

Crop yield and market prices are the day-to-day challenges for farmers

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What are your views on the tractor market in India? How does it compare with other international markets?

The Indian tractor market is unique. The largest market by volume, focus on smaller HP tractors, mainly between 30-50 HP, and servicing a highly diverse industry. With around 130 million farms - mainly marginal in profile - the tractor industry is focused on helping farmers increase mechanization rates and yields in the industry. Comparisons are hard to make, but naturally where rice is a key crop, as in Thailand, certain international markets have similar requirements, say as a puddling farmer in West Bengal.

Notable for India is the low incidence of tractors per hectare, outlining a significant opportunity to grow the market in the long term. Some analysts forecast significant growth in key states in India, beyond the large tractor markets in the North.

What do you think is the impact of 'Make in India' on the tractor sector?

With the decline in domestic demand due to multiple commercial and climate issues, exports are becoming more important for the India tractor industry. Notable successes by, say Mahindra, in Northern America with their tractor range, finding an important and growing <100 HP segment in the market, outlining the opportunities present for Indian manufactured and designed tractors. Indeed, with the country's specialism on smaller HP segments, a focus on exports by key Indian based plants including CNH Industrial, John Deere, TAFE/Massey Ferguson, Mahindra, Sonalika (ITL), etc. highlights the importance of these manufactures establishing centres of excellence. The focus on a specific tractor HP segment can be a strength for Indian manufacturing, showing the prowess of the country in producing these products. Moreover, with Kubota recently announcing plans to move to Pune and construction equipment manufacturer JCB's growing presence in the market with a focus



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on both domestic and exports, the market for agricultural and construction equipment manufacturing looks positive.

However, for India to compete globally, there must be a focus on improved quality and also a dedication to listen to the voice of customers. Brands succeeding in the market and helping to contribute to the success of the Make in India program, will most likely be those, that have combined local expertise with the best of what global market has, in product focused improvements.

What are the issues being faced by the tractor owners? Which are the major ones? In your opinion, what can be done to address these issues?

Overall in the market, crop yield and market prices are the day-to-day challenges for farmers along with cost of ownership, including EMI and service/repairs. It is important for some farmers to keep financially above water during a decline in the market, and this is where finance houses (NBFCs, private banks, etc.) as well as tractor dealers, can help customers with flexibility on payments. Indeed, the recent J.D. Power Asia Pacific 2015 India Tractor Customer Service Index Study reported that flexibility of payment was one of the lowest rating measures with the authorised dealer. 13 per cent of owners reported that their service/repair bill was higher than expected.

Which factors rate highest for a farmer in making a new tractor purchase?

Recommendation, pulling power, fuel efficiency and brand reputation.

What is your forecast for this year?

Analysts at CRISIL (14 April 2015) expect domestic tractor sales volumes to recover and grow by 5-8 per cent in 2015-16 assuming the monsoons are normal, however, for H1 2015-16 the overall market is expected to continue to decline.