

India Agricultural Tractor - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The India Agricultural Tractor Market size is estimated at USD 7.92 billion in 2025, and is expected to reach USD 10.95 billion by 2030, at a CAGR of 6.7% during the forecast period (2025-2030).

Agriculture remains a significant contributor to the Indian economy, with 51.09% of the country's land dedicated to agricultural activities. The Ministry of Agriculture and Farmers Welfare reports an increase in total cropped area from 201.18 million hectares in 2020-2021 to 219.16 million hectares in 2021-2022. This extensive agricultural area promotes using tractors for various complex farming operations. The demand for tractors in India is primarily driven by large-scale farming operations, declining labor availability, and increasing mechanization in the agriculture sector. World Bank data indicates a decrease in agricultural employment, from 44.7% of the population in 2020 to 42.9% in 2022.

The Indian tractor market is further propelled by rising farm wages and government support for farm mechanization. The average daily wage rate for agricultural laborers across India increased from Rs 292.05 (USD 3.9) in 2019-20 to Rs 328.18 (USD 4.2) in 2021-22 as reported by the Ministry of Agriculture and Farmer Welfare. The central government offers a 50% subsidy on tractor purchases under the Pradhan Mantri Kisan Tractor Yojana scheme, with the subsidy amount directly transferred to the beneficiary's account. Beyond agricultural, social, and economic factors, macroeconomic and intrinsic elements such as population growth and increasing demand necessitate the adoption of mechanized solutions like tractors for sustainable long-term growth.

India Agricultural Tractor Market Trends

30-50 HP Tractors Are Widely Preferred by Farmers

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Tractors in the 30-50 HP range are well-suited for soft soil conditions, such as river basins, and are in high demand in India. This demand is driven by farmers' low disposable income, high labor costs, and small farmland sizes. These moderate-horsepower tractors offer advantages such as customization options and lower fuel consumption, making them accessible to small and marginal farmers.

The trend towards smaller farm holdings further supports the demand for 30-50 HP tractors. According to the All India Rural Financial Inclusion Survey (NAFIS) 2021-22, the average landholding for farming in India decreased to 0.74 hectares, a 31% reduction from the previous survey. These tractors are efficient for small farm holdings and are crucial for increasing productivity, making them the most commonly used in India. This trend is expected to drive market growth during the forecast period.

Market players are responding to this growing demand by introducing new models in the 30-50 HP segment. For example, in September 2023, Swaraj launched a new range of tractors in the 40-50 horsepower category. Similarly, in May 2024, VST Tillers introduced three new tractors (VST ZETOR 4211, 4511, and 5011) with horsepower ranging from 41-50. These models are the result of joint development efforts between VST and ZETOR, manufactured at the VST Zetor facility in India.

Uttar Pradesh Provides the Biggest Market for Agricultural Tractors

Agriculture forms the backbone of Uttar Pradesh's economy, contributing 24% to the state's GDP in 2023, according to the Ministry of Statistics and Program Implementation (PRS). As the primary source of livelihood for a substantial portion of the state's population, the extensive agricultural activities drive the demand for agricultural machinery, particularly tractors. The Department of Agriculture and Farmers Welfare reports that Uttar Pradesh had the largest area under food grains production in 2021-2022, covering 19.55 million hectares, representing 15% of the country's total. Farmers utilize tractors for essential farming operations including plowing, tilling, sowing, harrowing, and harvesting, which enhances agricultural efficiency and productivity in the state.

The increasing fragmentation of land holdings in Uttar Pradesh has resulted in smaller land parcels, making traditional manual farming methods impractical. Tractors provide an efficient solution for small-scale farmers to manage their agricultural operations, positioning Uttar Pradesh as the leading state in tractor sales across India. In 2024, Escorts Kubota announced an investment of INR 45 billion (USD 531.4 million) to establish a greenfield manufacturing facility in Uttar Pradesh. This reflects the growth of the market.

India Agricultural Tractor Industry Overview

The agricultural tractor market in India is consolidated, with large global and domestic manufacturers holding dominant positions. Farmers show a strong preference for established brands due to quality assurance and reliable after-sales services. The market's largest share is held by key players including Mahindra & Mahindra Ltd, Tractor and Farm Equipment Ltd (TAFE), International Tractor Ltd, Escorts Limited, and John Deere India Private Limited. These companies focus their investments on product development, expansion initiatives, and strategic acquisitions. Research and development remains a priority area, particularly for introducing new products at competitive price points.

Additional Benefits:

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

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