

## Industry News

### YUGOSLAV TIE-UP FOR TRACTOR PRODUCTION

BELGRADE, July 15 : Indian tractors firm, "Tractors and Farm Equipment Limited" will this year market some 3,00, 18.4.kw tractors designed by Yugoslav technicians and experts, reports Tanjung. The engines will be delivered by the Yugoslav factory IMR of Belgrade, and the basic framework made by the factory MT of Belgrade.

The agreement for production of the "TAFE 25" tractors, fitted with two-cylinder engines with direct fuel injection, was signed three years ago. By 1992, the Yugoslav factories will deliver parts for tractors valued at five million dollars. A new contract aimed at increasing co-operation will be concluded by the end of this year, under which the Madras based firm will assemble 15,000 tractors each year, from 1989 onwards.

*(Economic Times, Bombay)*

### INDIAN INDUSTRY TO BE MADE COMPETITIVE

NEW DELHI, July 12 : The Government's policy of economic liberalisation is a conscious effort to enable industry to come out of a sheltered environment and face international competition, the Commerce Minister told the Parliamentary Consultative Committee of his Ministry here today. The share of manufactured items in the country's overall exports had increased from 31% in 1980 to 60% in the last financial year. Which Mr. Dinesh Singh maintained reflected the positive impact of the induction of the latest technology in several sectors and pointed to an increasing diversity in the industrial base. The consultative Committee's main topic of discussion was the new Export-Import Policy, Mr. Dinesh Singh said one of the policy was to allow export-oriented units to have easy access to capital goods at reasonable prices. This was necessary to make Indian industry internationally competitive. Sharing the concern of members that liberalisation must not be allowed to hinder the growth of domestic industry, the Minister assured them that import policies would be closely monitored to prevent any such distortions from developing.

All efforts would be made to maintain the rising trend of exports, which in 1987-88 had crossed the target by about Rs. 2,000 cr and registered a 23.4% increase in terms of dollars. However, the Minister called for keeping imports down to the minimum so that full benefits could be gained from the exports rise. Mr. Dinesh Singh said that on the basis of suggestions received from trade and industry, some modifications had been made to the EXIM policy provisions. And that would be done in the future too no policy could remain static.

Members called for an assessment of the impact of liberalisation on the domestic capital goods industry and said that the new EXIM policy must be evaluated against the policy followed for the 1985-88 period.

*("STATESMAN", DELHI)*

## TRACTOR MARKET BOOMING DESPITE SEVERE DROUGHT

NEW DELHI, June 24: The tractor market continues to boom despite drought conditions in most parts of the country last year, according to industry sources. The sales for the financial year ended March 31, 1988 were at an all-time high of 91,000 tractors against 80,000 units in 1987 and around 76,000 in 1986. Sales growth has been about seven per cent in 1987 over 1986 and double that around 14 per cent in 1988.

Similar growth has been seen by the tractor industry in the late seventies and early eighties. During the period 40,000 tractors to around 78,000 units. There was a sharp slump in sales in 1982-83 brought about by a severe credit squeeze imposed around end-1981. The subsequent restoration of credit saw sales limp up, topped by a sharp increase in the last years.

Industry sources claim that the demand for tractors will top the one-lakh mark this year. In fact, many manufacturers are finding it difficult to meet the spiralling demand. In the middle of last year, due to severe drought, it was feared by most that the tractor industry will face difficult time during the financial year 1987-88 as tractor sale and use was thought to be related to agricultural production.

But the impact of drought on sales was favourable. One reason for increase in sales is said to be the need for more farm power due to lack of moisture and repeated preparations of land due to irregular rainfall. Secondly, there was increased use of tractors due to non-availability of animal power or weakening of cattle on account of the drought. Lastly, tractor power was substituted for small electric and diesel pumps to lift water from a lowered water table due to drought.

The availability of adequate credit to farmers at concessional rate of interest and the government trust on the agricultural sector to overcome difficult conditions created by the drought also resulted in a boost to sales. Timely announcement of credit depending on actual utilisation and assessment of needs with several upward revisions have also helped. The norms for credit as far as land holding is concerned have been reduced from ten acres to eight acres while the repayment period for loans has been increased from five to seven years.

Contrary to popular belief, the most significant growth in the last two years has been in Punjab, where tractor market improved by as much as 50 per cent to reach the level of 30,000 tractors per annum. However, sales are yet to reach the 1980-81 peak of 22,000 units in the state. The Punjab farmer seems to be taking the law and order problem in his stride.

Another market which has grown significantly during the last two years is Bihar. Here sales have doubled during the past two years to over 6,000 units a year from 3,000 vehicles a year.

The growth of tractor sales has been noticed almost entirely in the northern states of Punjab, Haryana, U.P. and Rajasthan, besides Bihar. These states account for over two third

of the total tractor sales in the country. On the other hand, southern states like Andhra Pradesh, Karnataka, Tamil Nadu and Kerala have registered stagnant sales at around 8,000 tractors a year over the last four-to-five years.

During the period January to May 1988, sales of tractors were at 42,000 units as compared to 34,000 and 30,000 units respectively for the same period in 1987 and 1986. For the period 1988, sales improved by 23.5 per cent and compared to 1986, sales went up by an impressive 40 per cent.

One important development of the tractor market has been the growth of small tractors, upto 30 HP range. In the last two years, sale of small tractors have increased by as much as 50 per cent. The result of the growing market can be seen in sharp improvement of profitability of leading tractor manufacturing companies.

*("ECONOMIC TIMES", BOMBAY)*

### **GUJARAT EXEMPTS TRACTOR-TRAILORS FROM TAX**

GANDHINAGAR, June 1: The Gujarat Government has exempted tractor-cum-trailors belonging to registered co-operative societies of agriculturists from the payment of the vehicle tax with effect from today under the Bombay Motor Vehicle Tax Act, reports UNI.

This exemption will be applicable in the case of tractor-cum-trailors being used by the members of such societies solely for transportation of their agricultural produce or required by them in connection with the cultivation of land or other material required for construction of farm houses or for personal use or consumption, official information available here said.

*("FINANCIAL EXPRESS", BOMBAY)*

### **AP CUTS ST ON TRACTORS**

HYDERABAD, June 9: The State Government has decreased the sales tax on tractors by four per cent at the first point of sale. The decrease will be effective from March 1, 1988 to March 31, 1990, according to a notification.

The notification also exempts the sale of tractors from the levy of additional tax under section 5-A and surcharge on sales tax under Section 6-B during the period of April 1, 1988 to March 31, 1990.

*("INDIAN EXPRESS", MADRAS)*