

## Used equipment

This is a bone of contention, to say the least. There are strong reservation from one part of the segment. "There are many secondhand machines like forklifts and cranes which are being imported into the Indian market. In addition, new equipment is also imported from China, where the prices of these machines are much lower than those available in India. The import of equipment has had a significant impact on the materials handling industry in India and today, around 10 per cent to 15 per cent of the market consists of imported machines," points out Shahane.

According to Bhatnagar, the import of used equipment is an evil that a developing country like India, with high calibre technology competency and manufacturing infrastructure, can ill afford. "It is time for the government to re-look at the policy and move towards restricting of import of used material handling and construction equipment," he avers.

"Factually, the pre-owned equipment segment (POE) is the first step for the smaller customers who can initially afford to buy only used machines. With the kind of stipulations banks and NBFC's have put in place, these customers can only afford minimal down payment. Further, when such customers establish themselves, they have the option of going for the OEMs machines due to the latter's track record. Therefore, The POE segment obviously becomes the launching pad for the OEMs machines. Quite a lot of machine owners will vouch for this," states Raghav Reddy, Vaishnovi Infrastructure Engineering Pvt Ltd. We would like to state that the market for infrastructure, construction and mining equipments is so vast that all of us can have a decent share. There is no need to panic, Reddy added with a smile.

Malhotra stresses the importance of developing a local and strong used equipment market. "At present, there is no organised channel in India for equipment users, manufactures, dealers or finance companies to sell their lot of used equipment. This way they don't undertake much risk in their businesses. However, with this, mechanisation also slows down and stays in the hand of a few companies. A strong, local used equipment market helps in determining the residual values and makes them stronger, as well as more transparent over a period of time. If the needs of the local market cannot be met by

### SAMEER MALHOTRA, Country Manager Ritchie Bros Auctioneers



- Most equipment that is imported into India – especially used equipment – is equipment that it is in high demand but insufficient supply in India, such as cranes, surface mining equipment and trenchless technology. If India is to continue to make economic progress in the future, an adequate supply of construction equipment, especially specialized equipment and used equipment is very important. If this equipment is not available locally for reasonable market prices, companies will continue to look to the import market.
- In general, people who buy and use equipment are experts at what they do; they understand equipment and they know what to look for when they buy it. It can be important to place restrictions on used equipment that is made available for sale, especially for safety or environmental reasons, but not for any other reason at all. In a free market economy, if they want to buy a machine from 1994 instead of 2004, people can choose to what they want to buy – unless it will cause harm to someone.
- Ritchie Bros. has strong relationships with many manufacturers of equipment in India. Manufacturers understand market demands and recognize the importance of developing a strong used equipment market in India. Keeping younger used equipment in circulation, rather than letting it sit idle until its useful life is over, is an important part of a healthy market and economy. Equipment manufacturers around the world have adapted to and accepted the used equipment market. They know that if they manufacture a product that is needed and wanted, it will sell. If they manufacture a product that can be used for many decades – as most construction equipment is – that equipment may be bought and sold many times over the course of its life. If it continues to work well, that manufacturer will have a good name in the industry – and that will help improve sales and prices of new equipment.
- The massive infrastructure boom that has taken place over the past decade has resulted in shortages of certain types of equipment locally, and that has caused companies to look outside India to meet their equipment needs. It is very important to support our local industries and manufacturers as well as help the companies who are building India to find the equipment they need to do their jobs. The world has opened up in recent decades and people can access the global marketplace to meet their needs.
- Going forward, it is important to consider the needs of all industries and all people in India. A good supply of used equipment is important for ongoing growth and development in India. First and foremost we need to develop a local strong used equipment market. At present there is no organized channel in India for equipment users, manufactures, dealers or finance companies to sell their used equipment fleet. This way they don't take much risk in their business. With this mechanisation also slows down and remains in the hand of very few companies. Strong local used equipment market helps in determining the residual values and make them stronger as well as transparent over a period of time. If the needs of the local market cannot be met by local supply, we need to allow and facilitate the supply of used equipment from markets outside India – in such a way that would help build India as a whole. For many years, Ritchie Bros. has welcomed an increasing number of buyers from India to our auctions in other parts of the world – because we give them access to the equipment they need at fair market prices, equipment that they can't find in India itself. It will be exciting to hold our first auction in India; in fact, many of our customers eagerly anticipate regular Ritchie Bros. auctions in India. We look forward to the growth of the used equipment market in India; it will benefit everyone here.

### K K TAPARIA, Executive Director (M&S), Universal Construction Machinery & Equipment Ltd.



The impact is more on the vertical movement equipment segment, especially in passenger hoists. People import second-hand lifts here, and use local mast, which is not really safe. There is scant respect paid to the age of such machines. And there is no operational manual and no service-back up. We have applied to BIS to make Indian standards for variety of equipment based on sectors. Today, BIS has taken very active involvement in making standards for all types of equipment that suits Indian conditions.