

“There is a boom in construction equipment market”

With the increasing demand for development of key infrastructure projects, India’s infrastructure sector is poised to grow significantly. According to **Sandeep Singh**, Managing Director, Tata Hitachi Construction Machinery, the construction equipment market is booming after a lull of about three years. In this interaction with **Rakesh Rao**, Singh highlights the key demand drivers of the construction equipment market and future potential of the industry

Tata Hitachi Construction Machinery had launched its 'Chalo Desh Banaye: Building the India of Tomorrow' campaign. What was the ideal behind the campaign?

Indian economy is on a fast track. Added to this, the Government's focus on infrastructure. After a lull of about three years, there is a boom in the construction equipment market. This positive outlook is captured in the Chalo Desh Banaye campaign. And who better than Tata Hitachi can say this? A company which has withstood the test of time - and has emerged as the undisputed leader of excavators.

The campaign is all about partnering and riding India's growth path - about realising dreams and re-committing ourselves to the nation's progress.

What is driving the demand for construction equipment in India?

In an overview of the Indian construction equipment sector, ICEMA (Indian Construction Equipment Manufacturers' Association) has stated that India's infrastructure sector is poised to grow significantly with the increasing demand for development of key infrastructure projects such as roads and highways; rural connectivity; railway expansion; urban infrastructure including metro rail projects; ports and airports; industrial corridors (DMIC etc); smart city projects; etc.



The Government has initiated various steps for accelerating infrastructure development and is focusing on putting India back on a growth trajectory after a period of declining GDP growth rate. Investment and implementation of key projects along with corrective measures and industry friendly policies of the Government, we believe will greatly help the infrastructure development in our country. Several critical projects have been announced in the last year opening up new avenues for the construction machinery industry.

All these have aided a surge in the demand for earthmoving and construction equipment.

How was 2017 for Tata Hitachi? Did GST have an effect on your business in 2017?

Tata Hitachi sold nearly 8200 units of

CE in 2017-18 with a growth of nearly 20 per cent. Last year saw the introduction of the GST in July. Considering the higher tax rate under GST & apprehension of other issues involving setoff etc., there was some preponement of purchase in June & hence June 2017 saw an all-time high sale for the industry. Q2 sales was lower than normal as the industry adjusted to GST norms.

The government recognised capital goods as necessary infrastructure building force and reduced the tax rate in November from 28 per cent to 18 per cent. This provided impetus to the demand & it increased significantly over the next few months, leading to a significant growth overall for 2017-18.

Are you seeing a sustained growth in demand for your construction equipment with the government making big investment in infrastructure?

The government has laid a road map of activity in roads under the umbrella of Bharatmala and for port led development under Sagarmala with clear timelines & investment required. Daily execution of road construction has moved up from around 23 km/day in 2016-17 to 27 km/day in 2017-18.

There is focus on increasing track capacity under railways as well as expansion under DFC; inland waterways; industrial area

development under DMIC; river linking; rural connectivity, etc.

In this direction, the government has been allocating enough money in the budgets for faster execution of projects. This has been further boosted by the recent success of the ToT bid for national highways developed under EPC. All these have been driving demand for construction equipment.

There is continuous growth in investment in these areas over the next few years & hence we see that the demand for construction equipment to be sustained in the near term.

How are you planning to increase your exports business?

Tata Hitachi is exporting in three ways - in SAARC countries, through Hitachi network and through Tata International's network in specific areas of Africa for indigenous Tata Hitachi products not in Hitachi's range.

We have been strengthening our dealers in SAARC and increasing our engagement with them so that they expand their business effectively. We have a dedicated export vertical which focusses its activities in this direction. As we have a wide range of products in India which cover the entire spectrum of customer needs, the same is available for our SAARC customers & that gives us the competitive edge in offering to them based on their applications.

Our dealers are also expanding & adding more touch points in form of 2S & 3S centers to come closer to the customers. This way we are focusing on increasing our exports

Could you please highlight some of the emerging trends in construction equipment industry?

The construction industry is modernising & mechanising at a fast pace by adopting newer construction technologies as also due to shortage of trained manpower, driven by the tighter deadlines to complete the projects & to keep the construction cost lower.

Given this background, the requirement of the customers on construction equipment manufacturers have also been changing to keep up with the need.

The requirements are clustered around lower cost of operation; information status of CE; training of manpower and customisation & flexibility for different applications.

Lower cost of operation: The industry has been bringing in more fuel-efficient machines with optimisation of engine & hydraulics. Hence, mechanical controls have now been supplemented with electronic monitoring & optimisation with the introduction of auto idle, quick idle, and various power modes etc to meet the specific requirement of different applications.

Long drain oils have been introduced to reduce the frequency of hydraulic oil intervals. This also aids in conserving the environment.

Information status of CE: With the world going increasingly digital, customer wants to have information access about the machine that includes utilisation, servicing status, location of the machine and health. Therefore, digital integration through various brand names have been introduced by manufacturers that gives the above status to the customer.

Training of manpower: Modern machines come with improvement in technologies & addition of various new features. Therefore, availability of skilled manpower to operate & maintain the machines are a challenge. Customers look to the industry – apart from their own courses – to get trained manpower to optimally use the machine. The industry through ICEMA tied up with the government's Skill India programme & with the help of IESC have introduced various operator training programmes to aid the availability of skilled manpower. Site training programmes for both operators as well as service personnel of customer are organised on a continuous basis.

Customisation & flexibility for different applications: With tighter

deadlines & increased demand for quality of work, mechanisation has increased & customers are looking for either customised machines or with various attachments to address the need for specific applications.

Hence machines are now having rock breakers of various capacities, long reach attachments, amphibious undercarriage, drills etc.

To address the above requirements, Tata Hitachi has brought in the ZAXIS GI series of excavators capable of delivering high performance, comfort / aesthetics to operator with cutting edge technologies of a fuel-efficient Isuzu engine, HIOS hydraulics & CONSITE platform with telematics from Hitachi and adapted to tough Indian operating conditions. Similarly, the EX Super series of excavators offers a low cost of operation for the retail customers, hirers & first-time buyers with fuel saving features & ease of maintenance. Telematics has also been offered under Insite to make all the important machine related information to the customer.

Tata Hitachi is also running operator training schools in Dharwad & Kharagpur accredited by IESC to make available trained operators to the customers.

With regards to introduction of customised machines & attachments, Tata Hitachi has been a leader in this area and has been one of the first to offer shovel version on its 10T & 20T excavators specifically for tunneling application. The company offers a range of rock breakers, quick couplers, grabs, magnet attachment, elevated cab, long reach attachment & drills to our customers.

Any product launch planned for this year?

We are embellishing our product portfolio with the introduction of our all new backhoe loader – Tata Hitachi Shinrai – this year. The product was unveiled at EXCON 2017 and will soon be available commercially. Made in collaboration with Hitachi Construction Machinery, Japan and Tata Technologies, this machine is sure to create disruption in the backhoe loader market.