

M&M bets on horticulture to drive tractor growth

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India's largest tractor player Mahindra and Mahindra (M&M) is betting on the fast-growing horticulture segment to gain volumes in a year that may witness deficient rainfall.

On Friday, M&M launched a light-weight compact tractor range called 'Swaraj Target' priced at ₹5.35 lakh.

Swaraj Tractors will initially launch two models in the 20-30 horse-power category under the 'Target' range. These will be initially available in Maharashtra and Karnataka. The Swaraj Target 625 will be introduced in due course, the company said.

Hemant Sikka, president, farm equipment sector, M&M, said the horticulture segment is growing at a faster clip compared to the overall industry.

"If the overall industry is growing at say 6 per cent, this segment is growing at about 18 per cent now."

M&M does not have a specific light-weight compact product for horticulture farmers at the moment. But riding on its Target range, it is eyeing a 27-30 per cent market share in the segment.

M&M currently enjoys a 42.2 per cent share of India's tractor market (as of year till date).

As such, light-weight compact tractors sell around 50,000 units a year. Tractors up to 30 horsepower sell about 100,000 units a year.

The company is trying to re-

position Swaraj as an aspirational brand for progressive farmers, who want to adopt new technologies.

The Target range has been developed with an investment of ₹200 crore, Sikka said.

"Swaraj brand's core rests on three

aspects — power, josh and dependability. And now, we are trying to make it aspirational. Former Team India captain MS Dhoni will endorse the Swaraj brand," said Rajesh Jejuri, executive director (ED) and chief executive officer (CEO), auto and farm segment, M&M.

"The investment has gone into design and development of products as well as augmenting manufacturing capacity. These products would be made at the Mohali plant, which now has two assembly lines. We are adding a third assembly line within the next few quarters," said Harish Chavan, CEO of Swaraj Division,

M&M.

The year 2023 is likely to have 'below normal' rainfall, according to Skymet, which may act as a dampener for tractor sales. Signs may have started showing already. Kotak Institutional Equities said in a note on Friday that tractor volumes declined by low-single digit year-on-year (YoY) in May.

The analysts, however, noted that farm sentiment remains buoyant, given the record-high rabi harvest, high reservoir levels and favourable prediction by the Met department about the southwest monsoon.

Chavan said that central and south India are expected to see normal rainfall, while the north is already well irrigated. Therefore, a slightly below normal monsoon would not dampen farm sentiment significantly.



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