

Tractor cos boost output as Sept sales surge 80%

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Tractor is the only segment of the automotive market that has seen double digit sales growth since July, with September retails up 80% year-on-year. As a result, tractor companies are ramping up production capacity hoping that this sales spike will continue beyond the festival and harvest season.

While there are no indications about setting up new factories just yet, companies like Mahindra, Escorts and Sonalika are increasing shifts and clearing supply chain snags to hit 100% utilisation both for domestic and export sales.

"For 18 months, tractor factories were working on a single or 1.5 shifts at best because of demand slowdown. With the numbers picking up, factories are moving to two or three shifts to hit 100% capacity utilisation. The capacity is currently 9.5 lakh units on a two-shift basis but we can also go to three shifts if the demand holds up," said Tractor Manufacturers Association president T R Kesavan.

A survey by ICRA showed that just 10-12% of those who purchased tractors opted for the loan moratorium as opposed to 75% truck and bus buyers. Tractor financing also picked up because financiers are wary of truck and bus loans, said ICRA VP Shamsheer Dewan.