

Tractor firms eye 15.5% sales growth

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TRACTOR manufacturers in India, who sold 15.5 per cent more farm machines between April and October, are likely to hit a high of 15 per cent sales growth in FY18. Industry experts said the industry sold 4,54,454 tractors in Asia's third biggest economy in April-October and the sector is set to end FY18 with a 15 per cent growth (6,70,271 units) over FY17.

"April-October sales are at an all-time high and the industry has grown by 15.5 per cent year-on-year," Binaifer F Jehani, director at Crisil Research, told *Financial Chronicle*. "We expect tractor sales to grow by 14-16 per cent in FY18 and surpass the previous all-time high (of 6,34,151 units) achieved in FY14," she said.

"We are bullish on achieving the 14-16 per cent sales growth, driven primarily by



prospects of a successive normal monsoon, with declining interest rates and farm loan waivers by some states," Jehani said.

She said sales had risen 18 per cent in FY17 on good rains and despite demonetisation after declining more than 10 per cent in 2015 and 2016, when monsoon had played truant – underscoring the strong correlation between weather and topline of tractor makers.

"Yet sales in FY17, at 5.8

lakh units, were lower than in 2014, suggesting some pent-up demand could manifest given conducive conditions," Jehani said.

The farm loan waivers in states like Maharashtra, Punjab and UP, which account for over a quarter of the sales – plus the fact that other states could follow suit – will put money in the hands of the farmers.

"M&M, the market leader with 43-44 per cent of the domestic volumes, has wit-

nessed a healthy volume growth in FY18 (13.4 per cent in April-October YoY). Escorts in April-October has also recorded a healthy growth in volumes at 17.9 per cent YoY," Subrata Ray, senior group vice-president at Iera Research, told *Financial Chronicle*.

Sonalika International Tractors clocked its highest sales of 50,000 tractors in H1FY18 with domestic sales rising by 51 per cent in September. "This year tractor sales will cross 6,50,000 as we are seeing revival in sales," said Raman Mittal, executive director at Sonalika International Tractors.

"In the combined season of September-October, we achieved sales of 83,226 units. Our revised growth outlook for the domestic industry is 12-14 per cent for this year," said Rajesh Jejurikar, president of farm equipment at Mahindra & Mahindra.

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