

## **Agricultural Tractors Market - Growth, Trends, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 133 pages | Mordor Intelligence

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### **Report description:**

The agricultural tractor market is projected to register a CAGR of 5.2% over the forecast period.

#### Key Highlights

Tractors are agriculture equipment that is used to perform farming operations such as plowing, tilling, and planting. They are also used for spreading fertilizers, clearing bushes, and other activities. The cost of labor has been increasing at significantly high rates due to the urbanization and migration of people to urban areas. The cost of farm labor is directly proportional to the cost of production. Mechanization can reduce labor wages. The increasing labor wages and the lack of farm labor have led to increasing rates of mechanization.

Furthermore, the increased government support to raise farm mechanization for obtaining high yield by providing subsidies is helping to increase the number of tractors. Moreover, technological advancements are also catering to the increased mechanization and raising awareness among farmers about the benefits of farm mechanization.

Numerous businesses have been releasing new agricultural tractors, allowing them to dominate the market with speedier product launches and advancements. Several major market players are spending on research and development in order to produce cutting-edge equipment and retain a strong market position. This factor drives the sales of tractors in the market. For instance, in 2020, Deere & Company launched a new 8 Family Tractor line-up that included 8R wheel tractors, 8RT two-track tractors, and the industry's first fixed-frame four-track tractors. These new tractors come equipped with the latest precision agriculture technology and allow customers to choose the machine configuration, options, and horsepower to best fit their operation. On the other hand, the lack of properly skilled labor for operating specialized and modern tractors may become a restraining factor for the tractor market.

#### Agricultural Tractors Market Trends

##### Increasing Farm Mechanization in Developing Markets

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Precision farming and the increasing adoption of farm technology to boost production are driving up demand for tractors. Agricultural equipment can use technology like high-precision positioning systems (such as GPS and GNSS, automated steering systems, geo-mapping, sensors, and remote sensing) and integrated electronic communication to produce superior results from machine operations. For instance, Deere & Company provides Precision AG technology for farm machinery like tractors and other items. The company provides display systems, receivers for seeding and planting, harvesting, and field preparation and tillage equipment. The launch of such items has a substantial impact on the growth of the agricultural tractor market. The increasing number of farm training programs promoting the use of agricultural machinery on a wide scale is also driving the tractor industry. With an engine volume of not more than 1,500 CC, these tractors occupy less space and can be used with greater flexibility. Ease of customization makes them more amenable to experimentation, and consequentially, manufacturers are willing to try new components and technologies in this segment before moving on to high-powered ones. Low-horsepower tractors work well in soft soil conditions, such as river basins. The lesser than 40 HP tractors are mainly used for horticulture. In developing countries, the demand for lower HP tractors is high due to the low disposable income of farmers and high labor costs. Farmers prefer small and customized tractors for agricultural purposes due to small farmland sizes. Moreover, lesser fuel consumption by small tractors helps empower small and marginal farmers. Governments in developing countries like India promote farm mechanization by subsidizing equipment purchases and supporting bulk buying through front-end agencies. Furthermore, due to the increasing demand from developing countries, the major players in the market are innovating new products. For instance, in February 2021, TAFE launched a new DYNATRACK Series, which is an advanced range of tractors that offer dynamic performance, sophisticated technology, unmatched utility, and versatility, engineered into a single powerful tractor. These factors are likely to drive the market during the forecast period.?

#### Asia-Pacific Dominating the Market

In the Asia-Pacific, China, Japan, and India lead in terms of the number of tractors sold. Around 60% of China's farm activities are mechanized. According to data from the National Bureau of Statistics of China, large and medium-sized tractors are gradually being replaced by small tractors. At the end of 2020, there were 4.4 million large- and medium-sized tractors in the country. The government included agricultural machinery in its 'Made in China 2025' campaign. The program is expected to help the country produce most of its farm equipment domestically, which is expected to increase the sales of tractors in China. Most people in India are agriculture-dependent. According to the Indian Brand Equity Foundation, 58% of the total population in India are farmers. Thus, there is a great market for tractors in India. The agriculture sector in India has witnessed a substantial decline in the use of animal and human power in the agriculture sector. Fossil fuel-operated vehicles, such as tractors and diesel engines, are being used instead, which has resulted in a shift from the traditional agriculture process to a more mechanized process.

In order to increase the mechanization level, the Indian government is promoting 'Balanced Farm Mechanization' by providing subsidies on various equipment and supporting bulk buying through front-end agencies, which is expected to strengthen the tractors market in India. For instance, the government of India offers various schemes for agricultural equipment, such as loan-cum-subsidy for the purchase of tractors. In addition, as per NABARD norms, any farmer with eight acres of land can take a tractor loan for a period of nine years with a 12.5% rate of interest. Thus, the implementation of programs by governments in the region, along with the increasing tractor usage across, is expected to drive the market during the forecast period.

#### Agricultural Tractors Market Competitor Analysis

The agricultural tractor market is consolidated, with major players occupying a significant market share. Deere and Company,

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Kubota Corporation, CNH Industrial NV, AGCO Corporation, and CLAAS KGaA mbH are the major players in the market. New product launches, partnerships, and acquisitions are the major strategies being adopted by the leading companies in the global market.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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