

## With Trringo, Mahindra goes online to offer tractors on rent

Trringo will operate on a franchisee-based model and claims to bring in digital technology to the tractor rental business



Mahindra is launching the venture at a time when tractor sales have fallen sharply on the back of two successive years of drought. Photo: Abhijit Bhatlekar/Mint

**Mumbai:** Mahindra and Mahindra Ltd is aiming to do for the tractor market what Ola (ANI Technologies Pvt. Ltd) and Uber Technologies Inc. have done in the car rental segment.

India's largest tractor maker by sales is looking at starting farm equipment rentals, the company said at a press meet in Mumbai on Monday.

The venture Trringo will operate on a franchisee-based model and claims to bring in digital technology to the tractor rental business.

Mahindra will set up this venture as a startup, in which it will invest upwards of `10 crore. The company estimates the size of the tractor hiring market to be about `15,000 crore per annum.

The new company will have a model similar to Mahindra First Choice—the group's pre-owned car sales business. It will offer a digital platform to connect those looking to hire tractors and those willing to rent their self-owned machines. A location-based mapping system will bring the two together and route them to the closest franchisee.

The new entity will start operations in June 2016 and scale up to five states by August 2016.

Later, it will be replicated in countries outside India, where Mahindra has a presence.

Mahindra is launching the new venture at a time when tractor sales have fallen sharply due to successive years of drought.

Tractor sales have dropped 13% to 422,997 units in the 10 months to January 2016, according to the Tractor Manufacturers Association.

Rajesh Jejurikar, chief executive, tractor and farm mechanization, at Mahindra, said that the move will help increase mechanization levels at

farms, which is around 35% currently, and organize equipment hiring—a practice in existence for many years.

The business idea, he pointed out, is based on the premise that tractors and other farm equipment aren't available when they are needed the most. "The tech-based model will help optimize tractor usage," Jejurikar added.

Since the new business is a franchisee-based, asset-light model, the cost to the firm will not be high, he said. The model will generate revenue in two ways: royalty paid by the franchisee and a commission fee on each tractor let out by the franchisee.

Part of the firm's larger e-commerce strategy, this is the second such venture launched by the Mahindra Group. In October last year, the company announced creation of an online platform called SmartShift to connect cargo owners and transporters. It's one of several startups that the company plans to launch, as it seeks to tap the burgeoning e-commerce space, it had said.

SmartShift is a technology-enabled, load-exchange platform. Cargo owners, both businesses and individuals, can access the SmartShift service through a mobile app available on Android operating system, the website or a dedicated call centre.

In September, the Mahindra Group said that it would launch an e-commerce venture called M2ALL.com, which would offer the entire range of Mahindra products and services.

M2ALL.com would be operated through a separate wholly-owned subsidiary called e-Marketplace Pvt. Ltd.

To be sure, an insufficient and patchy rainfall for two years in a row has sapped the demand for products and services in rural India, prompting tractor and farm equipment makers, such as Mahindra, to go beyond mere products and instead focus on solutions.

Similar efforts are underway at other firms.

S. Sridhar, chief executive at Escorts Ltd, said in order to tide over sluggish demand, Escorts is working on some "structural changes". As part of this, the company will offer equipment solutions to small and marginal farmers based on hire-purchase model, where the farmers do not need to own the machines and implements.

The move, Sridhar said, will help Escorts de-risk itself.

"We have already started it in a small way and shall scale it up in a significant way in fiscal 2017," he said in an interview last month.

According to Jejurikar, Trringo will make tractors and implements more affordable, and help farmers improve productivity as they can benefit from more accessible technology.

A franchisee could also tie up with tractor owners in the vicinity, enabling them to rent out equipment to farmers on a commission basis.

Farmers, who own expensive, high-end equipment, can rent out their assets, thereby optimizing utilization based on seasonality.

Mahindra's e-venture ties in with government's greater focus on agriculture. The overall budget for the agriculture sector in the budget was raised by more than 44%—from `24,909 crore in 2015-16 to `35,984 crore in 2016-17.

The increased funding in the budget will go into a gamut of irrigation schemes, crop insurance, the creation of a national e-market for farm produce, higher production of pulses and interest subsidy for easing the burden of loan repayment for farmers.

Umesh Karne, a director at Armaan Business Services Llp, a Mumbai-based consulting firm, said while Mahindra's new venture might not have an immediate impact on company's revenue, it will benefit the company in the long run in expanding its market.

"It makes sense to focus on solutions rather than just being product-centric," said Karne.