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Rural economy spurs tractor sales in 2025, tilling fertile ground for 2026

Tractor sales touch nearly a million in 2025 calendar

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India's tractor industry ends 2025 near the one-million mark, with double-digit retail growth and expectations of sustained demand in 2026 on the back of strong farm economics. (Photo: Shutterstock)

India's tractor industry closed 2025 on a firm footing, nearing a million units in retail sales — posting double-digit growth in volumes — and entering 2026 with expectations of sustained demand, according to industry executives and analysts.

This, they added, was backed by healthy farm economics, improved rural cash flows and favourable crop conditions.

According to Federation of Automobile Dealers Associations (Fada) Research data, tractor retail sales in CY25 stood at 996,633 units, up from 893,706 units in CY24, a growth of more than 11 per cent.

Demand strength was visible across major original equipment manufacturers (OEMs), with Mahindra & Mahindra (M&M) further consolidating its leadership position.

M&M sold 237,980 units in CY25, increasing its market share to 23.88 per cent from 23.36 per cent in the previous year.

The company's Swaraj division recorded retail sales of 186,529 units, with a market share of 18.72 per cent, compared to 18.6 per cent in CY24.

Together, the two brands accounted for over 42 per cent of total industry volumes during the year.

International Tractors (Sonalika) retained the third position with 126,741 units sold, though its market share declined marginally to 12.72 per cent from 13.09 per cent.

TAFE reported sales of 111,947 units, with a market share of 11.23 per cent, slightly lower than 11.54 per cent a year ago.

Escorts Kubota (agri machinery group) emerged as one of the key gainers in 2025, growing volumes to 106,482 units and expanding market share to 10.68 per cent, from 9.78 per cent in 2024.

John Deere India sold 76,563 units, increasing its share to 7.68 per cent, while Eicher Tractors posted sales of 61,768 units, with a 6.20 per cent share.

M&M said demand accelerated sharply towards the end of the year. "We have sold 30,210 tractors in the domestic market during December 2025, a growth of 37 per cent over last year," said Veejay Nakra, president – farm equipment business, Mahindra & Mahindra.

He added, "Cash flow availability in the market has improved supported by favourable crop yields following the Kharif harvest. Additionally, conducive weather conditions and healthy reservoir levels contributed to increase in Rabi sowing acreage, which is expected to sustain tractor demand in the coming months."

Reflecting stronger-than-anticipated rural momentum, the company has revised its outlook for the current financial year.

"For FY26, as against our earlier estimate of high single-digit growth, we believe the tractor industry is likely to achieve low double-digit growth. This reflects stronger-than-expected rural and agri-sector performance," Nakra said,

He added, "For FY27, it may be too early to share a perspective right now."

Analysts broadly expect demand to remain supportive in 2026.

Anurag Singh, advisor, Primus Partners, said, “The overall outlook for the Rabi crop is positive and is expected to be beneficial for farmers. Weather conditions so far have been favourable, and agricultural commodity prices have remained firm. This supportive farm environment bodes well for rural income levels.”

Ratings agency ICRA flagged base effects as key monitorable.

“Tractor volumes posted strong double-digit growth in 2025, driven by improved demand in recent months,” said Rohan Kanwar Gupta, vice-president and sector head, corporate ratings, ICRA.

“Key tailwinds included GST rate cuts, healthier farm cash flows supported by a good monsoon, and pre-buying ahead of the April 2026 emission norm transition.”

“Given the high base, growth in CY2026 is expected to be modest and will remain contingent on the southwest monsoon and its impact on farm incomes,” Gupta added