



# INDIAN TRACTOR INDUSTRY

---

Monthly Update

MAY 2022



# What's Inside...

## 1 Monthly Trend



## 2 Quarterly Trend



## 3 Region Wise Trend and Competitive Position



## 4 Update on Demand Drivers



## 5 ICRA Outlook



## 6 ICRA Ratings in the Sector



*Industry volumes rebound in April supported by healthy rural cash flows, on the back of better price realisation during ongoing rabi procurement.*

*Continuation of healthy procurement by the Government to support rural cash flows and industry demand.*



**Volumes grew on YoY basis in April:** The industry recorded a sharp growth of 41% YoY in wholesale volumes in April (albeit on a low base), supported by healthy progress of rabi procurement and better price realisation of crop. Going forward, rabi procurement is expected to remain robust and this coupled with better crop realisation is likely to bode well for the industry. This will have a positive rub-off on farm sentiments and support industry volumes.



**Agri production:** Food production in India is estimated to touch an all-time high of 316.1 million tonne in FY2022 (1.7% growth YoY) as per the second advance estimates. Going forward, a continued healthy procurement of rabi crop will lead to healthy cash flows, in turn, aiding tractor demand.



**Industry volumes to represent a marginal decline in FY2023:** The industry volumes are expected to remain supported to an extent by stable rural cash flows. However, given the high base, hikes in tractor prices necessitated by raw material hardening, and moderation in farm sentiments over the past few months, volumes for FY2023 are expected to decline by -2% to -5%.



**Tractor OEMs continue to maintain strong credit profiles:** ICRA continues to maintain a Stable outlook for the industry. Despite concerns of hardening commodity costs likely to exert pressure on margins, credit profiles of the OEMs are expected to remain robust, aided by low debt, healthy cash & liquid investments and limited investment plans.



ICRA

## Analytical Contact Details



**Shamsher Dewan**

**K. Srikumar**

**Rohan Gupta**

**Shivam Nagpal**

*Group Head*

*Co-Group Head*

*Sector Head*

*Analyst*



shamsherd@icraindia.com

ksrikumar@icraindia.com

rohan.kanwar@icraindia.com

shivam.nagpal@icraindia.com



0124-- 4545 328

044 – 4596 4318

0124 – 4545 808

0124 – 4545 394





ICRA

## Business Development/Media Contact Details



**L. Shivakumar**

*Executive Vice-President*

**Jayanta Chatterjee**

*Executive Vice-President*

**Naznin Prodhani**

*Head Media & Communications*



shivakumar@icraindia.com

jayantac@icraindia.com

communications@icraindia.com



022- 6114 3406

080 – 4332 6401

0124 – 4545 860





***© Copyright, 2022 ICRA Limited. All Rights Reserved.***

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.



ICRA

**Thank You!**