



INDIAN TRACTOR INDUSTRY

**Tractor volumes report modest YoY
growth in June**

JULY 2024





[Click to see full report](#)

The India Meteorological Department (IMD) has forecast above-normal rainfall for the 2024 Southwest Monsoons at 106% of Long Period Average (LPA), with an error range of +/-5%.

Industry volumes are estimated to grow at a modest pace of 1-4% YoY in FY2025. The volumes grew by 1% YoY in Q1 FY2025 and are expected to be supported by healthy rainfall.



- **Tractor volumes report an improvement in June:** Tractor wholesale volumes reached an eight-month high and witnessed YoY growth of ~4% in June 2024. Volumes were supported by improved farm sentiments with the forecast of an above-normal monsoon, its timely arrival and higher minimum support price (MSP) for the kharif crop in the 2024-2025 marketing season.



- **IMD expects above-normal monsoons supported by development of La Nina conditions:** While the country recorded a deficient rainfall (89% of LPA) in June 2024 with an uneven spatial distribution, IMD expects above-normal rains in the overall monsoon season at 106% of LPA. La Nina conditions are likely to develop during the second half of the season, which support a healthy precipitation and, thus, would aid farm cash flows and boost tractor demand.



- **Tractor volumes likely to report modest growth in FY2025:** ICRA expects the domestic tractor industry's volumes to grow at a modest pace of 1-4% in FY2025 supported by the forecast of above-normal monsoons. At 8.8 lakh units, industry volumes, reported a decline of ~7% YoY in FY2024, on account of a high base effect as well as weak precipitation and uneven monsoons.



- **Tractor OEMs continue to maintain strong credit profiles:** The margins of tractor manufacturers are likely to remain healthy, aided by expected rise in volumes, operating leverage and easing raw material costs. The credit profiles of the OEMs continue to remain robust.



ICRA Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Group Head	shamsherd@icraindia.com	0124 – 4545 328
K. Srikumar	Co-Group Head	ksrikumar@icraindia.com	044 – 4596 4318
Rohan Gupta	Sector Head	rohan.kanwar@icraindia.com	0124 – 4545 808
Astha Bansal	Senior Analyst	astha.bansal@icraindia.com	0124 – 4545 342





ICRA

Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head – Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





© Copyright, 2024 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

Thank You!