demand during the early onset of the festive season.

- **Favourable monsoon supports agricultural activities and industry volumes:** India received above-normal rainfall at 108% of the long-period average (LPA) in the 2025 Southwest Monsoon season, albeit with an uneven spatial distribution. The third Advance Estimates for kharif and rabi crops for AY2024-25[$], released by MA&FW[^] in May 2025, indicates a YoY increase of 7.9% and 4.5%, respectively, in the foodgrain output. This provides optimism regarding improved agri-economy and demand for tractors.

- **Tractor volumes likely to report moderate growth in FY2026:** Following a growth of 7% in FY2025, the industry is expected to report a growth of 8-10% in FY2026, supported by favourable monsoons and the recent GST rate cut on tractors to 5%. Pre-buying ahead of the TREM V emission norms, proposed to take effect from April 1, 2026, could further aid volume growth.

- **Tractor original equipment manufacturers (OEMs) maintain strong credit profiles:** The margins of tractor manufacturers are likely to remain healthy, aided by expected rise in volumes, operating leverage and stable raw material costs. The credit profile of the manufacturers is anticipated to remain supported by a rise in volumes, low debt and sufficient cash and liquid investments.

*[#]IMD: India Meteorological Department; *LPA: Long Period Average; [$]AY: Agricultural Year – July to June; ^MA&FW: Ministry of Agriculture and Farmers' Welfare*

ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Jitin Makkar	Senior Vice President & Group Head	jitinm@icraindia.com	0124 – 4545 368
K. Srikumar	Senior Vice President & Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Rohan Gupta	Vice President & Sector Head	rohan.kanwar@icraindia.com	0124 – 4545 808
Astha Bansal	Senior Analyst	astha.bansal@icraindia.com	0124 – 4545 342

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	sai.krishna1@icraindia.com	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – East	vinita.baid@icraindia.com	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	shivam.bhatia@icraindia.com	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	sanket.kulkarni@icraindia.com	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860

ICRA

ICRA

Thank You!