



INDIAN TRACTOR INDUSTRY

**Tractor wholesale volumes grow
9.1% YoY and retail volumes 2.8%
YoY in May 2025**

JUNE 2025





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The wholesale volumes reported a growth of around 9% in May 2025.

Wholesale 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 support agricultural production.



- **Tractor demand remained healthy in May 2025:** The tractor wholesale and retail volumes rose by 9.1% YoY and 2.8% YoY, respectively, in May 2025. The demand remains supported by positive farm sentiments on the back of early monsoon arrival and timely onset of kharif sowing.



- **Favourable monsoon and increased crop production to support industry volumes:** IMD[#] forecasts an above-normal precipitation at 105% of the LPA* during the current monsoon season (as per first long-range forecast). Further, the third Advance Estimates, released in May 2025, indicate a YoY increase of 7.9% in kharif crop output. Rabi crop sowing also marked a YoY increase of 1.5%, which provides optimism regarding improved agri-output and farm income.



- **Tractor volumes likely to report moderate growth in FY2026:** The industry wholesale volumes grew at 7% in FY2025, aided by steady demand amid adequate 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 volume growth.



- **Tractor original equipment manufactures (OEMs) maintain strong credit profiles:** 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. However, the credit profile of the manufacturers is anticipated to remain supported by likely rise in volumes, low debt and adequate cash and liquid investments.

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



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