

INDIAN TRACTOR INDUSTRY

Tractor wholesale and retail volumes
grew by 43% and 23% YoY,
respectively, in January 2026

FEBRUARY 2026





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The wholesale volumes reported a strong growth of 42.9% YoY in January 2026 and 22.2% YoY in 10M FY2026.

Aided by a 22% rise in 10M FY2026, the industry is expected to have a strong double-digit growth in FY2026, driven by above-normal monsoons, along with GST reduction implemented in September, which supported demand levels. Continued inventory build-up ahead of implementation of TREM-V norms is expected to further aid the volumes.



- **Tractor demand remained strong in January 2026:** Tractor wholesale volumes rose by 42.9% YoY, while retail volumes increased by 22.9% YoY in January 2026, driven by positive rural sentiment and improved affordability following the GST rate cut. Pre-buying ahead of the TREM-V emission norms proposed to take effect from April 1, 2026, which are expected to result in 15-20% price hike in key <50 HP segment, further aided the growth.
- **Favourable monsoon supports agricultural activities and industry volumes:** India received above-normal rainfall at 108% of the long-period average during the 2025 Southwest Monsoon, though distribution was uneven. As per the first advance estimates by MA&FW^ as on November 27, 2025, kharif food grain output rose 2% YoY over final estimates, while rabi sowing increased 3% YoY by January 30, 2026, supporting the agri-economy and tractor demand.
- **Domestic wholesale volumes likely to report strong growth in FY2026:** Industry volumes have grown by 22% in 10M FY2026, aided by strong demand momentum over the past few months on the back of healthy farm cash flows and improved affordability (post the GST rate cuts). The industry growth is expected to moderate to 1-4% in FY2027 on a high base, as industry domestic volumes are estimated to reach all-time high of around 11.5 lakh in FY2026.
- **Tractor original equipment manufacturers (OEM) maintain strong credit profiles:** The margins of tractor manufacturers are likely to remain healthy, aided by rise in volumes, operating leverage and stable raw material costs. The credit profile of the manufacturers is anticipated to remain supported by healthy profits, low debt and sufficient cash and liquid investments.

^MA&FW: Ministry of Agriculture and Farmers' Welfare; GST: Goods and Services Tax; HP: Horsepower



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