



INDIAN TRACTOR INDUSTRY

**Tractor volumes grow at a healthy
pace in June 2025**

JULY 2025





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The wholesale volumes reported a growth of 10.5% YoY in June 2025 and 9.3% YoY in Q1 FY2026.

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



- **Tractor demand remained strong in June 2025:** The tractor wholesale and retail volumes rose by 10.5% YoY and 8.7% YoY, respectively, in June 2025. The demand remains supported by positive farm sentiments on the back of early monsoon arrival and timely onset of kharif sowing.



- **Favourable monsoon to support agricultural activities and industry volumes:** IMD[#] forecasts an above-normal precipitation at 106% of the LPA* during the current monsoons (as per second long-range forecast). The third Advance Estimates for kharif and rabi crops for AY2024-25*, released by MA&FW[^] in May 2025, indicate a YoY increase of 7.9% and 4.5%, respectively, in the foodgrain output. This provides optimism regarding improved agri-economy and demand for tractors.



- **Tractor volumes likely to report moderate growth in FY2026:** Followed by a growth of 7% in FY2025, the industry is expected to report a growth of 4-7% in FY2026, 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 manufacturers (OEMs) maintain strong credit profiles:** The commodities costs have been under some pressure due to slowdown in global demand and a correction in Chinese steel prices, which is likely to support OEMs' margins. The credit profile of the manufacturers is anticipated to remain supported by a rise in volumes, low debt and adequate cash and liquid investments.



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