

INDIAN TRACTOR INDUSTRY

Rural tailwinds and GST
rationalisation lift industry volumes
to record high

MARCH 2026

#35YearsofUnwaveringCredibility



1 Industry Outlook – Stable



2 Agricultural Production Update



3 Key Takeaways from ICRA's Channel Check



4 Financing Environment



5 Industry Volume Trends



6 Tractor Sales – Region-wise Trends



7 Domestic Market Share of OEMs



8 Peer Comparison





[Click to see full report](#)

Tractor wholesale volumes reported growth of 22.8% in 11M FY2026, supported by above-normal monsoons, GST reduction on tractors and pre-buying (though now expected to ease due to TREM-V transition postponement). The volumes are estimated to reach an all-time high of 11.3-11.5 lakh units in FY2026.

The wholesale volumes growth rate is expected to soften to 1-4% in FY2027 on a high base.



▪ **Tractor demand remained strong in 11M-FY2026:** Tractor wholesale volumes grew by 22.8% YoY¹, while retail volumes increased by 19.3% YoY in 11M FY2026, driven by positive rural sentiment and the Goods and Services Tax (GST) rate cut from 12% to 5%, which reduced prices between Rs. 40,000 to Rs. 1,00,000 across the horsepower (HP) ranges. Additionally, pre-buying ahead of the TREM V emission norms—earlier scheduled for April 2026 but recently deferred—also boosted volumes.



▪ **Potential El Niño poses downside risk to farm output and tractor demand:** India recorded 108% of the long-period average rainfall in CY2025, keeping reservoir levels above last year and decadal average. However, rainfall in 2026 is expected to be weaker, particularly in the latter half due to potential El Niño, posing risks to farm output and tractor sales, thus remaining a monitorable.



▪ **Advance Estimates indicate rise in production:** As per the Second Advance Estimates by the Ministry of Agriculture and Farmers' Welfare (MA&FW) on March 10, 2026, both kharif and rabi food grain output for AY2025-26 increased by 3% YoY over the final estimates of AY2024-2025, supporting the agri-economy and tractor demand.



▪ **Inventory at normal levels:** ICRA's channel checks indicate that inventory levels across dealerships remain normal. Financing availability for the industry continues to be healthy, with delinquency levels remaining moderate.



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

*AY: Agricultural Year – July to June; ¹YoY: Year over year



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	0124-4545342
Tarang Bhambri	Lead Analyst	tarang.bhambri@icraindia.com	0124 – 4545 374





ICRA

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





© Copyright, 2026 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

#35YearsofUnwaveringCredibility



ICRA

35
Years of
Unwavering
Credibility

Thank You!

#35YearsofUnwaveringCredibility

Sensitivity Label : Public