

Tractor sales may hit record on strong demand momentum

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THE CURRENT YEAR can create a record for domestic tractor sales, pushing it to the three years of growth on the trot for the segment, which was equally challenged by the general inflationary trends and the pandemic blues.

Strong demand momentum since April this year helped by an above average rainfall with decent farm income, reduced availability of farm labourers, introduction of smaller power tractors, cheaper loan rates, strong minimum support prices by the government, will most likely wipe out the December volume gap with last year, trends from the last few months indicate.

Domestic tractor volumes for the year is expected to close at more than 910,000 beating last year total of 903,000 which was the best-ever year for the industry and the second consecutive year of growth since the decline of 2019.

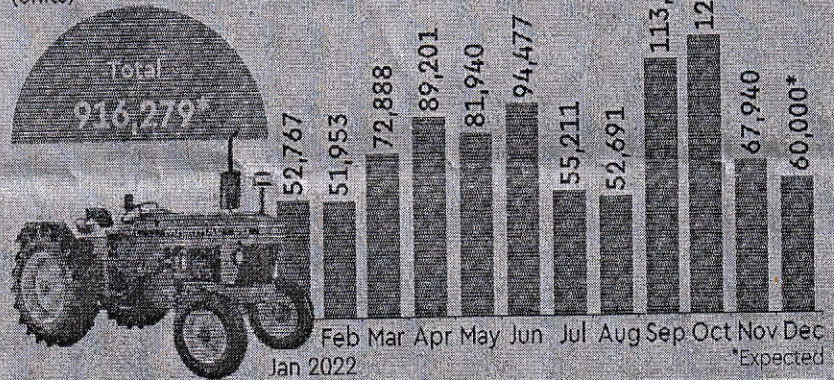
Between January and November this year, domestic tractor sales were just 0.35% short of the last year's same period. However, post the beginning of the current fiscal, demand for tractors has accelerated.

Volumes during April to November has grown by nearly 10% compared to the last year same period, according to data supplied by the Tractor and Mechanisation Association.

Based on retail data provided by the state-controlled Vahan, December tractor volumes had crossed 41,500 units till Tuesday, indicating that the current month could close above 60,000 units if

FAVOURABLE FACTORS SPUR DEMAND

(units)



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the trend continues.

Hemant Sikka, president, farm equipment sector, Mahindra & Mahindra said, "For the first time in the history of India we have had four years of back-to-back normal monsoon. Bountiful rains, robust support by the government to improve the income in the hands of the farmers and high prices of the output led to rebound in rural demand."

Tractor production in the country for the current calendar year will be more than 1 million for the second straight year, helping India remain the top tractor producer in the world. Last year India produced more than 1.06 million tractors, of which nearly

12% were exported. This year the export share so far has risen to 13% to 121361 and is likely to surpass exports of 2021.

Rohan Kanwar Gupta, vice-president & sector head - Corporate Ratings, Icria, said, "Tractor industry volumes have remained at healthy levels, aided by decent farm cash flows. The country recorded above-normal rainfall at 106% of the long period average. Even as late precipitation led to a delayed harvest for the Kharif crop and impacted sentiments to an extent, the healthy reservoir levels have aided a strong start to the rabi sowing season and bode well for cash flows during the next harvest season."