

M&M sees fertile ground in US, Japan to boost tractor sales

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Leading domestic tractor manufacturer Mahindra & Mahindra (M&M), which enjoys a 44.2 per cent market share in India, is seeking to improve its sales in the US and Japan, where it sees favourable growth conditions as the industry has been facing headwinds for a long time.

The US tractor market has been witnessing a decline for the last 12-13 quarters, and as a result, the market size has become almost 50-60 per cent of what it was two years back, the company said. "There has been a significant decline in the category. We are beginning to see some uptick that's happening from January in the category as the political environment is now known (after the Presidential election)," it said.

M&M operates in the under 100 horsepower (hp) category. The 2022 USDA Agricultural Census reported that farms from 50-500 acres declined by 7 per cent from 2017 levels. There was a significant decline in sales of the 40-100 hp tractors. Historically, 7.2 per cent of all farms purchased tractors in the 40-100 hp range. In 2024, around 58,653 tractors are estimated to have been sold in this category.

Rajesh Jejurikar, Executive Director & CEO (Auto and Farm Sector) M&M, said they were in a wait-and-watch mode as the Fed interest rates were still to play out. "All through last year, there was uncertainty on what will happen to the interest rate. The category is fairly sensitive to interest rates there and because interest rates had moved up over the last couple of years in the US and there was anticipation that they would start coming down, what we need to see is the pace at which it comes down. It will definitely come down," he said. He added that M&M had a strong presence in the US, and they were in the process of rolling out Oja, a 21-40 hp tractor suitable for different kinds of farm operations.

"We are just breaking our marketing campaign there. Jan-March is not a big season there because it's winter and this is not the time for selling a large number of tractors in

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many parts of the country," he said, adding that the season will pick up in the April-June quarter.

In Japan, tractors as a category have been on a decline for a very long time. The average age of the farmer in Japan is more than 65. So, Japan is facing a problem of labour and we need to reckon that because that's affecting all the categories," Jejurikar said.

M&M is present in three core categories - tractors, rice transplanters, and harvesters. "We are the No. 4 player in Japan in market share. The market share has remained stable, but we have a challenge of a declining industry," he admitted. The tractor industry size in Japan is estimated to be 0.1-0.15 million units a year.

"These are a couple of things we will have to think of what we need to do on cost in Japan. In the US, we are confident that the market will bounce back soon," he added.

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WHEELS OF FORTUNE TURN IN M&M'S FAVOUR