

Tractor sales hit historic high in October, H2 outlook robust

KEY DRIVERS. Good monsoon, higher MSP boost rural demand and purchasing power

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Domestic tractor sales reached a historic high in the festive month of October, setting an all-time record for monthly volumes. This significant surge, both year-on-year and month-on-month, was driven by favourable conditions, such as a strong monsoon and higher minimum support prices (MSP) for key crops, which boosted rural demand and purchasing power.

The tractor industry now anticipates robust growth, potentially in double-digits, for the second half of the year.

Total tractor sales in the domestic market grew by 23per cent to 144,675 units in October 2024, compared to 118,232 units in October 2023. Sales volumes saw a 44per cent increase compared to 100,542 units in September 2024, according to data from the Tractor &



STRONG GROWTH. Total tractor sales in the domestic market grew 23per cent to 144,675 units in October 2024. REUTERS

Mechanisation Association (TMA).

FAVOURABLE FACTORS

The previous monthly sales peak (1.24 lakh units) was achieved in October 2022. "The tractor industry's strong growth is attributed to a combination of favourable factors. These include a good monsoon, a strong Kharif crop, high reservoir levels that will support the upcoming Rabi season, and the government's announcement of higher MSP for essential Rabi crops," said

Hemant Sikka, President - Farm Equipment Sector at Mahindra & Mahindra Ltd. (M&M).

RECORDS BROKEN

M&M saw a 30per cent increase in its October tractor sales, reaching 64,326 units compared to 49,336 units in October 2023.

International Tractors, which sells Sonalika brand tractors, achieved its highest-ever monthly sales, selling 18,002 units in October 2024, up from 15,662 units in October 2023. "We

are thrilled to have surpassed all previous monthly records this October," said Raman Mittal, Joint Managing Director of International Tractors Ltd.

Escorts Kubota also saw strong growth, with domestic sales increasing by 23per cent to 17,839 units compared to 14,550 units in October 2023.

The company noted that the concentration of festivals and auspicious days in October, along with favourable macroeconomic conditions, higher MSP, and an above-average monsoon, contributed to this boost in demand. "There has been a significant improvement in rural momentum over the past 6-7 weeks. As a result, we are revising our annual growth outlook to 6-7per cent, with an expected 13-15per cent growth in tractor sales in the second half of the year," said Anish Shah, Group CEO & MD of Mahindra & Mahindra.