



INDIAN TRACTOR INDUSTRY

**Tractor volumes remain flattish in
November 2024**

DECEMBER 2024





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Industry volumes are estimated to grow at a modest pace of 1-4% YoY in FY2025. The volumes have reported a growth of ~4% in April-November FY2025 and are expected to remain supported by healthy monsoon precipitation over the near term.



- **Tractor wholesale volumes remain flattish in November 2024:** Industry wholesale volumes grew by ~4% and 22% in September and October 2024, respectively, with OEMs building up inventory in anticipation of healthy offtake on the back of a healthy monsoon precipitation and kharif sowing. Retail volumes subsequently reported a robust 31% growth on YoY basis in November. The wholesale volumes remained at flattish levels in November 2024 (modest 2% decline).



- **Healthy monsoon precipitation supported by development of La Nina conditions:** After a deficient performance in June, the monsoon gained momentum over July-September, with cumulative rainfall during the season at ~108% of the Long Period Average (LPA). Even as the precipitation remained healthy, the spatial distribution was uneven with above-normal rainfall received over the southern peninsula and Central India, and below normal across Northwest and Northeast India.



- **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 (~4% growth in April-November FY2025). 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 profile of OEMs remains robust.



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