

● STAYS POSITIVE ON SUV, TRACTOR DEMAND

Mahindra sees no hit to rural sales

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Mumbai, May 29

SPORT UTILITY VEHICLE (SUV) specialist and tractor market leader Mahindra & Mahindra (M&M), which has among the largest exposures to the rural market, remains positive about its outlook on rural demand for both the segments.

Robust agricultural produce and parallel boom in infrastructure projects have led to a sturdy growth in demand for automobiles and tractors in the rural market, raising hopes against fears of a deficient rainfall activity this year.

About 50% of Mahindra's sales come from non-urban markets despite having three back-to-back launches in the SUV space targeting the urban buyers. Like the urban market, there is a strong pull for SUVs in the rural markets too.

Rajesh Jejurikar, executive director and CEO (auto and farm sectors), M&M, said, "People in the rural areas have more money power than we can imagine. These customers are looking for advanced technology and high-end products as much as their urban peers."

Two out of every five units of the Thar off-road, urban SUV is sold in rural and semi-urban markets, said a company official. Into its third year of sale, the Thar has open bookings of more than 58,000 units or 11 months of waiting based on its current rate of production.

"Of the 35,000 odd (volumes) that we sell (per month), 9,000 of the Bolero and Neo are largely semi-urban and rural. We sell 4,000 units of the Scorpio Classic with demand being higher, again largely in the

ON THE ROAD

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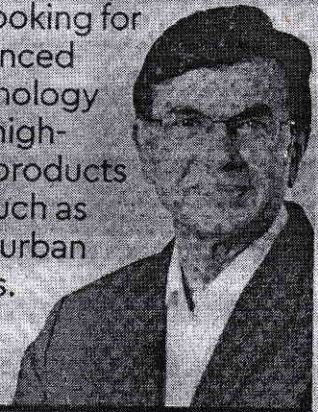
■ Expects 'low single' digit growth for tractor industry this year



■ About 50% of M&M's sales come from non-urban markets/buyers

RAJESH JEJURIKAR, ED and CEO (auto and farm sectors), M&M

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rural and semi-urban market. Half of the XUV300 is semi-urban," Jejurikar added.

With a share of slightly over 40% in India's tractor market, M&M is expecting a growth of 'low single' digit in tractor volumes for the industry this year on the back of a high base last year when a growth of 12% was recorded. FY23 also saw above average rainfall. The Mumbai-based company also stated that historically El Nino and tractor demand never had a correlation.

"In the last 50 year, India experienced El Nino in 17 years. There was below LPA rainfall in 5 of those 17 years and the tractor industry had a de-growth in only two of those 5 years. While 2002-03 was one of the El Nino years, the industry had done a stock correction leading to a de-growth. So, there is very little corre-

lation between El Nino and tractor demand," Jejurikar added.

Traction from the rural markets is experienced by car market leader Maruti Suzuki also. Though the Delhi-based company is one of the few that continues to make entry-level cars, demand for the rest of its range is robust from the rural and semi-urban pockets.

"Rural continues to be strong," Ajay Seth, chief financial officer, Maruti Suzuki India, said. According to the company, rural volumes account for 40-45% of its total domestic volume even as it has reported a decline in consumer interest for its entry-level cars.

For the Korean automaker Hyundai, rural demand contributes to 47% of the country's total volumes, led by compact SUV Venue and followed by mid-sized SUV Creta.