

Record tractor sales in October on good monsoon, GST rate cut

PLOUGHING AHEAD. 1,73,635 tractors were sold against 1,51,772 in October 2024

T E Raja Simhan
Chennai

Tractor sales in October touched the highest-ever levels for any month in the last seven years, driven by a good monsoon and GST rate-cut.

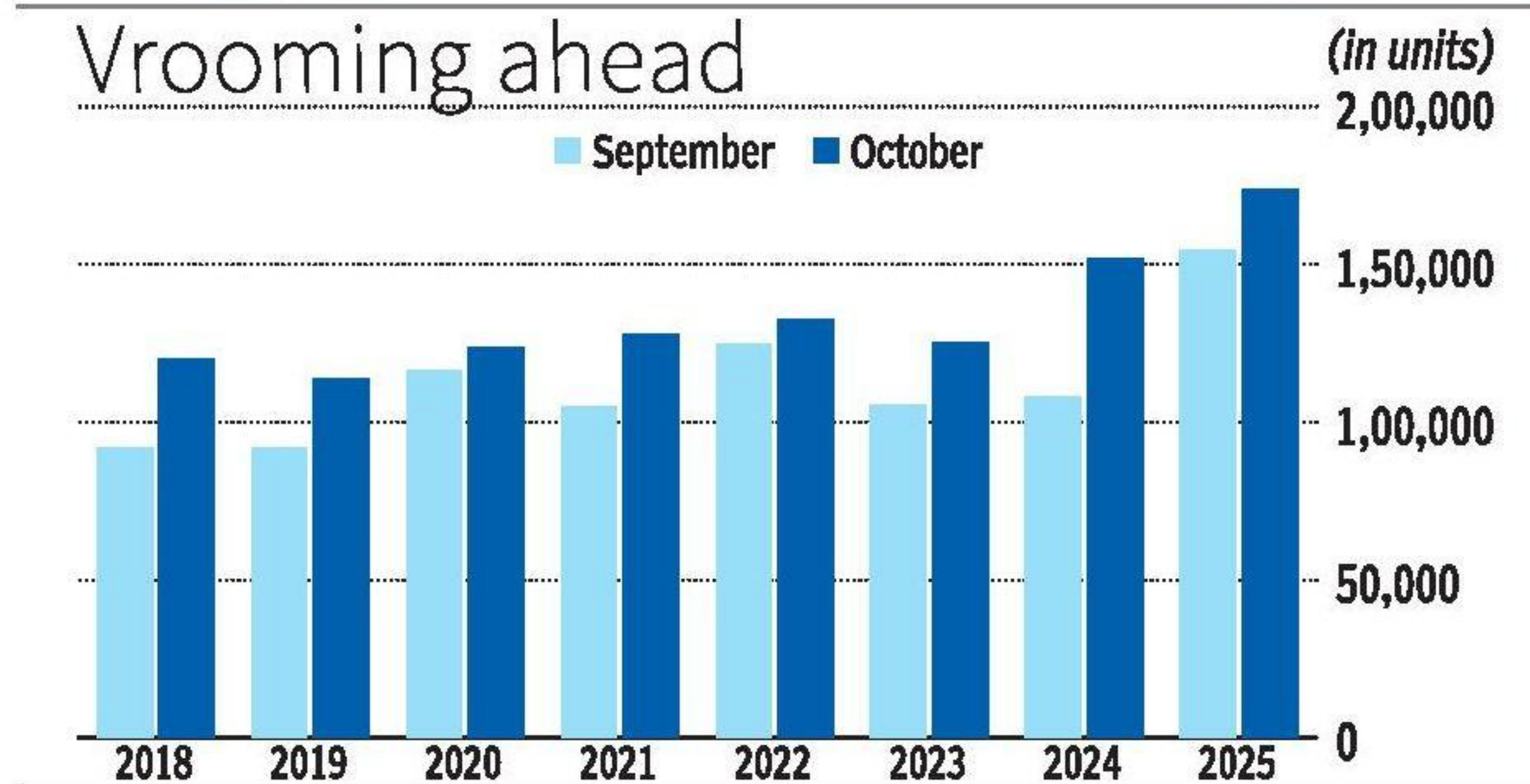
In October, 1,73,635 tractors were sold as against 1,51,772 in October 2024 and 1,54,417 in September 2025, according to data from Tractor and Mechanisation Association. The previous highest monthly tally was in September 2025 at 1,54,417 units.

“A good monsoon, combined with the benefit of GST rate cut announced in September have supported the strong performance in September and October 2025. Going forward, factors like timely onset of Rabi sowing and good progress in Kharif harvesting augur well for tractor sales,” Veejay Nakra, President, Farm Equipment Business, Mahindra & Mahindra, said recently.

Traditional cyclical segments such as earth-moving equipment and agricultural tractors also saw month-on-



Vrooming ahead



Source: Tractor and Mechanisation Association

month gains in October, highlighting the spillover from infrastructure and rural activity, according to the Shriram Mobility Bulletin.

GROWTH DRIVERS

Poonam Upadhyay, Director, Crisil Ratings, said that tractor sales surged 14 per cent month on month in Oc-

tober, driven by festival demand, robust kharif cash flows and pre-Rabi buying sentiment.

“The GST 2.0 rationalisation has improved affordability, with tractors up to 1,800 cc now attracting a 5 per cent GST rate, down from 12 per cent, and on parts reduced from 18 per cent to 5 per cent. This has

prompted advance purchases, but demand is expected to normalise after the Rabi season. Additionally, impending emission norms, potentially effective from early 2026, may trigger pre-buying in the near term, before demand stabilises,” Upadhyay said.

Meanwhile, credit rating firm ICRA revised its growth outlook for the Indian tractor industry for fiscal year 2026. The new forecast of 8-10 per cent wholesale volume growth represents a substantial increase from the previous estimate of 4-7 per cent, driven primarily by above-normal monsoon rainfall and the recent reduction in the GST.

According to ICRA, the tractor original equipment manufacturers will maintain their strong credit profiles. Profit margins are likely to remain healthy, aided by the expected rise in volumes, benefits from operating leverage and stable raw material costs.

The industry’s financial strength is further underpinned by low debt levels and sufficient cash and liquid investments.