Agricultural Machinery - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 165 pages | Mordor Intelligence

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Report description:

The Agricultural Machinery Market size is estimated at USD 69.01 billion in 2024, and is expected to reach USD 89.76 billion by 2029, growing at a CAGR of 5.40% during the forecast period (2024-2029).

Key Highlights
-Agriculture machinery is used to make farming operations easy and achieve high yields. It reduces the manpower in the farms and cuts down the labor costs. Those include tractors, plows, harvesting machines, cultivators, and seedling machines. The market is driven by increasing mechanization rates in developing countries, which may have a long-term impact. The shrinking land, water resources, and labor force increase the need for farm mechanization in developing countries. In 2018, farm mechanization in developing countries such as India and China accounted for 45-55%, whereas it accounted for 95% in developed countries such as the United States.
-Along with this, increasing government subsidies also boost the market for agricultural machinery. Tractors accounted for over 43.6% of the market share in the agricultural machinery market in 2020.
-The Asian-Pacific region is expected to grow rapidly due to the high demand for agricultural products, mainly from India and China, over the forecast period. Within Asia, China dominates the production and sale of agricultural equipment. At the same time, India, Japan, and Australia are expected to contribute a significant share of the global market in the coming years, surpassing Europe as the largest market. The population in the region is rising, driving the need for the mechanization of agriculture.

Agricultural Machinery Market Trends

Growing Demand for Farm Mechanization in Developing Countries

The market is driven by increasing rates of mechanization in developing countries. The decreasing land productivity, water resources, and labor force increased the need for farm mechanization in developing countries. Additionally, favorable government policies such as providing subsidies, giving interest-free loans, and increased financial assistance in these countries are increasing the market for agriculture machinery. For instance, the US Farm Service Agency offers guaranteed and direct farm ownership and operation loans to family-size farmers who are unable to receive commercial financing through a bank, farm credit system institution, or other lenders. With the loan, the farmers are able to buy farm machinery. Additionally, the US Department of Agriculture established a number of lending programs, such as the Direct Farm Ownership Down Payment Program, whose maximum loan amount rose from USD 250,000 to USD 300,000.

The market for farm machinery, including combines in African countries, is anticipated to grow as African farmers demand access to the latest farm technologies to enhance their farm operations and cut production costs.As stated in the sustainable development goals indicated in Agenda 2063, the African Union Commission (AUC) and the Food and Agriculture Organization of the United Nations (FAO) view agricultural mechanization as an immediate indispensable action for attaining the 'Zero Hunger' vision by 2025.

Developing nations have a low penetration level. Hence, the farm mechanization market has a lot of potential for increasing the penetration of farm equipment such as tractors and the market size during the forecast period.

Asia-Pacific Dominates the Market

Asia-Pacific is considered the largest and fastest-growing market because the companies located in the region have been launching new agricultural machinery, thereby dominating the market with faster innovations and product launches. The Chinese government is enhancing farm mechanization for various crops, including rice, wheat, corn, potato, oilseed rape, cotton, and sugarcane. In 2020, the Ministry of Finance of China issued more than CNY 20 billion (USD 2.87 billion) as central government subsidies to purchase agricultural machinery. China plans to make the comprehensive mechanization rate of crop plowing, planting, and harvesting reach 75% by 2025.

According to the tractor and machinery association of Australia (TMA), there was an increase in the sales of the small tractor segment in the country due to the support of the Instant Asset Write-off scheme. In 2020, the tractor under 40 horsepower (30 kilowatts) range was up by 72% for the month and ended by 36% ahead for the whole year.

Additionally, India is becoming one of the fastly growing markets in the Asia Pacific region due to the increasing subsidies from the government. As agriculture contributes a high percentage to the country's GDP, the government is focusing on the mechanization of agriculture through different schemes. For instance, under PM Kisan Samman Yojana's scheme, the Indian government announced a 50% to 80% subsidy on purchasing agricultural machinery. This will aid the market growth in the country.

The increasing focus on farm mechanization and the government's urge toward mechanization may boost sales and lead to innovations, such as driverless machinery, which may drive the market during the forecast period.

Agricultural Machinery Industry Overview

The agricultural machinery market is consolidated, with key players accounting for the majority of the market share. The top players in the market are Deere and Co., CNH Industrial, AGCO Corporation, Kubota, Mahindra and Mahindra Limited, Iseki & Co.

Ltd, JC Bamford Excavators Limited, and Lindsay Corporation. These companies were involved in various strategic activities such as product innovation, expansion, partnership, and merger and acquisition.

Additional Benefits:

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

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