

Domestic tractor sales see marginal growth in July

POSITIVE OUTLOOK. Favourable monsoon, govt focus on rural sector to boost demand

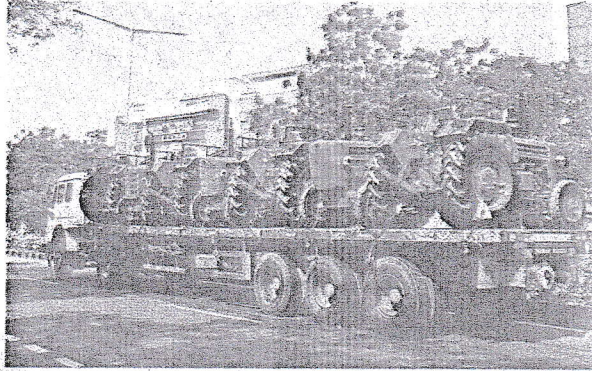
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Chennai

Domestic tractor sales saw a marginal rise in July this year but volumes were significantly lower when compared to the previous month.

Production in July was up both year-on-year and month-on-month. Exports were marginally lower year-on-year.

Total domestic tractor volumes were 59,529 units in July 2024 compared to 58,583 units in July 2023. However, July volumes were 42 per cent lower compared to June volumes of 101,981 units, according to data from the Tractor & Mechanization Association.

"Tractor volumes continued to rise by mid-single digits. A favourable monsoon, improving terms of trade for farmers and the government's increasing focus on the rural sector augurs well for tractor demand, said Kumar Rakesh, Auto Analyst at



SALES UPTICK. Domestic tractor volumes stood at 59,529 units in July 2024 compared to 58,583 units in July 2023

BNP Paribas Securities India Pvt Ltd.

Top tractor maker Mahindra & Mahindra Ltd reported a 6 per cent increase in July tractor volumes at 25,587 units compared to 24,168 units in July 2023.

"The South-West monsoon progressed very well in July, with surplus rainfall in Central, Western and Southern States. However, Bihar, Haryana, Punjab and parts of

eastern UP and Jharkhand are still in the deficient rainfall category. Kharif sowing has progressed considerably across India uplifting farmer sentiments. Higher crop prices for wheat and potatoes and increase in MSP for all major kharif crops have further elevated farmers' sentiments," said Hemant Sikka, president of Equipment Sector, Mahindra & Mahindra Ltd. Escorts Kubota's tractor volumes in

July 2024 increased by 4 per cent to 5,346 units (5,161 units in July 2023).

TOTAL PRODUCTION

Total tractor production in July 2024 was 96,380 units, up from 89,196 units in July 2023. Tractor exports were marginally lower at 8,423 units compared to 8,460 units in July, but higher than 8,367 units in June 2024.

With Budget allocations supporting the agri and rural economy and favourable terms of trade for the farmers, the festival season is looking very promising for the tractor industry, said Sikka.

The domestic tractor industry is likely to achieve mid-single-digit growth (5-6 per cent) this fiscal. There is a positive rural sentiment with Kharif sowing up 7 per cent y-o-y. The government has also increased the MSP of Kharif crops, which is expected to drive positive rural sentiment, according to Escorts Kubota.