



INDIAN TRACTOR INDUSTRY

**Tractor wholesale and retail volumes
grew by 15% and 14% YoY,
respectively, in October 2025**

NOVEMBER 2025





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The wholesale volumes reported a strong growth of 15% YoY in October 2025 and 17.9% YoY in 7M 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 likely to support agricultural output and rural income, along with the GST reduction, which is likely to aid demand levels.



- **Tractor demand remained strong in October 2025:** Tractor wholesale volumes rose by 15% YoY, while retail volumes increased by 14% YoY in October 2025, with demand levels supported by positive rural sentiment, improved crop realisation, and sustained demand during the festive season across all major manufacturers.



- **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 final Estimates for AY2024-25*, released by MA&FW^ on November 21, 2025, indicate a YoY increase of 8.8% for kharif and 6.7% for rabi crops in foodgrain output, thus supporting the 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 estimated to grow 8-10% in FY2026, supported by favourable monsoons and the recent GST rate cut on tractors. 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.

*AY: Agricultural Year – July to June; ^MA&FW: Ministry of Agriculture and Farmers' Welfare



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