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- Globally, India is known as a dumping ground for low quality and cheap products. In fact, many mobile and crawler cranes scrapped in Europe or Japan find an easy entry into Indian markets. This has resulted in delay in project completion schedule and also serious lapses on safety. Above all, such import discourages Indian manufacturers who have built infrastructure for making world class equipment over the previous two decades.
- Import of used equipment is an evil that a developing country like us with high caliber in technology competency and manufacturing infrastructure can ill afford. It is time for the Government of India to re-look at the policy and move towards restricting of import of used material handling and construction equipment.
- Today, China produces both good quality, as well as, poor quality of products. While, Indian manufacturers can compete well with the former, poor quality low cost imports from China will continue to be a major threat. Over the years, Indian customer has shown its preference for lower original cost rather than the lower owning and operating cost. However, the mind set of Indian customers is changing fast and will gradually move towards looking at cost on integral basis rather than stand alone initial cost.
- Indian crane and other material handling equipment industry continues to suffer on account of higher duties and taxes applicable to domestic manufacturers in comparison with imports. Basic customs duties on both the finished product, as well as, the components required to manufacture indigenously remain at 7.5 per cent in spite of a policy decision taken by the Government of India a few years ago to have import duties on components at a value lesser than the finished product. It is time that the import duties on components for manufacture of capital equipment, including cranes be rationalised down to a level of 3 per cent so as to provide an impetus to domestic manufacturers.

Similarly, VAT/Central Sales Tax payable by unregistered users, e.g., ports, ICDS, rental companies and contractors continue to be at the rate of 12.5 per cent for domestic manufacturers, while the corresponding SAD on imported equipment is only 4 per cent. This gives a clear 8.5 per cent disadvantage to the domestic manufacturers. Govt. of India is to look into these anomalies in the tax structure so as to provide a level playing field to Indian manufacturers.

**RS RAGHAVAN, Managing Director, Proman Infrastructure Services Pvt Ltd**



Quality crushing and screening equipments with the original and latest technology have been coming into the country for decades. However, some of these are very old technology with questionable quality being dumped into the country. This has a negative impact both on customers and on local manufacturers.

Other than the West European and American Countries, there have been instances of equipment being imported from other countries at low prices which lack after sales support, and performance has not been at par with industry standards. We therefore feel that imports from these countries should be discouraged by imposing anti-dumping duty and countervailing duty.

However, good quality machines from China are not as cheap as perceived to be. Further when you look at the additional concern of servicing the machine as per its wear and tear, equipment from such sources is always suspect.

We expect the Indian government to protect Indian Industries by allowing only standard and reputed companies to be given duty exemption or even for that matter be allowed to export to other countries.

A decade back the NHAI and the ministry of surface transport allowed cone crusher, concrete batching plant, asphalt plant and most of other equipment be imported by a road contractor at zero duty. This was done because it was perceived that there were no good Indian manufacturers for these equipment. However, we have a lot of Indian companies who either with collaboration or joint venture have been able to manufacture all these equipment to world standards. In view of this, the MOST/ NHAI should not consider giving this zero percent duty exemption and thereby allow a level playing field between local manufacturers and imported equipments. Under this exemption, a lot of sub-standard equipment without proper service and back-up is being dumped into the country which should be stopped.

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According to Paul Choudhary, be it Chinese or any other origin, if the manufacturing unit is not set in the country, it is not good as there will be no absorption of technology, so no way it is going to help India. Hence Gol should not allow any 100 per cent subsidiary, he opines. Paul Choudhary adds, “Not a single equipment without ARAI or DGQA or any international authorised certificate should be cleared by Customs to enter Indian soil.”

According to Dr. Pronab Sen, Secretary, Ministry of Statistics & Programme implementation, Government of India, in any rapid growth scenario, there is always a pattern. When the process of development begins and gains momentum, the domestic capability will be either negligent or falls short. This necessitates the import of equipment without which the projects gets stalled. On a positive note, he says that because you are importing, the government is really creating conditions for the local industry to recognise that opportunity and indirectly pushing them to invest in R&D and capacity enhancement. He feels this will happen over a period of time as the domestic capability varies from sector to sector.

Says Goutham Reddy, Executive Director, Ramky Infrastructure, “For any developing economy, import plays a crucial role. The impact depends on the percentage and differs from sector to sector. I don’t think import has had any negative impact so far.”

Sameer Malhotra, Country Manager Ritchie Bros Auctioneers, supports the view with an example of the earth-moving equipment industry. According to him, India itself has world-class production facilities for these types of equipment, with a reliable after-sale service network. So it is clear people only look outside India when they can’t find what they need at home. If the equipment is of good quality and the service is available, people will buy it. Where people choose to buy from is determined by the market forces and the real market force is the end user. “We need to keep the Indian market more competitive and the only way is to keep the market open,” says Malhotra.

Another segment which has geared up well, with increased capacity and capability,