



A Kubota tractor hauls a load through a farming village in India, where the Japanese company will set up production facilities.

NEW DELHI -- Farm equipment manufacturer [Kubota](#) will set up tractor production facilities in India with local company Escorts, using locally procured transmissions and other components to assemble finished products.

The partners will form a 60-40 joint venture by late March 2019 with an initial investment of 3 billion rupees (\$42.1 million). Production equipment will be installed at existing facilities of the Indian partner in the state of Haryana. The plant, slated to go online in June 2020, will have a capacity of 50,000 units in 2022 and build tractors for both companies.

India offers a huge farming equipment market. The tractor business alone comes to about 700 billion yen (\$6.2 billion) a year, placing the country behind only the U.S. and China, according to Kubota.

"Given its potential, cultivating the Indian market is crucial," Kubota President Masatoshi Kimata told Nikkei.

But local players dominate, with [Mahindra & Mahindra](#) controlling around 40%. Kubota, having entered the market a decade ago by setting up a sales company, has only a 1% share.

Kimata noted that local output is expected to help slash manufacturing costs by about 20%. Kubota seeks to more than double its sales in India from the projected 13 billion yen for 2018 to 30 billion yen in 2022.

Kubota currently has a production base in the western state of Maharashtra that simply attaches tires and fenders to semifinished products from Thai factory facilities. The joint venture will use Escorts' purchasing network to procure most components locally, except for engines, in effect making it the Japanese company's first Indian factory.