

# Tractor sales fall 14% in June, all eyes on rains now

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**Mumbai:** Domestic tractor sales, which is a major gauge to track rural economy, contracted 13.61% year on year in June, a de-growth for the fifth month in a row.

As per data collated by research firm Centrum from original equipment manufacturers, tractor sales had grown 35% in June last year, while they contracted 16% in May 2019. "Sales growth still remains anaemic on a high base and tepid agricultural credit offtake," said Sparsh Chhabra, an economist with Centrum Economic Research in the report.

Looking ahead, modest progress in monsoon and rural income supplement from the government holds a greater potential to provide the much-needed fillip to the stagnated rural consumption in the second half of the fiscal year, the report said.

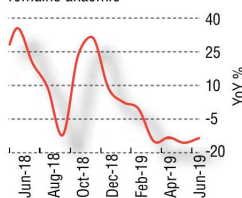
Experts said the recent progress of the Southwest monsoon has provided some form of respite to the sluggish rural economic activity. Though the Southwest monsoon has made noticeable progress over the past week, its delayed onset this year continues to weigh heavily on the outcome of agriculture output, and, hence, rural income.

Mahindra & Mahindra's Farm Equipment Sector (FES), recorded domestic



## Slow harvest

Domestic tractor sales growth remains anaemic



Source: Tractor Manufacturers Association (TMA), Centrum Research

sales of 31,879 units in June this year as against 39,277 units during June 2018. According to Rajesh Jejurikar, president - farm equipment sector, M&M tractor demand remained sluggish in June. The analysts claim that M&M's 250 basis point market share drop to 40.3% in FY19 was due to the company's focus on managing inventory and focusing on profitable market share.

Faridabad-based Escorts Ltd too recorded an 11.4% fall in domestic sales as it record-

ed 8,648 units in June this year as against 9,758 units during the same period last year.

As per the data available with Tractor and Mechanization Association (TMA), a lobby group, the OEMs have been cutting down on their productions since April. The total production in April was 68,623 units, which fell to 65,133 before hitting 53,781 in June.

An Icra report claims that the government's continued initiatives for promoting rural development and farmer welfare in the Budget as well as an enhanced allocation to various ongoing farmer welfare schemes (irrigation, crop insurance and rural employment) will help in reducing the exposure of the agricultural sector to the vagaries of the monsoon over the medium term. Additionally, the assured income support for farmers will likely aid in the timely procurement of key crop inputs like seeds and fertilisers. "Despite these initiatives, however, nothing material has been announced in the current Budget to favourably impact consumer sentiments in the near term for triggering a volume recovery," the report said. According to the analysts, the pan-India monsoon scarcity has declined to 14% (compared to its long period average) as on July 16 from 28% and 36% during the preceding weeks.