

Export markets look up for two-wheeler, tractor makers

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There is some cheer on the export front for the auto sector, particularly for two-wheelers and tractors, even as the industry gears up to make the best of the upcoming festival season in the domestic market.

While the tractor market has been reporting year-on-year (YoY) growth from July onwards, the two-wheeler segment — motorcycles, in particular — has been recording month-on-month growth. Though the final numbers are awaited, September is likely to have seen motorcycles witness YoY growth along with tractors.

Motorcycle exports stood at about 2.42 lakh units in August 2020. While it was lower than 2.6 lakh units in August 2019, it was 42 per cent higher than July 2020 exports of 1.71 lakh units.

In September, the numbers improved further with leading two-wheeler players such as Bajaj and TVS Motor Company (which together account for

about 80 per cent of India's motorcycle exports) reporting strong growth in their bike exports.

TVS Motor has been reporting YoY growth in motorcycle exports over the past two months. Last month, its total two-wheeler exports grew 24 per cent at 71,570 units, against 57,746 units in September 2019, mainly aided by bikes.

Personal mobility

"The pandemic and lockdowns which followed have changed the mobility landscape of the world as people adapt to the new normal. Social distancing and the growing need for safe and affordable personal mobility have fuelled the demand for two-wheelers across the globe," a TVS Motor spokesperson told *BusinessLine*.

The country's top two-wheeler exporter, Bajaj, reported a 16 per cent rise in exports at 1,85,381 units last month — the company's highest-ever monthly export sales.

Rakesh Sharma, Executive Director of Bajaj Auto, was



What's driving bike exports

- Growing popularity of Indian two-wheeler models in certain African and South American countries
- Pent-up demand following several months of low supply due to lockdown-led disruptions in production and exports
- Increased need in export markets for affordable personal mobility solutions amid infection fears

quoted in an analyst report as saying that there has been an outstanding recovery for the company in the international markets and October will certainly be better than September if supply chains hold out. "I think we will have our highest ever again in exports," he had said.

Meanwhile, industry analysts say India's two-wheeler exports were more than 3.5 million units in FY20. So, in a way, export volumes have gone beyond being just a novelty factor

and have become critical for the producers.

Pent-up demand

"India's two-wheelers are received very well and are quite popular in some African and South American countries," said Suraj Ghosh, Principal Analyst-Powertrain Forecasts, IHS Markit. "As the production, and hence exports, were upset by the lockdown, there was a gap in supply to those countries for some period. So, there is a certain level of pent-up de-

mand. Additionally, people have become wary of the current situation and have grown eager to adopt affordable personal mobility. The revival in exports is led by the combination of these factors."

He is of the view that if there are no more production halts and OEMs and suppliers can maintain normal supply chain operations, then this revival in exports should sustain.

Tractor demand

While domestic tractor demand has been robust after the easing of the lockdown, tractor exports also started growing from July onwards. In July and August, tractor exports grew 15 per cent at about 15,400 units, against 13,400 units in the same period last year.

While overall September exports numbers are awaited, most of the companies — including Mahindra & Mahindra, Sonalika and Escorts — have reported growth for the month. Q2 is expected to see total tractor exports from India grow in low double digits.