

Tractors plough up 8-month high sales in June

G Balachandar
Chennai

Domestic tractor sales hit an 8-month high this June, while production touched a 9-month peak amid mixed farm sentiments due to the late onset of monsoon.

However, for the first quarter of this fiscal, domestic sales fell marginally, while production and exports reported a higher decline compared with the year-ago period. This June, tractor sales grew both month-on-month and year-on-year.

MIXED SENTIMENTS

Total domestic tractor volumes increased 18 per cent to 98,422 units last month compared with 83,267 units in May. The growth was 4 per cent y-o-y, according to Tractor & Mechanization Association data. The June 2023 volumes of 98,422 units was the highest monthly number since October 2022

Escorts Kubota's June sales



FORWARD LOOKING. Players expect demand momentum to improve in the coming months

were flat y-o-y at 9,270 units. However, volumes were much higher compared with 8,704 units in May 2023.

"Overall sentiments were mixed as markets with good rainfall and crop prices showed good momentum, and markets with a delayed monsoon had a slightly dampened demand," the company said, adding, "We expect the demand momentum to improve in coming months."

Mahindra & Mahindra re-

ported a 9 per cent y-o-y rise and 30 per cent m-o-m in volumes to 43,364 units. "Government support with an increase in MSP for all kharif crops, and improving terms of trade for farmers are positive factors that are expected to support tractor demand," said Hemant Sikka, President of Farm Equipment Sector, Mahindra & Mahindra Ltd.

Total tractor production last month was 92,266 units compared with 103,563 units

in June 2022 and 79,928 units in May 2023. For Q1, total tractor sales reported a marginal decline to 260,977 units compared with 265,618 units in Q1 FY23. Production reported a 9 per cent decline at 259,038 units (284,320 units), while exports fell 31 per cent at 24,206 units (35,146 units).

'STEADY DEMAND'

"Post the decline in April, wholesale volumes in May and June remained largely similar to the previous fiscal, with industry demand remaining steady," said Rohan Kanwar Gupta, V-P & Sector Head, Corporate Ratings, ICRA.

"Even as there were fears regarding the impact of unseasonal rainfall on crop yield, rabi cash flows remained relatively healthy and provided optimism regarding the continuation of steady industry volumes. The temporal and spatial distribution of the monsoon remains monitorable and would be the key to help maintain healthy industry volumes," he added.