



INDIAN TRACTOR INDUSTRY

**Tractor wholesale volumes grew at a
healthy pace in March 2025**

APRIL 2025





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Industry volumes are estimated to grow at a moderate pace of 4-7% in FY2026, factoring in IMD's forecast of above normal monsoons and expectation of healthy agricultural production.

The wholesale volumes reported a growth of ~25% in March 2025 and 7% for the full fiscal.



- **Tractor wholesale volumes grow at a healthy pace in March 2025:** The wholesale volumes grew by ~25% YoY in March 2025, on the back of healthy offtake and inventory build-up before the upcoming Rabi harvest season. Retail volumes reported a de-growth of ~4% YoY in March 2025 while the same remained flattish for the full fiscal.



- **Healthy monsoon precipitation to support industry volumes:** IMD forecasts an above-normal precipitation at ~105% of the LPA* during the upcoming monsoon season (as per first long-range forecast). The second Advance Estimates, released in March 2025, indicate a healthy YoY increase of 6.8% in kharif crop output. Rabi crop sowing also marked a YoY increase of 1.5% and provides optimism regarding a healthy output and higher farm income.



- **Tractor volumes likely to report modest growth in FY2026:** The industry volumes grew at 7% in FY2025, aided by steady demand on the back of healthy rainfall. In FY2026, the industry is expected to report a moderate growth of 4-7% supported by indications of a healthy monsoon precipitation. Pre-buying ahead of the TREM V emission norms, proposed to take effect from April 1, 2026, could further lift volumes.



- **Tractor original equipment manufactures (OEMs) maintain healthy credit profiles:** The commodity costs are expected to uptick in FY2026 due to the imposition of 12% tariffs on some steel imports (w.e.f. April 2025) coupled with an increase in domestic steel demand, which is likely to exert pressure on the OEMs' margins. The credit profile of the manufacturers is expected to continue to remain supported by low debt and healthy cash & liquid investments.



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