



INDIAN TRACTOR INDUSTRY

**Tractor volumes grew at a healthy
pace in April 2025**

MAY 2025





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The wholesale volumes reported a growth of around 8% in April 2025.

Industry volumes are estimated to grow at a moderate pace of 4-7% in FY2026. The growth is likely to remain supported by above-normal monsoons, which is expected to boost the agricultural production.



- **Tractor wholesale volumes grew at a healthy pace in April 2025:** The wholesale volumes grew by 7.8% YoY in April 2025, aided by positive farm sentiments. Retail volumes also reported a growth of 7.6% YoY in April 2025 owing to the increased demand during the ongoing rabi harvest season.



- **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). Further, the second Advance Estimates, released in March 2025, indicate a YoY increase of 6.8% in kharif crop output. Rabi crop sowing also marked a YoY increase of 1.5%, which provides optimism regarding an improved agri-output and farm income.



- **Tractor volumes likely to report moderate 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 growth of 4-7% supported by a favourable monsoon forecast. Pre-buying ahead of the TREM V emission norms, proposed to take effect from April 1, 2026, could further aid volumes.



- **Tractor original equipment manufactures (OEMs) maintain strong credit profiles:** The commodity costs are expected to see an 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 remain supported by low debt and adequate cash and liquid investments.

[#]IMD: India Meteorological Department; ^{*}LPA: Long Period Average



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