



INDIAN TRACTOR INDUSTRY

**Tractor wholesale and retail volumes
grow by 8% and 11% respectively in
July 2025**

AUGUST 2025





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The wholesale volumes reported a growth of 8.0% YoY in July 2025 and 9.0% YoY in 4M 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 8.0% YoY and 11.0% YoY, respectively, in July 2025. The demand remains supported by positive farm sentiments on the back of early monsoon arrival and progress in 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:** Following 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 margins of tractor manufacturers are likely to remain healthy, aided by expected rise in volumes, operating leverage and stable raw material costs. 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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