Rich harvest: June tractor sales soar 52%

Record kharif sowing, income schemes are the key drivers

Riding on Bharat RV Moorthy R_V_Moorthy

G BalachandarChennai, July 9 A good monsoon, record kharif sowing, improved rabi harvest, and a slew of government measures to increase rural incomes have helped the tractor industry fight the Covid-19 fever and grow sharply, with sales surging 52 per cent in June over May and 20 per cent year-on-year.

Production also hit a 20-month high this June.

The ramp-up in production and the release of pent up demand aided the industry in registering robust double-digit sales growth.

Domestic sales grew 54 per cent at 92,888 units in June compared with 60,441 units in May, according to the Tractor & Mechanization Association (TMA).

Total tractor sales stood at 98,648 units (including exports of 5,760 units) for June against 82,064 units (including exports of 6,205 units) in June 2019. In May 2020, total sales were 64,860 units (including exports of 4,419 units).

Total tractor production in the country in June was 81,445 units, the highest-ever monthly number in the last 20 months.

Rural India boost

"Rural populace is comparatively unaffected by Covid. Harvest and procurement have shown record improvement and combined with disbursals to farmers, and utilisation of MGNREGA workers in capacity building activities have given a boost to rural sentiment. This has resulted in all agriculture input businesses showing a positive trend, whether it is tractors and equipment or fertilisers or agriculture tyres,” TMA President TR Kesavan told BusinessLine.

Driven by the zooming sales in May and June, total domestic tractor sales in the first quarter of this fiscal were higher by 16 per cent at 1,65,156 units compared to 1,42,329 units in the fourth quarter (January-March 2020) of the previous fiscal.

However, on a year-on-year basis, the first quarter volumes were down 14 per cent compared with 1,91,305 units recorded in Q1 of 2019-20, mainly due to the complete lockdown this April.

Peak season demand

"This is the peak season for the tractor segment, with demand being robust due to various favourable factors. Timely relaxation of the lockdown for the agricultural sector has aided the speedy recovery of tractors, which are now up to pre-Covid-19 levels,” said Hemant Sikka, President, Farm Equipment Sector, Mahindra & Mahindra Ltd. With good demand, M&M’s capacity utilisation has hit 85 per cent.

The recovery in demand for tractors has been relatively broad-based across States.
“In addition to the pent-up demand across regions (in view of the lockdown), rabi cash flows remained strong in most States. Thus, most regions have reported healthy tractor sales,” said Subrata Ray, Senior Group Vice-President, ICRA.

Maharashtra, Madhya Pradesh, Gujarat, Telangana and Andhra Pradesh especially have shown very strong growth, according to Sikka.

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