



INDIAN TRACTOR INDUSTRY

**Tractor volumes grew at a healthy
pace in February 2025**

MARCH 2025





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Industry volumes are estimated to grow at a moderate pace of 4-7% YoY in FY2026, based on the assumption of a normal monsoon. The volumes have reported a growth of ~6% in April-February FY2025 and are expected to remain supported by healthy farm income over the near term.



- **Tractor wholesale volumes grow at a healthy pace in February 2025:** The wholesale volumes grew by ~14% in February 2025, supported by healthy farm sentiments. Overall, industry wholesale volumes have grown by ~6% in April-February FY2025 on a YoY basis. Retail volumes reported a de-growth of ~13% YoY in February 2025.



- **Healthy monsoon precipitation supports industry volumes:** The country witnessed an above-normal precipitation during the monsoon with cumulative rainfall at ~108% of the Long Period Average (LPA). The second Advance Estimates, released in March 2025, indicate a healthy YoY increase of 6.8% in kharif crop output. Rabi crop sowing also marks a YoY increase of 1.5% and provides optimism regarding a healthy output.



- **Tractor volumes likely to report modest growth in FY2026:** ICRA estimates industry volumes to grow at a moderate pace in FY2025 (5-6%), supported by a favourable base, above-normal monsoon and improving terms of trade for farmers. The industry is further expected to report a moderate growth of 4-7% in FY2026 (aided by early indications of a normal monsoon).



- **Tractor original equipment manufactures (OEMs) 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 the OEMs remains robust.



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