

# Strong domestic demand lifts Jan tractor sales by 45% on-year

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The tractor industry heralded 2026 reporting a 45 per cent growth on-year in sales, both domestic and in exports, in the month of January.

While domestic sales grew by 28 per cent, exports grew at 17 per cent, according to Tractor and Mechanization Association data.

## **GST RATE CUT**

Domestic sales were mainly driven by reasons such as GST cut and normal monsoon, and exports were driven by good demand in

Africa and Latin America, industry officials said.

Maharashtra was one of the key drivers for sales after the introduction of the Sub-Mission on Agricultural Mechanization (SMAM) Tractor subsidy.

Excluding Maharashtra, the tractor segment would have grown by over 20 per cent on-year, led by benefits of the GST cut, normal monsoon and favourable terms of trade for farmers.

SMAM provides 50 per cent to 80 per cent subsidies to farmers for purchasing agricultural machinery, including tractors, to increase farm power for small and marginal landholders. Poonam Upad-

## **Demand boost**

| Particulars                     | Jan 2026 | Jan 2025 | Difference (%) |
|---------------------------------|----------|----------|----------------|
| Total sales (including exports) | 97,724   | 69,770   | 45             |
| Domestic sales                  | 88,522   | 61,203   | 28             |
| Exports                         | 9,202    | 7,847    | 17             |

Source: Tractor and Mechanization Association

hyay, Director, Crisil Ratings, said domestic tractor sales recorded a robust growth in January 2026, extending the strong momentum witnessed since GST rationalisation, which lowered acquisition costs and supported replacement demand.

"The performance was further aided by improved rural liquidity driven by higher MSP realisations and

better farm cash flows. The 40-50 HP segment led growth, reflecting rising preference for higher productivity tractors across commercial and multi-utility applications," she added.

Exports grew a healthy 17 per cent on-year, marking the third consecutive month of strong momentum, supported by improved order inflows and demand traction across key regions, such as

Africa, Latin America and a few Southeast Asian markets, aided by channel restocking and gradual demand recovery, she said.

Escorts Kubota Ltd said the domestic tractor industry showed continued momentum in January 2026, driven by positive rural sentiment and increased farm activity due to progress in rabi sowing, improved water availability, reduction in GST rates, favourable government policies and ongoing State subsidies.

These favourable conditions are expected to fuel continued growth in the industry in the coming months.