

TRACTOR ANCILLARIES UPBEAT ABOUT GROWTH PROSPECTS

Will expand capacity on the back of robust demand in the domestic market

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Over 300 tractor ancillaries situated in the northern region (comprising Chandigarh, Punjab, Haryana and Himachal Pradesh) are upbeat, because the robust demand for tractors in the domestic market is translating into growing demand for the components that they supply to tractor makers.

The tractor industry, which is witnessing double-digit growth, is expanding capacity. This has provided an opportunity for the region's tractor component suppliers, which are mostly SMEs, to cash in on the growing demand.

Domestic tractor sales, which totalled around 480,000 units in 2010-11, are expected to grow by 18 per cent to around 565,000 units in the current fiscal year. In the first half of the current year, the industry grew 20 per cent over the year-ago period, selling 265,000 tractors in the domes-



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tic market.

The northern region houses tractor makers such as International Tractors Ltd (ITL),

Mahindra & Mahindra, Indo Farm Tractors, HMT, Escorts and Ace. In order to meet the robust demand, Punjab-based

ITL, makers of the Sonalika brand of tractors and the flagship of the ₹5,000 crore Sonalika group, is planning to ramp up capacity from 60,000 units a year to 100,000 units in the next two years. Similarly, Mahindra & Mahindra's Mohali plant is expanding capacity to 84,000 units by next year, from 72,000 at present.

Gaman Manga, director of Jalandhar-based G D International Private Limited, said, "We are supplying casting items to HMT Tractors. In the past we have also worked with Eicher. Considering the growing demand for tractors, we are also planning to work with Mahindra & Mahindra, and we have plans to expand our casting capacity."

"This is going to be a gateway for rapid growth for our sector," added a spokesperson of Rayat Spring Ltd, a vendor.

A spokesperson of Preet Forging, Manpreet Singh, said,

"We are also growing in line with the industry. The current demand has boosted the ancillaries and we have plans to diversify into other products."

Further, in order to attract and help MSMEs, ITL has announced that the company had plans to set up a vendor development park near its plant in Hoshiarpur. It

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will also provide assistance in terms of technology and technical know-how. The proposed vendor park is likely to benefit key vendors making alloy steel and forging components, fabrication and sheet metal components.

Infrastructure development and the mechanisation of agriculture have provided a boost to sales of tractors. Tractor manufacturers are highly dependent on ancillaries for components such as casting components, steering assemblies, gearboxes and brake assemblies.