

NEWS • ANALYSIS • COMMENT • PROJECTS • CONTRACTS • TENDERS

VOLUME 3 • ISSUE 12  
AUGUST 2012 • MUMBAI • ₹50

# CONSTRUCTION WEEK

ENGAGING CONSTRUCTIVE READERS

AN ITP PUBLISHING INDIA PUBLICATION

WWW.CONSTRUCTIONWEEKONLINE.IN

## No end in sight

Why India is struggling to meet its power targets

>24

## Talking point

Factors hampering the growth of pre-engineered buildings

>50

## Monsoon focus

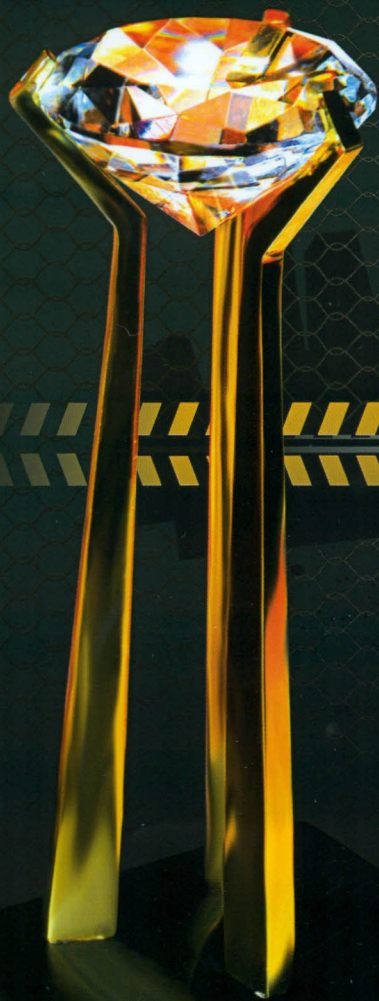
Rainwater harvesting is one way towards water sustainability

>62

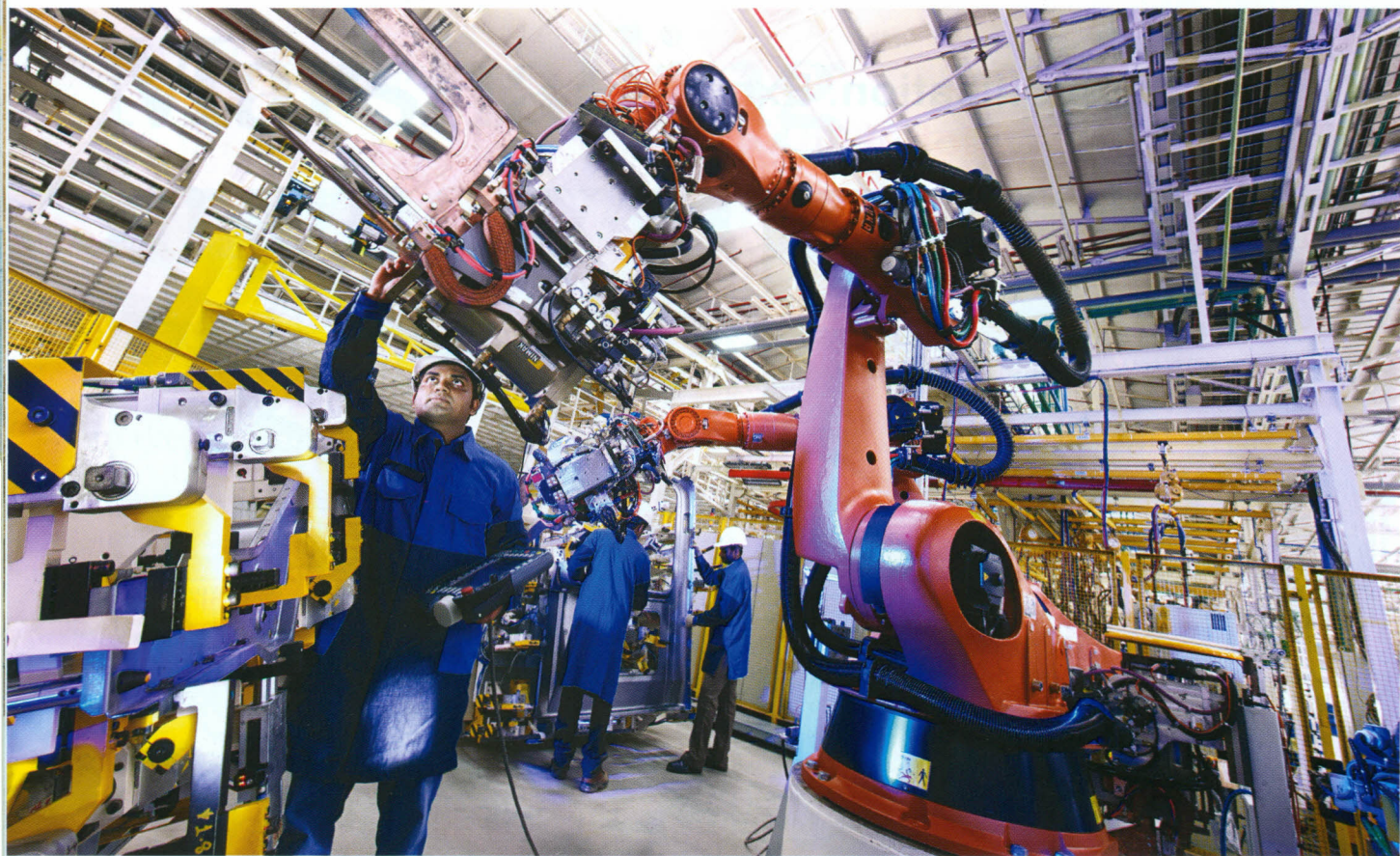
# CALLING INDIA'S NATION-BUILDERS

Entries now open for 2012 Awards

NOMINATE YOUR PROJECTS AND PEOPLE TO SECURE INDUSTRY PROMINENCE



CONSTRUCTION WEEK AWARDS 2012



Pic courtesy: Daimler India Commercial Vehicles

# Indigenously yours

Lack of focus on local R&D is crippling the growth of the domestic construction equipment manufacturers, writes Syed Ameen Kader

**T**hough the construction sector has witnessed tremendous development over the last couple of decades, its equipment manufacturing sector has failed to keep up with the pace. Barring a handful of Indian equipment companies, the domestic manufacturing sector lags far behind compared to countries like China. “Today China has reached such a level that its equipment is not only fulfilling the requirements of the domestic market, but also almost half of the rest of the world. Indian equipment manufacturers have failed even to fulfil the requirements of its domestic market,” says Pravin Thakur, vice-president for

plant & machinery at SPML Infra, adding that there is still a long way to go before Indian manufacturers can produce completely generic Indian equipment that could meet the industry requirements and be able to export it to other nations.

The industry blames this on a lack of policy reforms and the unwillingness of companies to invest in R&D. Very little equipment is designed and manufactured in India, and most of what is manufactured here either copies globally successful equipment or is manufactured by international players who have either set up in India or have formed technical collaborations with Indian manufacturers.

That domestic manufacturers are mim-

icking the designs and models of European, Japanese and American machinery is of biggest concern to Thakur. “They care least about the further R&D process on those machines. They are not considered as reliable and efficient as the original products from the foreign manufacturers. They are considered as a cheap solution providers and not strong contenders against their foreign counterparts. Hence, after a few years on the market, when improved technology is unveiled and serious competition is faced, they have to struggle hard to maintain their existence,” he adds.

Mahindra & Mahindra, one of the leading Indian manufacturers that had launched indigenously developed



**“The biggest worry is that even the ‘made-in-India’ type manufacturers are mostly copying the design and model of the already existing foreign machine (European, Japanese and American)”**

Pravin Thakur, SPML Infra



**“A greater focus and thrust is required from Indian manufacturers in areas like R&D, innovation, advance technology and value engineering.”**

Rajinder Raina, Escorts Construction Equipment

## PATH TO SUCCESS

Indian Earth Moving and Construction Equipment Industry Association (IECIAL) suggests:

- Strengthen India-specific product offerings
- Raise cost competitiveness vis-à-vis other LCC players
- Smartly capture the exports opportunity
- Enhance the quality, delivery and pricing of after-sales services
- Introduce newer services such as rentals and financing
- Strengthen dealer and channel network
- Help Tier-I and II suppliers gear up for impending growth

Backhoe loaders, says the industry’s inability to invest in developing local R&D capabilities has cost India dearly. “Many Indian companies have the mindset that products developed for customers in developed countries will also work fine at

home. Our experience shows that Indian customers and conditions differ vastly from those of other countries, and hence products suitable for developed countries may not work here,” says Kairas Vakharia, senior vice-president and head of construction equipment at M&M.

He says the biggest challenge is to overcome that mindset: “Many products in India have failed because they were not able to meet the requirement of Indian customers.”

Indian requirements are different to those abroad because of factors that include geographic locations and soil types. Since the market is highly price sensitive, Indian customers want to buy high-quality equipment at a lower cost, but this is difficult because the premium machinery that is normally supplied by overseas manufacturers can be very costly. This forces companies to go for cheaper options such as Korean, Chinese or even some Indian equipment, where reliability is an issue.

However, Indian construction companies are open to use indigenously developed products provided they meet global standards in terms of quality and

after-sales service. For example, SPML which has a sizeable inventory of imported machines, says they use equipment that is made in India for its specific requirements and applications. “Normally we go for imported equipment if the application is very specific and no Indian alternative is available. But we do use Indian equipment if the machine is used in independent activity, the project is of short duration or if investment is not advisable,” says Thakur.

Another construction major, HCC, says they also use made-in-India products provided they meet global standards. “Indian products have certain advantages as they are comparatively economical compared to imports. They also give us prompt after-sales support and spares are easily available,” says Uday Dangi, the company’s head of equipment.

Escorts Construction Equipment, which is one of the leading Indian manufacturers of pick-n-carry cranes, says that innovation in India has taken place on two fronts: product development and market development. “We conceived and created pick-n-carry cranes as a product, and over the years defined crane usage in the country. This innovation has now been carried to the next level of technology encompassing safety, stability and strength as key areas for its development,” says Escorts’ Rajinder Raina.

Indigenous manufacturers face challenges in balancing the matrix of cost-quality-deliverables. “The non-availability of locally made aggregates, especially hydraulics, impedes developmental activity,” adds Raina.

Dangi says it is vital that they understand a customer’s precise requirement and then design the product in such a way that it fully meets their needs.

“The products manufactured in India to global standards are definitely comparable to foreign-made products. However, a greater focus and thrust is required from Indian manufacturers in areas like R&D, innovation, advance technology and value engineering,” he adds.

To overcome this problem, Thakur suggests a focused, targeted and strong R&D policy and a strong after-sales service network need to be in place so that Indian equipment can instill confidence the way foreign manufacturers do. “This will definitely provide quality products at cheaper prices and will give confidence to the end user.”