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**“OPERATIONAL STRATEGY OF CONSTRUCTION
EQUIPMENT FINANCING COMPANIES:
A COMPARITIVE STUDY”**

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A PROJECT REPORT

Submitted to the

FACULTY OF MANAGEMENT STUDIES

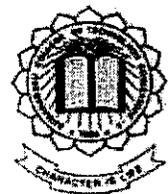
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Of

MASTER OF BUSINESS ADMINISTRATION

April, 2008



KCT Business School
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BONAFIDE CERTIFICATE

Certified that this project report titled “**Operational strategy of construction equipment financing companies: a comparative study**” is the bonafide work of Soundarya.k (Reg No. 71206631054), who carried this research under my supervision. Certified further that to the best of my knowledge the work reported herein does not form part of any other project report or dissertation on the basis of which a degree or award was conferred on an earlier occasion on this or any other candidate.

PROJECT GUIDE

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Evaluated and Viva Voce conducted on _____

INTERNAL EXAMINER

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PROJECT COMPLETION CERTIFICATE

This is to certify that Mr. / Ms. Soundarya.K (Roll No. 06MBA54) a student of KCT Business School, Kumaraguru College of Technology, had undergone a project between January 10, 2008 (date of joining) and March 24, 2008 (date of leaving) titled "Operational Strategy of Construction Equipment Financing Companies: A comparative study".

During the tenure his / her performance was **Good**.

Yours faithfully
For Sakthi Finance Ltd



R.PRAVEENA
HR Executive

DECLARATION

I, hereby declare that this project report entitled as “Operational strategy of construction equipment financing companies: a comparative study” has been undertaken for academic purpose submitted to Anna University in partial fulfillment of the requirements for the award of the degree of Master of Business Administration. The project report is the record of the original work done by me under the guidance of Dr. K. Chitra Professor, KCT Business School during the academic year 2007 – 2008.

I hereby, declare that the information given in this report is correct to best of my knowledge and belief.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Demand for infrastructure and construction equipment (ICE) is set to increase, given the growing thrust on infrastructure development. The Eleventh Five Year Plan, entailing an investment of about \$492 billion on infrastructure projects alone, is likely to be the main growth driver (incremental investment of about \$40 billion annually).

While this will directly benefit engineering and construction companies, it will also buoy the demand outlook for the equipment industry. In addition to this, the fact that equipment costs typically constitute about 4-24 per cent of the total project cost also brings to fore the growth that this industry could witness.

Against this setting the operational strategies of institutions that provide loan for construction equipments are analysed. It includes both banking and non banking institutions. Banking institutions are HDFC, ICICI, Centurion, Indusind, Canara, SBI, Syndicate, Citi Bank, Punjab National Bank and Karur Vysya Bank. Non banking institutions are Kotak Mahindra Finance, Sundram Finance TATA Motor Finance, Dhandapani Finance, Sakthi finance and Shriram finance. Shriram Finance, Canara Bank, Dhandapani Finance Karur Vysya Bank, Punjab National Bank, State Bank of India, Sakthi Finance and Syndicate Bank are classified under the heading "others".

Due to the rapid infrastructural development the need for construction equipments are raising at an alarming rate. This is encouraging a large number of financiers to turn their focus on construction equipment financing. The success of new entrants in construction equipment financing highly depends on learning the operational strategies followed by different construction equipment financiers with experience in the field. Thus this is identified as a problem for study.

The objectives of the study includes the study of factors considered for evaluating borrowers and guarantors, the factors considered in choice of equipment and perception regarding standard equipment, the core competencies as perceived by the construction equipment financiers, the promotional strategies adopted by the construction equipment financiers, and to provide suggestions based on the findings.

The study is focused only on operational strategies followed by construction equipment financiers. The strategies include risk taken by financiers, the factors considered for evaluating borrowers and guarantors, marketing strategies followed by financiers, the

study has wide range of scope in both banking as well as non-banking sectors. The study consists of details of all companies dealing in construction equipment finance as well as their competitors therefore this study will be useful for all the companies involved in the study since they are competitors to each other. The areas of study include Coimbatore, Erode, Tripur, Dharapuram, Bangalore, Madurai, Thirunalvelli, Pondyicherry, Vellore, Salem, Trichy, Ernakulam, and Kottayam. The study made is descriptive in nature. It describes the operational strategies followed by various financiers, in various areas, in a specified period of time and a comparison is made. It consists of sampling method and sampling size. The sampling method used is convenient method since there are a huge number of financiers available. The sample size is 67 that include Coimbatore, Erode, Tripur, Dharapuram, Bangalore, Madurai, Thirunalvelli, Pondyicherry, Vellore, Salem, Trichy, Ernakulam, and Kottayam. The study involves both primary and secondary data. Primary data were collected with the help of interview schedule by direct contact with the officers, managers in the financing institutions. Secondary data are from brochures and websites. The tools used are Percentage analysis and Mean score. The data collected were analysed and the following results were produced.

Most of the financiers analysed have 6 to 10 years of experience. It includes HDFC, ICICI, Kotak Mahindra Finance, Centurion, Citi, Therefore operational strategies followed by them can be given with first preference.

Majority of Citi banks (80%) have planned to invest 1 to 10 crores in future. Majority of ICICI (55.55%) Centurion (50%) and most of Centurion bank (40%) and Kotak Mahindra finance (33.33%) have plans to invest 21 to 50 crores in future. Most of HDFC (42.8%), Centurion (40%) and Indusind bank (42.8%) have plans to invest 51 to 100 crores in future, majority of other banks (50%) and most of TATA Motor Finance (33.33%) and Kotak Mahindra Finance (33.3%) have 101 to 200. This shows the competition level in future days.

In general track record of repayment of loans was considered as very important factor in evaluating the borrowers by majority of the institutions. The next importance was given to financial statements. Thus the same can be considered by the new entrants while they evaluate borrowers. Track record of repayment of loans of guarantor is considered as very important factor in evaluating the guarantors by majority of the financiers. The next important is experience in business. Standard equipment was considered as very important factor in choice of equipment to finance. The next important is Machinery profile. The

financiers consider different manufacturers as standard. First three preference of standard equipments for various construction equipments were asked to the financiers and they were consolidated as below

Tipper & dumpers - Ashok Leyland and TATA.

Backhoe loaders – JCB, TATA.

Excavators – JCB, L&T

Cranes – Escorts, ACE

Road laying equipments - IR

Construction machinery - JCB, Ashok Leyland and Telcon.

In case of the promotional strategies followed by different financiers, they were asked to rank the factors they considered important. The results were, many of the financiers consider personal selling as their marketing strategy. The least ranked factor is advertisement. So steps can be taken by the new entrants to improve personal selling. Many financiers perceive Customer service as their core competency. Therefore efforts can be taken to concentrate more on customers to gain and retain customers. The safety level of risk as considered by majority of the financiers was 2.5 % .So the new entrants can be more cautious in not exceeding the limit of 2.5%.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY:

Demand for infrastructure and construction equipment (ICE) is set to increase, given the growing thrust on infrastructure development. The Eleventh Five Year Plan, entailing an investment of about \$492 billion on infrastructure projects alone, is likely to be the main growth driver (incremental investment of about \$40 billion annually).

While this will directly benefit engineering and construction companies, it will also buoy the demand outlook for the equipment industry. In addition to this, the fact that equipment costs typically constitute about 4-24 per cent of the total project cost also brings to fore the growth that this industry could witness.

The availability of easy credit options to purchase infrastructure and construction equipment is also a positive. While in the past larger companies (equipment users) enjoyed easier access to credit from the big banks and other financial institutions, their smaller counterparts were not as lucky in tapping capital, and often forced to postpone their purchases. This scenario has changed with the emergence of equipment financing companies with focus on small and medium-sized contractors. Such financing options will not only help these companies get easier access to financing solutions but will also help expedite their purchase decisions.

Against this setting the operational strategies of institutions that provide loan for construction equipments are analysed. It includes both banking and non banking institutions. Banking institutions are HDFC, ICICI, Centurion, Indusind, Canara, SBI, Syndicate, Citi Bank, Punjab National Bank and Karur Vysya Bank. Non banking institutions are Kotak Mahindra Finance, Sundram Finance TATA Motor Finance, Dhandapani Finance, Sakthi finance and Shriram finance. Shriram Finance, Canara Bank, Dhandapani Finance Karur Vysya Bank, Punjab National Bank, State Bank of India, Sakthi Finance and Syndicate Bank are classified under the heading "others".

DESCRIPTION OF DIFFERENT FINANCIERS ANALYSED

HDFC

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the Reserve Bank of India (RBI) to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. It currently has a nationwide network of 744 Branches and 1658 ATM's in 339 Indian towns and cities.

ICICI

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

ICICI Bank is second amongst all the companies listed on the Indian stock exchanges in terms of free float market capitalisation. The Bank has a network of about 955 branches and 3,687 ATMs in India and presence in 18 countries. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management. The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. Our UK subsidiary has established branches in Belgium.

Sundaram finance:

The Company was incorporated in 1954, with the object of financing the purchase of commercial vehicles and passenger cars. The company was started with a paid-up capital of Rs.2.00 Lakhs and later went public in 1972. The Company's shares were listed in the Madras Stock Exchange in 1972 and in the National Stock Exchange in January 1998. Subsequently, the equity shares of the Company have been delisted from Madras Stock Exchange Limited (MSE) with effect from January 27, 2004, in accordance with SEBI (Delisting of Securities) Guidelines, 2003, for voluntary delisting.

CENTURION BANK:

Centurion Bank of Punjab was formed by the merger of Centurion Bank and Bank of Punjab, both of which had strong retail franchises in their respective markets. Centurion Bank had a well-managed and growing retail assets business, including two-wheeler loans and commercial vehicle loans, and a strong capital base. Bank of Punjab brings with it a retail deposit customer base in North India in addition to a sizable SME and agricultural portfolio. The shares of the bank are listed on the major stock exchanges in India and also on the Luxembourg Stock Exchange. Among Centurion Bank of Punjab's greatest strengths is the fact that it is a professionally managed bank. Centurion Bank of Punjab has a nationwide reach through its network of 393 branches/ECs, 452 ATMs 180 Locations. The bank aims to serve all the banking and financial needs of its customers through multiple delivery channels.

INDUSIND BANK:

The Bank, formally inaugurated in April 1994 by Dr. Manmohan Singh, Honourable Prime Minister of India who was then the country's Finance Minister, started with a capital base of Rs.1,000 million (USD 32 million at the prevailing exchange rate), of which Rs.600 million was raised through private placement from Indian Residents while the balance Rs.400 million (USD 13 million) was contributed by Non-Resident Indians. IndusInd Bank provides multi-channel facilities including ATMs, Net Banking, Mobile Banking, Phone Banking, Multi-city Banking and International Debit Cards. It was one of the first banks to become a part of RBI's Real Time Gross Settlement (RTGS) system. It has implemented an enterprise-wide risk management system encompassing global best practices in the area of Risk Management, with help from KPMG. This has enabled the

Bank to remain in the forefront in complying with the requirements of Basel II. It is the first bank in India to receive ISO 9001:2000 certification for its Corporate Office and its entire network of branches

KOTAK MAHINDRA

The Kotak Mahindra Group was born in 1985 as Kotak Capital Management Finance Limited. This company was promoted by Uday Kotak, Sidney A. A. Pinto and Kotak & Company. Industrialists Harish Mahindra and Anand Mahindra took a stake in 1986, and that's when the company changed its name to Kotak Mahindra Finance Limited.

Kotak Mahindra is one of India's leading financial conglomerates, offering complete financial solutions that. From commercial banking, to stock broking, to mutual funds, to life insurance, to investment banking, the group caters to the financial needs of individuals and corporates.

The group has a net worth of over Rs. 5,609 crore, employs around 17,100 people in its various businesses and has a distribution network of branches, franchisees, representative offices and satellite offices across 344 cities and towns in India and offices in London, New York, Dubai, San Francisco, Singapore and Mauritius.

CITI Bank:

Citi is today's pre-eminent financial services company, with some 200 million customer accounts in more than 100 countries. Our history dates back to the founding of Citibank in 1812, Bank Handlowy in 1870, Smith Barney in 1873, Banamex in 1884, and Salomon Brothers in 1910.

Other major brand names in Citi's diverse portfolio include Citi Cards, CitiFinancial, CitiMortgage, CitiInsurance, Primerica, Diners Club, Citi Private Bank, and CitiCapital.

TATAMOTOR FINANCE:

TATA Motorfinance (TMF), the auto financing arm for TATA Motors, came into existence in June 2003. This was a common front-end, jointly formed by BHPC (Bureau for Hire Purchase and Credit) of TATA Motors and the asset financing arm of TATA Finance. This company was a virtual entity, with both the divisions maintaining their legal identity, and was in the market for exclusively financing TATA Motors vehicles. Subsequently TATA Finance was merged with TATA Motors and in April 2005 TMF became a division of TATA Motors.

KARUR VYSYA BANK:

The Karur Vysya Bank Limited popularly known as KVB was such one to be set up in 1916. Though it had inherited a regional flavour to start with, it has now spread its wings far wide with over 285 branches in 13 States and 2 Union Territories. The Bank has been conducting its affairs with meticulous care to be in conformance with all prudential norms and exacting statutory regulations.

KVB is one of the early banks to adhere to the norm of Capital Adequacy Ratio stipulated by RBI right from its introduction. The Bank has been maintaining a healthy Capital Adequacy Ratio of over 15% as against the mandatory norm of 9% prescribed by the RBI, which will take care of future asset growth.

PUNJAB NATIONAL BANK:

Punjab National Bank offers a wide variety of banking services which include corporate and personal banking, industrial finance, agricultural finance, financing of trade and international banking. Among the clients of the Bank are Indian conglomerates, medium and small industrial units, exporters, non-resident Indians and multinational companies. Punjab National Bank is serving over 3.5 crore customers through 4540 Offices including 421 extension counters - largest amongst Nationalized Banks. Another step taken by PNB in meeting the changing aspirations of its clientele is the launch of its Debit card, which is also an ATM card. It enables the card holder to buy goods and services at over 99270 merchant establishments across the country. Besides, the card can be used to withdraw cash at more than 25000 ATMs, where the 'Maestro' logo is displayed, apart from the PNB's over 1094 ATMs and tie up arrangements with other Banks.

1.2 REVIEW OF LITERATURE

G.Frizelle¹ et al conducted a study on One of the difficulties in developing a coherent operational strategy is to know how the various elements of a manufacturing system interact and to assess the relevant importance of each. Looks at the manufacturing systems and how complex they are. A measure which calculates the systems' complexity and the contribution from each operational source has been developed. It thus provides a

¹ E. Woodcock, *International journal of operation management*, Vol. 15. No. 5 (1995), pp. 26- 39

tool that can assist in a strategy development exercise by quantifying the problem areas on a common basis. The approach has been used at three manufacturing sites. The resulting analysis allowed the local management, in each case, to identify the key areas of weakness, in both the short and medium term. As such it gave each of them a possible starting-point from which to formulate an operational strategy.

Yokoyama.R² et al conducted a study on the optimal planning method proposed for the fundamental design of cogeneration plants. Equipment capacities and utility maximum demands are determined so as to minimize the annual total cost in consideration of the plants' annual operational strategies for the variations of both electricity and thermal energy demands. These sizing and operational planning problems are formulated as a nonlinear programming problem and a mixed-integer linear programming problem, respectively. They are solved efficiently in consideration of their hierarchical relationship by a penalty method. A numerical example about a gas turbine plant is given to ascertain the validity and effectiveness of the proposed method.

Lowson³ et al studied The correct choice, implementation and evolution of an operations strategy can provide considerable competitive advantage. However, how many organizations in the Fast Moving Consumer Goods (FMCG) industries really understand the components of such strategies and their power when properly deployed? Supply chain management, lean thinking, agile operations, quick response, virtual organization, time-based competition to name but a few, currently receive extensive coverage in management literature. But, what core competencies, management activities, resources and technologies comprise an effective operational strategy in a retail logistics context? From empirical research, we demonstrate that the various elements forming an operational strategy are often part of a distinct implementation pattern that can be customized at the level of individual product and/or customer behavior and replicates the complexity of the setting. The research aims to help management better understand demand and tailor a number of operational strategies to the behavior of that demand.

² Ito.k, Matsumoto. Y, *Journal of Engineering for Gas Turbines and Power* :1994 Jan 01 Vol/Issue: 116:1

³ Robert H. *International Journal of Logistics Management*, Vol 17, no 1, pp 97-111, 2001

Raphael Amit⁴ says an assessment of opponents' reactions to strategic and functional area policy decisions is shown to require knowledge concerning opponents' beliefs about the firm's behavior. This study introduces a methodology for incorporating such conjectures into the business planning process. It presents an analytical measure for these conjectural variations and discusses several illustrations. Examples of the application of the framework are provided by the Japanese flat glass industry and the U.S. domestic coffee roasting industry. The use of a broad range of conjectural variations in competitor analysis is discussed, and implications for business strategy formulation are highlighted.

Ming-Jer Chen⁵ studied Bridging two important subjects in strategy: competitor analysis and interfirm rivalry. Through a refined conceptualization of competitor analysis, introduces two firm-specific, theory-based constructs: market commonality, developed from the literature on multiple-point competition, and resource similarity, derived from the resource-based theory of the firm. The joint consideration of these two constructs shows the complementarity of these two prominent but contrasting strategy theories. Each firm has a unique market profile and strategic resource endowment, and a pair-wise comparison with a given competitor along these two dimensions will help to illuminate the prebattle competitive tension between these two firms and to predict how a focal firm may interact with each of its competitors.

D. F. Ryder⁶ et al studied a simple operational strategy is shown to offer a viable means of enhancing plasmid stability in manufacturing systems where plasmid loss is a common problem. Feedback control can be used to stabilize coexistence states, which are naturally unstable in the system investigated, and thus guarantee retention of the plasmid-carrying strain. The strategy exploits the normally undesirable characteristics of substrate inhibited growth kinetics, and is illustrated with specific reference to methanolutilizing

⁴ Ian Domowitz, Chaim Fershtman, *Strategic Management Journal*, Vol. 9. No. 5 (Sep. - Oct., 1988), pp. 431-442

⁶ D. DiBiasio, *An operational strategy for unstable recombinant DNA cultures*, Vol. 26, Issue 8 . Pages 942 - 947

organisms. Since the methodology may be easily implemented in practice, it offers an alternative to costly environmental methods such as antibiotic addition

Emilio Ruza⁷ argues that the design of successful marketing strategies requires knowledge of the competitive market structure as well as the competitive patterns that exist in the market. Only with this prior knowledge can we take the right decisions: by knowing which of our competitors would be most affected and which would have a greater influence on our results. In this paper, a demand model is presented as a useful means of performing competitive market analysis using store-level data. This model is aimed to demonstrate an easily manageable tool that can be used to conduct competitive market structure analysis and to analyze the competitive patterns that exist in that market structure.

1.3 STATEMENT OF THE PROBLEM

Due to the rapid infrastructural development the need for construction equipments are raising at an alarming rate. This is encouraging a large number of financiers to turn their focus on construction equipment financing. The success of new entrants in construction equipment financing highly depends on learning the operational strategies followed by different construction equipment financiers with experience in the field. Thus this is identified as a problem for study.

1.4 OBJECTIVES OF THE STUDY

- To study the factors considered for evaluating borrowers and guarantors.
- To identify the factors considered in choice of equipment and perception regarding standard equipments.
- To identify the core competencies as perceived by the construction equipment financiers

⁷ José M. Barreiro and Fernando Losada, *International Journal of Market Research*, Vol. 48, No. 2, 2006, pp.193-236

- To identify the promotional strategies adopted by the construction equipment financiers.
- To provide suggestions based on the findings.

1.5 SCOPE OF THE STUDY

The study is focused only on operational strategies followed by construction equipment financiers. The strategies include risk taken by financiers, the factors considered for evaluating borrowers and guarantors, marketing strategies followed by financiers, the factors considered in choice of equipment by financiers and the standard equipments preferred by different financiers. It is not applicable to commercial vehicle finance. This study has wide range of scope in both banking as well as non-banking sectors. The study consists of details of all companies dealing in construction equipment finance as well as their competitors therefore this study will be useful for all the companies involved in the study since they are competitors to each other. The areas of study include Coimbatore, Erode, Tripur, Dharapuram, Bangalore, Madurai, Thirunalvelli, Pondicherry, Vellore, Salem, Trichy, Ernakulam, and Kottayam.

1.6 METHODOLOGY

1.6.1 TYPE OF STUDY

The study made is descriptive in nature. It describes the operational strategies followed by various financiers, in various areas, in a specified period of time and a comparison is made.

1.6.2 SAMPLING DESIGN

It consists of sampling method and sampling size. The sampling method used is convenient method since there are a huge number of financiers available.

The sample size is 67 that include Coimbatore, Erode, Tripur, Dharapuram, Bangalore, Madurai, Thirunalvelli, Pondicherry, Vellore, Salem, Trichy, Ernakulam, and Kottayam.

1.6.3 METHOD OF DATA COLLECTION

The study involves both primary and secondary data. Primary data were collected with the help of interview schedule by direct contact with the officers, managers in the financing institutions. Secondary data are from brochures and websites

1.6.4 TOOLS OF ANALYSIS

The tools used are Percentage analysis and Mean score.

1.7 LIMITATIONS

- The study is focused only on construction equipment finance.
- The study is based on convenient sampling method and as such the findings cannot be generalized.

1.8 CHAPTER SCHEME:

Chapter 1: Introduction

The first chapter deals with the background, objectives, scope of the study, methodology used in data collection, limitations of the study and brief introduction of all the chapters.

Chapter 2: Organization Profile

The organization profile includes details on the history of the organization, management and organization structure, product profile, competitive strength of the company and a brief description on various functional areas of the organization, Swot analysis of the company, details of competitors, objects of the company, vision, mission, industry summary, business summary.

Chapter 3: Macro-Micro Economic Analysis

Macro-Micro analysis deals with the prevailing scenario of the organization with respect to its industry.

Chapter 4: Data analysis and Interpretation

The chapter mainly deals with various analysis using statistical tools and their inference.

Chapter 5: Conclusion

This includes the results and the discussions regarding the operational strategies of financiers. Recommendations and suggestions to be followed by new entrants are given.

CHAPTER - 2

ORGANISATION PROFILE

2.1 HISTORY OF THE ORGANIZATION

SFL is a RBI registered NBFC engaged in financing of commercial vehicles, infrastructure equipment and personal finance products for over 50 years. SFL was promoted in 1955 by Dr. N. Mahalingam, promoter of the Coimbatore based Sakthi Group. SFL was formed with an objective of providing hire-purchase assistance to truck operators where it derives certain advantages from the group's dealership business as well as its experience in the transport sector.

The company was promoted during the year 1955 as "The Pollachi Credit Society Private Limited". On 27th July 1967 the Company was converted into a Public Limited Company. Sakthi Finance Limited is engaged in the retail finance business. Company's business currently involves Acceptance of deposits, Non-Convertible Debentures, Hire Purchase Financing of commercial vehicles, Machinery etc., Mortgage Financing, and other finance related activities with its main focus on the Financing of commercial vehicles. The total deposits mobilised by the company crossed Rs.100 crore marks in the year 1991. The company is principally engaged in hire purchase and leasing business. In compliance of the regulations, the company reduced the deposit base to less than Rs.100 crores and the deposit as on 31st March 2007 stood at Rs. 8186 lacs.

As a result of the reduction in fund base, the stock on hire also dropped to Rs.11941.68 lakhs in 2001, but gradually increased to Rs.20418 lacs in 2006-07. At present the Company has 25 branches in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Pondicherry and Delhi.

Currently, SFL is an independent multi-line finance company which focuses mainly on two product lines in finance segment viz. – Commercial Vehicles and Infrastructure equipment. SFL at present has 25 branches concentrated mainly in Southern India. The client base of SFL predominantly consists of small vehicle operators. Customers are usually provided 75% to 80 % of the market value of the asset. The loans are secured by hypothecation of the assets financed

2.2 MANAGEMENT:

BOARD OF DIRECTORS

The Board of Directors consists of seven members, out of which one is a Managing Director and six are Non-Executive Directors. The Board has a Non-Executive Chairman and the number of independent directors is more than one-third of the total number of directors. The Board has constituted four committees, namely, Audit Committee, Remuneration Committee, Shareholders'/ Investors' Grievance Committee and Asset Liability Management Committee. The details of the Board of Directors of the company are given below:

Sri M Manickam, Chairman

Sri M Manickam (51 Years), Chairman of the Company holds a Masters Degree in Statistics from Madras University and a Masters Degree in Business Administration from Michigan State University, USA. He has experience of about 25 years in the field of Business and industries. He plays an advisory role in SFL. He is Vice Chairman and Managing Director of Sakthi Sugars Limited. He is also Chairman and Managing Director of Sakthi Auto Component Limited. He was the President of Indian Sugar Mills Association (1996-97). He is also a member of Temple Administration Council (Hindu Religious and Charitable Endowments – Coimbatore District).

Sri M Balasubramaniam, Vice-Chairman and Managing Director

Sri M Balasubramaniam (49 Years), Vice-Chairman and Managing Director of the Company, holds Masters degree in Commerce and a Masters Degree in Business Administration from Notre Dame University, USA. He joined SFL as a Director in the year 1985 and has been associated with SFL, since then. He was the Chairman of Coimbatore Zone of Confederation of Indian Industry and was also a member of the Management Committee of Coimbatore Management Association.

Sri M Srinivaasan

Sri M Srinivaasan (40 Years), Director of the Company holds a Bachelor's Degree in Engineering from Karnataka University and a Masters Degree in Business Administration from USA. He has been the Managing Director of Sri Chamundeswari Sugars Limited since 1996. He has experience of about 10 years in the field of Sugar

Industry. He was the President of South India Sugar Mills Association, Karnataka between 1997 and 1999.

Sri S A Murali Prasad

Sri S A Murali Prasad (66 Years), Director of the Company holds a Masters Degree in Commerce from Madras University, an Associate Member of The Institute of Chartered Accountants of India and The Institute of Cost & Works Accountants of India. Earlier he held senior positions in Chemplast Sanmar Ltd formerly known as Chemicals and Plastics (India) Ltd. He has been practising as a Management Consultant for nearly 3 decades and is a consultant to many reputed companies in the areas of Finance, Accounting, Information Technology etc.

Sri A Shanmugasundaram

Sri A Shanmugasundaram (71 Years), Director of the Company is an Intermediate. He has got vast experience in many industries such as Automobiles, Tyre-retreading, Consumer Durables, Agriculture etc. He is the Managing Director of Anamallais Retreading Company Private Limited and Managing Partner of N Mahalingam & Co.

Dr A Selvakumar

Dr A Selvakumar (52 Years), Director of the Company holds a Masters Degree in Engineering from Guindy Engineering College, Chennai and a Doctorate in Engineering from Canada. He was working as a Project In-charge at Naval Engineering Test Establishment in Canada. At present he is the Joint Correspondent of Kumaraguru College of Technology, Coimbatore

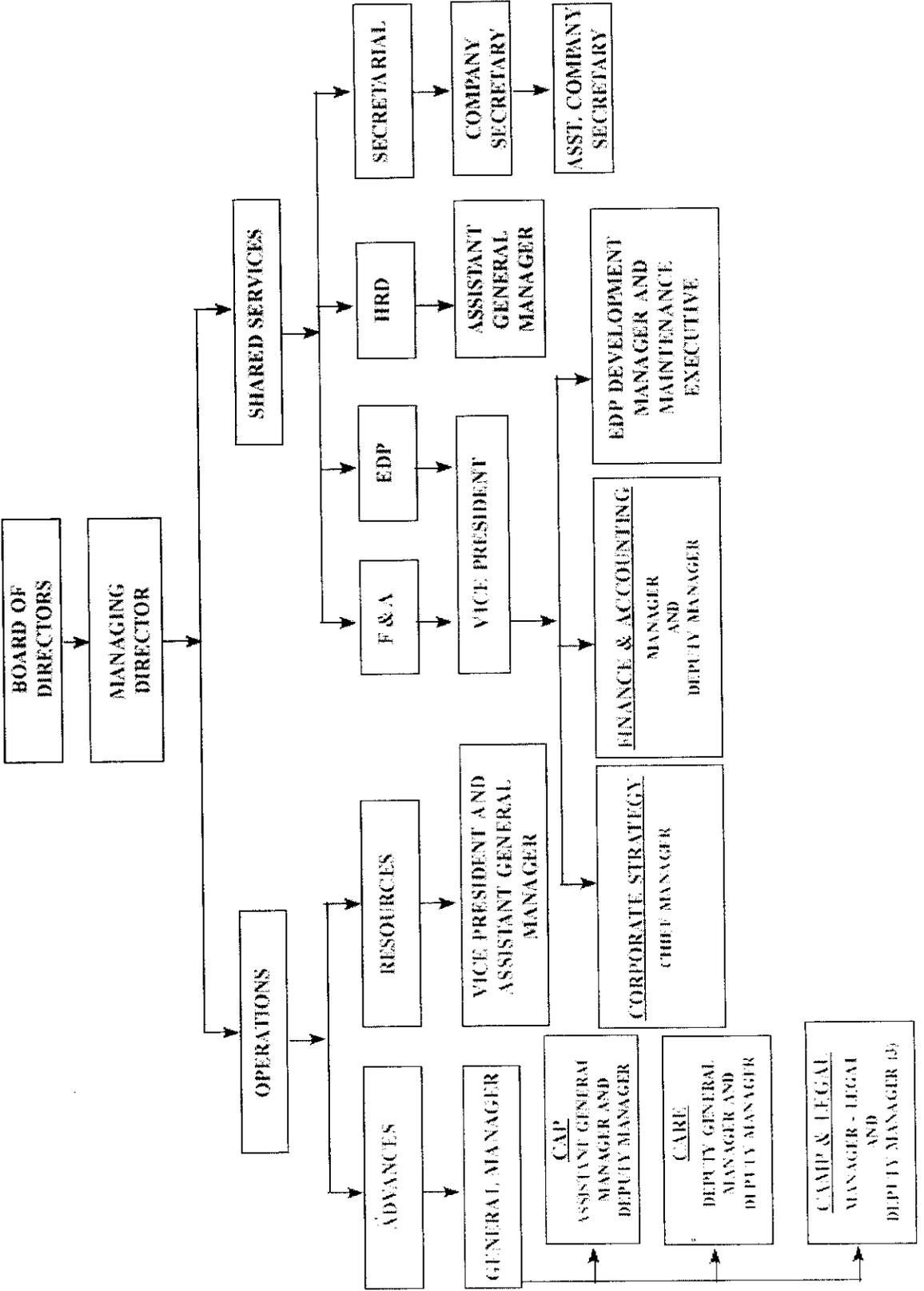
Sri P S Gopalakrishnan

Sri P S Gopalakrishnan (71 Years), Director of the Company holds a Graduate degree in Commerce and Law. He is also an Associate member of the Institute of Bankers, London. He was the former Chairman of IFCI Limited, Indian Overseas Bank and Oriental Bank of Commerce and has experience in the field of finance and banking.

RELATIONSHIP AMONG DIRECTORS

Dr. N Mahalingam is the father of Mr. M Manickam, Mr. M Balasubramaniam and Mr. M Srinivaasan. Mr. A Shanmugasundaram is the brother-in-law of Dr.N Mahalingam. Besides this none of the directors are related.

ORGANISATION STRUCTURE



2.4 PRODUCT PROFILE:

SFL is engaged in providing finance for commercial vehicles and equipments.

Infrastructure Equipment Finance:

SFL has entered in the financing of Infrastructure equipment and earth moving machines in order to diversify its portfolio. Government has proposed incentives for industries engaged in the infrastructure development. These incentives may give SFL an opportunity to improve in this line of business on account of the potential in equipment financing, as there is scope for growth in this business

Commercial Vehicle Finance:

Providing finance for the Commercial Vehicles forms the core business of SFL. SFL provides finance for new as well as used commercial vehicles. The strategy of the company is to engage in niche segment of commercial vehicle refinance business. Very few organized players have entered into commercial vehicle refinance business wherein the age of the truck is more than 5 to 6 years. The average loan size for commercial vehicles varies from Rs. 2.00 Lakhs to Rs. 4.00 Lakhs and the tenure is from 24 Months to 36 Months.

2.5 COMPETITIVE STRENGTH OF THE COMPANY

- Part of the Rs 1200 crore Sakthi Conglomerate which was founded in the year 1935.
- One of India's oldest NBFCs.
- A deep understanding of the transport industry has made Sakthi one of the most trusted names in financing for commercial vehicles.
- A wide variety of loans for cars, commercial vehicles, plant machinery and equipment are available.
- One of the first companies to introduce used vehicle financing.
- Sakthi Finance Ltd has 20 branches spread all over India.
- Over 1,00,000 happy customers and still growing.

2.6 FUTURE PLANS OF THE COMPANY

- The process of setting up software for maintaining electronic database is in progress.

- To electronically appraise the upcoming credit proposals with the newly build software is done.
- To stretch its market to open new branches in South India.

2.7 DESCRIPTION OF VARIOUS FUNCTIONAL AREAS

Lending and Collections

The processes involved in lending activity are enumerated below:-

1. Customer Acquisition and Retention (CARE):

Marketing Officers identify good customers who intend to borrow and collect their profiles. If the profile of the borrower matches with the requirements of the company, the executive decides whether the loan to the applicant should be extended or not.

2. Customer Appraisal Process (CAP):

Appraising the profiles of all in borrowers and selecting the right borrowers who have the capacity and intention to repay the loan is done here. The Appraisal process is centralized at the Head Office. This department carries out the appraisal process faster since all the branches are linked through internet. The funds are advanced and the necessary documentations are completed here.

3. Customer and Asset Management Process (CAMP): There is a team at Head Office which is continuously monitoring the recovery and offers support to branches on exceptional accounts which pose collection problems. The critical success factor of an NBFC is its ability to manage the advance portfolio and recover the money lent on due dates.

Human Resources

Break-up of the present manpower in the Company:

Category No of Employees

Executives

Top Management- 6

Senior Management- 11

Middle Management- 34

Executives- 146

Non-Executives

Skilled/ Staff- 28

Non Skilled -17

Total 242

MAIN OBJECTS OF THE COMPANY:

As set out in the Memorandum and Articles of Association of the Company

1. To lend and to advance money or grant loans on any terms that may be thought fit with or without security to persons, firms, individuals, companies, local bodies or Government and particularly to customers and other persons having dealings with the Company.
2. To promote, assist in promoting, finance, aid, procure aids, manage, takeover or create any undertaking whether existing or new.
3. To act as Secretaries and financiers to enterprises.
4. To act as an issue house, Registrars and Share Transfer Agents, Financial Advisers, Technical Consultants, System Analysts and Data Processors.
5. To purchase, sell, exchange, deal in or invest in shares, debentures, bonds, Stocks of Joint Stock Companies, firms, local bodies or of Government.
6. To carry on the business of Underwriters, Sub-underwriters, Brokers, Managers, Advisors, Consultants to issue of shares, debentures, bonds, fixed deposits and other securities and of syndication of loans, project finance, working capital facilities and deferred payment facilities.

COMPETITORS OF SAKTHI FINANCE

The following are the competitors of Sakthi Finance Limited as given by the company. It includes

1. HDFC
2. ICICI
3. MAGMA FINANCE
4. SUNDARAM FINANCE
5. CENTURIAN BANK
6. INDUSIND
7. KOTAK MAHENDRA
8. SREI FINANCE
9. CITI BANK
10. TATA MOTOR FINANCE

CHAPTER 3

MACRO-MICRO ANALYSIS

Demand for infrastructure and construction equipment is set to increase. The Eleventh Plan, entailing an investment of about \$492 billion on infrastructure projects alone, is likely to be the main growth driver.

Companies in the engineering and construction sectors have never had it better. With increasing allocation of funds towards infrastructure development, the fortunes of these companies have changed dramatically. The spill-over effect from these investments has also pepped up the outlook for the equipment industry. Offering a proxy play on the infrastructure growth story of India, the equipment industry appears set to grow at a blistering pace.

While the stocks in this segment enjoy premium valuations, the burgeoning order books stand testimony to strong prospects. What are the demand accelerators for this industry? How are the companies planning to take advantage of the demand? What are the key factors that will determine their success? Here are a few takes on the underlying trends.

Growth drivers in place:

Demand for infrastructure and construction equipment (ICE) is set to increase, given the growing thrust on infrastructure development. The Eleventh Five Year Plan, entailing an investment of about \$492 billion on infrastructure projects alone, is likely to be the main growth driver (incremental investment of about \$40 billion annually).

While this will directly benefit engineering and construction companies, it will also buoy the demand outlook for the equipment industry. In addition to this, the fact that equipment costs typically constitute about 4-24 per cent of the total project cost also brings to fore the growth that this industry could witness. Notably, the equipment industry has grown by about 25-30 per cent annually over the past couple of years.

The availability of easy credit options to purchase infrastructure and construction equipment is also a positive. While in the past larger companies (equipment users) enjoyed easier access to credit from the big banks and other financial institutions, their smaller counterparts were not as lucky in tapping capital, and often forced to postpone

their purchases. This scenario has changed with the emergence of equipment financing companies with focus on small and medium-sized contractors. Such financing options will not only help these companies get easier access to financing solutions but will also help expedite their purchase decisions.

For instance, the presence of companies such as SREI Infrastructure and Finance, Birla Global Finance and Cholamandalam DBS Finance, which cater to small and medium-sized contractors, has widened the financing options for the user companies. Interestingly, SREI also provides assistance to its customers throughout the lifecycle of the equipment. However, given the strong demand scenario, financing options in the market leave sufficient scope for expansion.

Going forward, exports can emerge as a strong growth driver, given the current domestic market bias of these companies. In this context, evolution of R&D capabilities and an established low-cost manufacturing base are likely to act as enablers. However, given the blistering growth in domestic demand, it could well take a few years before these companies decide to increase focus on exports.

Equipment rentals – the next trend:

The purchase decisions of ICE also depend on the criticality of their function to the user's business operation. In contrast to equipment acquisition, which burdens the purchaser's balance sheet, hiring or leasing options by equipment rental companies for not-so-critical equipment offers an easier option for the user. Predominantly unorganised, the rental businesses could witness more action given the flexibility they provide the users.

In the organised market, players such as Quipo Equipment Rental and Sanghvi Movers have established their presence. Sanghvi, which rents out cranes, has a fleet size of about 260 cranes and enjoys a 50 per cent market share in the segment. Quipo has set up equipment banks across the country and provides equipment on rent. Additionally, it takes deposits of idle equipment and provides returns thereon to owners on their idle assets. The business model of Quipo, promoted by SREI Infrastructure and Finance with Ingersoll Rand, Swedfund and L&T as key stakeholders, has gained popularity. Its association with Ingersoll and L&T has also benefited the company by way of discounts on equipment purchases, after-sales support services and joint market development for

rental services. Gremach Infrastructure Equipments and Projects is another player that rents out construction and earth-moving equipment.

Funding capacity expansion:

Most of the ICE companies, in order to meet the rising demand, have embarked on capacity expansion. While the expansion in capacity has predominantly been focused on existing offerings, a few companies have also sought to expand their product portfolios. The funding of these capex plans has seen a differing trend across companies.

While companies such as Action Construction Equipment and Gremach Infrastructure tapped the primary market via an initial public offering, Bharat Earth Movers raised funds through a follow-on public offer. Given the overwhelming response to the public offers of these companies, more such companies could tap the primary market. Material-handling company Tecpro Systems, for instance, is slated to go the IPO way soon. Some companies, however, went the private equity way. Escorts Construction Equipment raised about \$17 million from US-based Darby Overseas Investments. Quipo was another company that chose the private equity route; it attracted funding of about \$50 million from GIC of Singapore and IDFC. Sanghvi Movers has also used debt to fund its expansion. Notably, Indian subsidiaries of MNC players have attracted increased investments from their parent company.

Foreign companies – eyeing the Indian pie:

Given the growth prospects of this industry, it is not surprising that MNCs have marked their presence in this segment.

While some have set up Indian subsidiaries, others have formed strategic alliances with domestic players. The UK-based JCB and Germany-based Schwing Stetter have established proprietary businesses in the country. Notably, the Indian subsidiaries of both these firms have raked in significant business over the recent years — JCB India, for example, has evolved to become the group's largest market, having recorded four times' increase in sales over the last five years. Alternately, companies such as Terex Vectra, a 50:50 joint venture between Terex Corporation of the US and Vectra Ltd of the UK, have also etched their presence. Joint ventures and strategic tie-ups between global and domestic players has also been a popular model. While global equipment leader Caterpillar has an alliance with GMMCO, Komatsu has tied up with L&T. Hitachi

Construction holds a 40 per cent stake in Telco Construction Equipment Company. This space could see more action with more foreign companies announcing plans to enter the Indian market. For instance, Scania of Sweden has announced its India entry with a tie-up with L&T. Yanmar Construction Equipment Company of Japan has also announced its India foray.

Critical success factors:

The entry of several players in this space, while good for market expansion, has also increased the competition for existing domestic players. Further, increasing imports from low-cost countries such as China could also add to the pressure. In the light of increase in competition, factors such as distribution network, technology tie-ups, pricing strategies and after-sales service can emerge as key differentiators. While multinational companies have an edge over domestic ones, when it comes to technology, the latter scores in terms of the reach of their distribution network. Raw material cost, going forward, could also emerge as a significant challenge. In this context, global players with presence across various countries could be at an advantage if the cost dynamics were to shift in favor of some other country.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

The operational strategies of institutions that provide loan for construction equipments are analysed. It includes both banking and non banking institutions. Banking institutions are HDFC, ICICI, Centurion, Indusind, Canara, SBI, Syndicate, Citi Bank, Punjab National Bank and Karur Vysya Bank. Non banking institutions are Kotak Mahindra Finance, Sundram Finance TATA Motor Finance, Dhandapani Finance, Sakthi finance and Shriram finance. Shriram Finance, Canara Bank, Dhandapani Finance Karur Vysya Bank, Punjab National Bank, State Bank of India, Sakthi Finance and Syndicate Bank are classified under the heading “others”.

4.1 PROFILE OF CONSTRUCTION EQUIPMENT FINANCIERS

The following tables and respective interpretations describe the profile of different financing companies and banks considered for the study. The profile includes their experience in construction equipment financing, their perceived market share in new and used equipment financing.

4.1.1 YEARS OF EXISTANCE IN CONSTRUCTION EQUIPMENT FINANCE

The table no.1 describes the experience of different financiers in the field of financing for construction equipments. From the table the experience of different financiers are inferred as below

Majority of HDFC (85.7%), ICICI (66.67%), Kotak Mahindra Finance (66.67), Centurion (80%), Citi (100%) and Most of Other institutions (41.67%) also have 6 to 10 years of experience. Majority of Sundaram finance (50%), Indusind (37.5%) and TATA (100%) has 1 to 5 years of experience.

4.1.2 PERCEIVED MARKET SHARE IN NEW EQUIPMENT FINANCING

The table no.2 describes the percentage of market share provided by different financiers for new equipment. The inferences from the table are

Majority of HDFC Bank (57.2%), Other banks (58.3%) and most of Sundaram Finance (37.5%) have 1 to 10 percentage of market share in new equipment financing. Majority of Centurion Bank (60%) and most of ICICI Bank (33.33%), Indusind (37.5%) have 11 to

Table-2 PERCEIVED MARKET SHARE IN NEW EQUIPMENT FINANCING

No. of respondents																	
HDFC	%	ICICI	%	Sundaram	%	Centurion	%	Axisbank	%	Kotak	%	CU	%	DATA	%	Others	%
4	57.2	1	11.11	3	37.5	1	20	2	25	2	22.22	-	-	-	-	7	58.3
1	14.3	3	33.33	1	12.5	3	60	3	37.5	1	11.11	-	-	-	-	1	8.33
2	28.6	1	11.11	2	25	1	20	1	12.5	3	33.33	2	66.67	2	33.33	3	25
-	-	2	22.22	-	-	-	-	1	12.5	3	33.33	1	33.33	1	16.67	1	8.33
-	-	1	111.1	2	25	-	-	1	12.5	-	-	-	-	3	50.03	-	-
7	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

20 percentage of market share in new equipment financing. Majority of Citi Bank (66.67%) and most of Kotak Mahindra Finance (33.33%) have 21 to 30 percentage of market share in new equipment financing. Most of Kotak Mahindra (33.33%) also has 31 to 40 percentage of market share in new equipment financing. Majority of TATA Motor finance (50%) has above 40 percentage of market share in new equipment financing.

4.1.3 PERCEIVED MARKET SHARE IN USED EQUIPMENT FINANCING

The table no.3 describes the percentage of market share provided by different financiers for used equipment. The inferences from the table are

Majority of HDFC Bank (71.4%), Sundaram Finance (62.5%), Other banks (58.3%) and most of ICICI (33.33%), Indusind (37.5%), Kotak Mahindra Finance (44.44%), Centurion Bank (40%) have 1 to 10 percentage of market share in used equipment financing. Majority of TATA Motor Finance (50%) and most of ICICI Bank (33.33%), Centurion Bank (40%), have 11 to 20 percentage of market shares in used equipment financing. Majority of Citi Bank (66.67%) and most of Indusind (37.5%) have 21 to 30 percentage of market share in used equipment financing.

4.1.4 PERCEPTION REGARDING FUTURE INVESTMENTS:

The table no.4 shows the future investments in construction equipment financing by different financiers. This will enable us to identify whether there is an increase in the competition level in construction equipment financing market. The inferences from the table are

Majority of Citi banks (80%) have planned to invest 1 to 10 crores in future. Majority of ICICI (55.55%) Centurion (50%) and most of Centurion bank (40%) and Kotak Mahindra finance (33.33%) have plans to invest 21 to 50 crores in future. Most of HDFC (42.8%), Centurion (40%) and Indusind bank (42.8%) have plans to invest 51 to 100 crores in future, majority of other banks (50%) and most of TATA Motor Finance (33.33%) and Kotak Mahindra Finance (33.3%) have 101 to 200

The table no.4 shows that 44 companies among the 67 respondents do not invest in construction equipments in future. And among the investing companies 8 companies invest 21 to 50 crores and other 8 invest 51 to 100 crores.

Table-3 PERCEIVED MARKET SHARE IN USED EQUIPMENT FINANCING

No. of respondents																	
HDFC	%	ICICI	%	Sundaram	%	Genarion	%	Indhiana	%	Booth	%	CIH	%	FAAS	%	Others	%
5	71.4 ✓	3	33.33	5	62.5 ✓	2	40	3	37.5	4	44.44 ✓	1	33.33	1	16.67	7	58.3
2	28.6	3	33.33 ✓	-	-	2	40 ✓	1	12.5	2	22.22	-	-	3	50 ✓	-	-
-	-	2	22.22	1	12.5	1	20	3	37.5	3	33.33	2	66.67 ✓	2	33.33	3	25
-	-	1	11.11	1	12.5	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	1	12.5	-	-	1	12.5	-	-	-	-	-	-	2	16.66
7	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

Table-4 PERCEPTION REGARDING FUTURE INVESTMENTS

No. of respondents																	
	HDFC		ICICI		Sundaram		Centurion		Indusind		Citi		Axis		Others		
	%		%		%		%		%		%		%		%		
1	14.2	-	-	1	12.5	1	-	1	14.2	-	2	80	1	16.66	1	8.33	
1	14.2	-	-	-	-	1	14.2	1	14.2	2	22.22	-	1	16.66	-	-	
1	14.2	5	55.55	4	50	2	40	1	-	3	33.33	-	1	16.66	1	8.33	
3	42.8	3	33.33	2	25	2	40	3	42.8	1	11.11	-	1	16.66	4	33.33	
1	14.2	1	11.11	1	12.5	1	20	2	28.5	3	33.33	1	2	33.33	6	50	
7	100	9	100	8	100	5	100	8	100	9	100	3	6	100	12	100	

4.2. FACTORS CONSIDERED FOR EVALUATING BORROWERS:

The table 5 shows the factors considered for evaluating the borrowers and their importance as perceived by the financiers. The factor with highest importance is ranked one. The next important is 2 and so on. The inferences from the table are

HDFC Bank:

Track record of repayment of loans is considered important among all the other factors for evaluating borrowers. The next important is financial statements. The least importance is given to collateral securities.

ICICI BANK:

Track record of repayment of loans is considered important among all the other factors for evaluating borrowers. The next important is financial statements. The least importance is given to guarantors and nature of customers.

Sundaram Finance:

Nature of customer and future contracts are considered as most important factor for evaluating borrowers. The next important is financial statements. The least important is collateral securities.

Centurion Bank:

This institution considers financial statements and Track record of repayment of loans as the most important factors for evaluating borrowers. The next importance is given to earning capacity of equipments and number of contracts completed. The least importance is given to collateral securities.

Indusind Bank:

This institution considers Track record of repayment of loans as the most important factor for evaluating borrowers. The next importance is given to financial statements. The least importance is given to percentage of owner's contribution.

Kotak Mahindra Finance:

This institution considers Track record of repayment of loans as the most important factor for evaluating borrowers. The next importance is given to experience in business. The least importance is given to other factors.

Table-5 FACTORS CONSIDERED FOR EVALUATING BORROWERS

Factors	Mean score																	
	Rate	Rank	Eq	Rank	Sundaram	Rank	Construction	Rank	Industrial	Rank	Other	Rank	Oil	Rank	ITVA	Rank	Other	Rank
lements	2.60	2	2.43	2	2.33	2	2.00	1	2.25	2	3.33	7	1	1	3	3	4.67	10
cts completed	3.04	3	3.14	6	3.57	4	2.50	2	2.57	4	3.86	9	2	2	4	5	3.17	3
quipment	3.54	9	2.67	4	2.50	3	3.67	3	4.00	9	3.00	5	3	3	2.5	2	4.00	8
ity of equipment	3.10	5	3.00	5	3.67	7	2.25	2	2.86	5	2.83	4	5	6	-	-	4.17	9
3.47	8	5.00	9	3.60	6	5.00	5	3.67	8	3.50	7	8	-	-	2.5	2	3.75	7
3.18	6	3.00	5	-	-	4.00	4	3.33	7	2.50	3	3	3	4	5	1.80	1	
4.50	13	-	-	-	-	2.00	1	-	-	7.00	13	-	-	-	-	-	-	-
3.92	10	3.33	7	5.00	8	4.00	4	-	-	6.00	12	-	-	4.5	6	3.25	4	
of repayment of loans	2.17	1	1.71	1	3.00	5	2.00	1	2.20	1	2.13	1	3.33	4	1	1	2.71	2
4.05	12	5.00	9	1.00	1	5.00	5	5.00	10	4.00	10	10	-	-	5	7	3.60	6
3.06	4	2.50	3	1.00	1	5.00	5	3.00	6	3.25	6	6	4	5	-	4	8	
4.20	11	4.00	8	2.33	2	5.00	5	5.50	11	5.00	11	11	-	-	3.25	4	7	11
3.36	7	4.00	8	3.00	5	-	-	2.50	3	2.33	2	2	5	7	4	5	3.33	5

Citi Bank:

This institution considers financial statements as the most important factor for evaluating borrowers. The next importance is given to number of contracts completed. The least importance is given to experience in business.

TATA Motor Finance:

This institution considers Track record of repayment of loans as the most important factor for evaluating borrowers. The next importance is given to type of the equipment. The least importance is given to nature of customer.

Others:

Rest of the financiers preferred viability of the project as the most important factor and Track record of repayment of loans as the second important factor and percentage of owner's contribution as the least important factor.

In all we can interpret that track record of repayment of loans is considered as very important factor in evaluating the borrowers by majority of the institutions. The next importance is given to correctness of financial statements. The least ranked factor is nature of the customer.

4.2.1FACTORS CONSIDERED FOR EVALUATING GUARANTORS:

The table 6 shows the factors considered for evaluating the guarantors for borrowers and their importance as perceived by different financiers. The factor with highest importance is ranked one. The next important is 2 and so on. The inferences from the table are

HDFC Bank:

Profile of the guarantor is considered important among all the other factors for evaluating guarantors. The next important is Track record of repayment of loans. The least importance is given to reputation and proprietary ownership of assets.

ICICI BANK:

Track record of repayment of loans is considered important among all the other factors for evaluating guarantors. The next important is experience in business. The least importance is given to similar line of business.

Table-6 FACTORS CONSIDERED FOR EVALUATING GUARANTORS

Mean score																	
HDFC	Rank	ICICI	Rank	Sundaram	Rank	Centurion	Rank	Indusind	Rank	Axis	Rank	City	Rank	IAFA	Rank	Others	Rank
3.00	5	2.33	4	1.80	2	2.00	3	3.00	5	3.60	5	3.00	3	3.25	6	2	2
2.00	3	3.00	6	3.00	5	3.50	6	1.50	1	2.17	3	2.33	2	1.75	2	2	2
1.60	1	2.17	3	2.00	3	2.25	4	2.33	3	2.67	4	3.00	3	2.50	3	2	2
2.50	4	2.00	2	1.00	1	1.50	2	1.80	2	1.40	1	5.00	4	3.00	5	2	2
1.86	2	1.71	1	2.14	4	2.40	5	2.40	4	1.86	2	1.00	1	1.00	1	2.17	3
3.00	5	2.50	5	2.00	3	1.00	1	2.33	3	3.67	6	-	-	2.67	4	1.75	1

Sundaram Finance:

Experience in business is considered as most important factor for evaluating guarantors. The next important is proprietary ownership of assets. The least important is similar line of business.

Centurion Bank:

This institution considers reputation as the most important factor for evaluating guarantors. The next importance is given to experience in business. The least importance is given to similar line of business.

Indusind Bank:

This institution considers similar line of business as the most important factor for evaluating guarantors. The next importance is given to experience in business. The least importance is given to percentage of owner's contribution.

Kotak Mahindra Finance:

This institution considers Track record of repayment of loans as the most important factor for evaluating guarantors. The next importance is given to experience in business. The least importance is given to proprietary ownership of assets.

Citi Bank:

This institution considers Track record of repayment of loans as the most important factor for evaluating guarantors. The next importance is given to similar line of business. The least importance is given to experience in business.

TATA Motor Finance:

This institution considers Track record of repayment of loans as the most important factor for evaluating guarantors. The next importance is given to similar line of business. The least importance is given to proprietary ownership of assets.

Others:

Rest of the financiers preferred reputation as the most important factor and proprietary ownership of assets, similar line of business profile of guarantors, experience in business as next equally important factor in evaluating guarantors for borrowers.

In all we can interpret that track record of repayment of loans of guarantor is considered as very important factor in evaluating the borrowers by majority of the

financiers. The next important is experience in business. The least ranked factor is Proprietary ownership of assets.

4.3 FACTORS DETERMINING CHOICE OF EQUIPMENT

The table 7 shows factors considered for choice of equipment by different financiers and their individual ranking and their importance as perceived by the competitors. The factor with highest importance is ranked 1. The next important is 2 and so on. The inferences from the table are

HDFC Bank:

Economy of scale is considered important among all the other factors for choosing equipment to finance. The next important is standard equipments. The least importance is given to economy of operations.

ICICI BANK:

Standard equipment is considered important among all the other factors for choosing an equipment to finance. The least importance is given to economy of operations.

Sundaram Finance:

Resale value is considered as most important factor in choosing equipment to finance. The next important is machinery profile. The least important is economy of scale.

Centurion Bank:

This institution considers resale value as the most important factor in choosing an equipment to finance. The next importance is given to earning pattern. The least importance is given to economy of scale and economy of scope.

Indusind Bank:

This institution considers standard equipments as the most important factor in choosing an equipment to finance. The next important is machinery profile. The least importance is given to usage pattern.

Kotak Mahindra Finance:

This institution considers machinery profile as the most important factor in choosing an equipment to finance. The next importance is given to earning pattern. The least importance is given to economy of scope.

Table-7 FACTORS DETERMINING CHOICE OF EQUIPMENT

Factors	Mean score																	
	HDFC	Rank	ICI	Rank	Sundaram	Rank	Centurion	Rank	Industrial	Rank	SBI	Rank	Axis	Rank	TATA	Rank	Old	Rank
Profile	4.17	7	2.67	3	2.33	2	2.75	4	2.14	2	2.00	1	3.00	4	3.00	6	2.13	1
Operations	4.25	8	4.29	8	2.75	4	4.00	5	3.00	4	3.83	6	5.00	7	3.00	5	3.00	3
	4.00	6	3.00	4	3.67	6	4.00	5	5.00	9	3.67	5	4.33	6	3.00	4	3.33	5
Fin	3.00	5	3.83	6	2.40	3	2.60	2	3.67	6	2.67	2	4.00	5	3.67	7	3.00	3
Equipment	1.60	2	1.14	1	4.00	7	2.67	3	1.33	1	3.50	4	1.50	2	1.00	1	2.50	2
Equipments	2.00	3	3.00	4	3.50	5	2.67	3	2.50	3	3.83	6	-	-	3.00	3	3.13	4
	2.33	4	2.50	2	1.67	1	2.25	1	3.29	5	3.33	3	1.33	1	1.60	2	3.83	6
Finance cost	2.00	3	3.00	4	4.00	7	-	-	3.00	4	4.50	8	-	-	-	-	4.20	7
Scale	1.00	1	3.67	5	5.00	8	5	6	4.50	7	10.00	9	2.00	3	-	-	5.00	8
Scope	2.00	3	4	7	3.50	5	5	6	5.00	8	4.00	7	3.00	4	5.00	8	-	-

Citi Bank:

This institution considers resale value as the most important factor in choosing an equipment to finance. The next importance is given to standard equipments. The least importance is given to economy of operations.

TATA Motor Finance:

This institution considers standard as the most important factor in choosing equipment to finance. The next importance is given to resale value. The least importance is given to economy of scope.

Others:

Rest of the financiers preferred machinery profile as the most important factor and standard equipments as next important factor in choosing an equipment to finance.

In all we can interpret that Standard equipments is considered as very important factor in choice of equipment. The next important is Machinery profile.

4.3.1 PERCEPTION REGARDING STANDARD EQUIPMENTS

The profitability of construction equipments largely depends on the performance of the machinery. Thus financiers depend only on standard equipments to finance. Different financiers consider different manufacturers as standard. The following tables and respective interpretations describe the standard manufacturers of various construction equipments preferred by financiers.

4.3.1.1 STANDARD EQUIPMENTS IN TIPPERS AND DUMPERS

The tables 8 describe the first three preferences of different financiers in Tippers and Dumpers.

STANDARD EQUIPMENTS IN TIPPERS AND DUMPERS: FIRST PREFERENCE

The inferences are

HDFC Bank:

57.1% of respondents preferred TATA as the first preferred standard equipment in Tippers and Dumpers and 42.9% of HDFC respondents preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers.

Table- 8 STANDARD EQUIPMENTS IN TIPPERS AND DUMPERS: FIRST PREFERENCE

No. of respondents														
	HDFC %	ICICI %	Sundaram %	Canara %	Industrial %	South %	ICICI %	South %	ICICI %	South %	ICICI %	South %	Others %	
CGIS	3	42.9	5	55.6	7	87.5	5	55.6	2	66.7	5	83.3	3	25
	-	-	-	-	-	-	-	-	-	-	-	-	3	25
	-	-	1	11.1	-	-	-	-	-	-	-	-	-	-
A	-	-	-	-	1	12.5	-	-	-	-	-	-	-	-
	4	57.1	3	33.3	1	12.5	4	44.4	1	33.3	1	16.7	6	50
	7	100	9	100	8	100	9	100	3	100	6	100	12	100

ICICI BANK:

55.6% of ICICI respondents preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 33.3% of respondents preferred TATA as the first preferred standard equipment in Tippers and Dumpers.

Sundaram Finance:

87.5% of Sundaram Finance respondents preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 12.5% of respondents preferred TATA as the first preferred standard equipment in Tippers and Dumpers.

Centurion Bank:

60% of respondents preferred TATA as the first preferred standard equipment in Tippers and Dumpers and 40% of Centurion Bank respondents preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers.

Indusind Bank:

87.5% of respondents of Indusind Bank preferred Ashok Leyland as the first preferred standard equipment for Tippers and Dumpers and 12.5% respondents preferred Mahindra as the first preferred standard equipment in Tippers and Dumpers.

Kotak Mahindra Finance:

55.6% of Kotak Mahindra Finance respondents preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 44.4% of respondents preferred TATA as the first preferred standard equipment in Tippers and Dumpers.

Citi Bank:

66.7% of respondents of Citi bank preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 33.3% of respondents preferred TATA as the first preferred standard equipment in Tippers and Dumpers.

TATA Motor Finance:

83.3% of respondents of TATA Motor Finance preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 16.7% of respondents preferred TATA as the first preferred standard equipment in Tippers and Dumpers

Others:

25% of respondents of other banks preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 25% of respondents preferred TATA.

In all Ashok Leyland is the first preferred manufacturer of Tippers & dumpers with 59.7% with 40 respondents. The next first preferred manufacturer is TATA with 34.3% i.e. 23 respondents.

STANDARD EQUIPMENTS IN TIPPERS AND DUMPERS: SECOND PREFERENCE

The inferences are

HDFC Bank:

42.9% of HDFC respondents preferred Ashok Leyland as the second preferred standard equipment in Tippers and Dumpers and 42.9% of respondents preferred TATA as the second preferred standard equipment in Tippers and Dumpers

ICICI BANK:

44.4% of ICICI respondents preferred Ashok Leyland as the second preferred standard equipment in Tippers and Dumpers and 44.4% of respondents preferred TATA as the second preferred standard equipment in Tippers and Dumpers and 11.11% of respondents preferred Taurus.

Sundaram Finance:

87.5% of respondents preferred TATA as the second preferred standard equipment in Tippers and Dumpers and 12.5% of Sundaram Finance respondents preferred Ashok Leyland as the second preferred standard equipment in Tippers and Dumpers.

Centurion Bank:

40% of Centurion Bank respondents preferred Ashok Leyland as the second preferred standard equipment in Tippers and Dumpers. 40% of respondents preferred TATA as the second preferred standard equipment in Tippers and Dumpers. 20% preferred Escorts.

Indusind Bank:

50% of respondents preferred Mahindra as the second preferred standard equipment in Tippers and Dumpers and 37.5% preferred Escorts and 12.5% of respondents of Indusind Bank preferred Ashok Leyland as the second preferred standard equipment for Tippers and Dumpers.

Table-9 STANDARD EQUIPMENTS IN TIPPERS AND DUMPERS: SECOND PREFERENCE

Sl. No.	No. of respondents														
	HDFC %	ICICI %	Sundaram %	Centurion %	Indusind %	Kotak %	CIT %	PNB %	Others %	DATA %	Others %	DATA %	Others %	DATA %	
3	42.9	4	44.44	1	12.5	2	40	1	12.5	3	33.33	1	33.3	4	33.3
1	14.34									1	11.11			1	8.3
3	42.9	4	44.44	7	87.5	2	40	4	50	4	44.44	2	66.7	6	50
7	100	9	100	8	100	5	100	8	100	9	100	3	100	12	100

Kotak Mahindra Finance:

44.4% of respondents preferred TATA as the second preferred standard equipment in Tippers and Dumpers and 33.3% of Kotak Mahindra Finance respondents preferred Ashok Leyland as the second preferred standard equipment in Tippers and Dumpers.

Citi Bank:

66.7% of respondents preferred TATA as the second preferred standard equipment in Tippers and Dumpers and 33.3% of respondents of Citi bank preferred Ashok Leyland as the second preferred standard equipment in Tippers and Dumpers.

TATA Motor Finance:

50% of respondents of TATA Motor Finance preferred AMW as the second preferred standard equipment in Tippers and Dumpers and 11.11% of respondents preferred TATA, ACE, and Escorts as the second preferred standard equipment in Tippers and Dumpers.

Others:

50% preferred TATA. 33.3% of respondents of other banks preferred Ashok Leyland as the second preferred standard equipment in Tippers and Dumpers and 8.3% of respondents preferred AMW.

In all TATA is the second preferred manufacturer of Tippers & dumpers with 47.8% i.e. 32 respondents. The next second preferred manufacturer is Ashok Leyland with 25.4% i.e. 17 respondents.

STANDARD EQUIPMENTS IN TIPPERS AND DUMPERS: THIRD PREFERENCE

The inferences from table no.10 are

HDFC Bank:

42.9% of HDFC respondents preferred AMW as the third preferred standard equipment in Tippers and Dumpers. 28.6% of respondents preferred TATA as the third preferred standard equipment in Tippers and Dumpers and 28.6% preferred Eicher.

ICICI BANK:

33.3% of ICICI respondents preferred AMW as the third preferred standard equipment in Tippers and Dumpers and 33.3% of respondents preferred Eicher as the third preferred standard equipment in Tippers and Dumpers.

Table-10 STANDARD EQUIPMENTS IN TIPPERS AND DUMPERS: THIRD PREFERENCE

No. of respondents																		
	HDFC	%	ICICI	%	Sundaram	%	Centurion	%	Indusind	%	Axis	%	Chif	%	PNB	%	Others	%
			1	11.1			2	40	2	25	2	22.2					2	16.7
3		42.9	3	33.3			2	40	3	37.5	4	44.4	3	100	1	16.7	2	16.7
			1	11.1														
2		28.6	1	11.1	4	50			3	37.5	1	11.1			3	50		
																	2	16.7
							1	20									1	8.3
2		28.6	3	33.3	4	50					2	22.2			1	16.7	5	41.7
															1	16.7		
7		100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

Sundaram Finance:

50% of Sundaram Finance respondents preferred Eicher as the third preferred standard equipment in Tippers and Dumpers and 50% of respondents preferred TATA as the third preferred standard equipment in Tippers and Dumpers.

Centurion Bank:

40% of Centurion Bank respondents preferred Ashok Leyland and AMW as the third preferred standard equipments in Tippers and Dumpers and 20% of respondents preferred Hitachi as the third preferred standard equipment in Tippers and Dumpers.

Indusind Bank:

37.5% of respondents preferred AMW and TATA as the third preferred standard equipments in Tippers and Dumpers and 25% of respondents of Indusind Bank preferred Ashok Leyland as the third preferred standard equipment for Tippers and Dumpers.

Kotak Mahindra Finance:

44.4% of Kotak Mahindra Finance respondents preferred AMW as the third preferred standard equipment in Tippers and Dumpers and 22.2% of respondents preferred Ashok Leyland and Eicher as the third preferred standard equipment in Tippers and Dumpers.

Citi Bank:

100% of respondents of Citi bank preferred AMW as the third preferred standard equipment in Tippers and Dumpers.

TATA Motor Finance:

50% of respondents of TATA Motor Finance preferred TATA as the third preferred standard equipment in Tippers and Dumpers and 16.7% of respondents preferred AMW, Eicher, and Treker as the third preferred standard equipments in Tippers and Dumpers.

Others:

41.7% of respondents of other financiers preferred Eicher as the third preferred standard equipment in Tippers and Dumpers. 8.3% of respondents preferred Vectra and 16.7% preferred Ashok Leyland, AMW, and ACE.

In all that AMW is the third preferred manufacturer for Tippers & dumpers with 25 respondents (37.3%). The next third preferred manufacturer is TATA with 22.4% i.e. 15 respondents.

STANDARD EQUIPMENTS IN BACKHOE LOADERS: FIRST PREFERENCE

The inferences from table no.11 are

HDFC Bank:

42.9% of respondents preferred L&T as the first preferred standard equipment in Backhoe Loaders. 28.6% of HDFC respondents preferred Escorts and 28.6% preferred JCB.

ICICI BANK:

88.9% of ICICI respondents preferred JCB as the first preferred standard equipment in Backhoe Loaders and 11.1% of respondents preferred Escorts.

Sundaram Finance:

50% of Sundaram Finance respondents preferred JCB as the first preferred standard equipment in Backhoe Loaders and 25% of respondents preferred L&T.

Centurion Bank:

60% of Centurion Bank respondents preferred JCB as the first preferred standard equipment in Backhoe Loaders and 40% of respondents preferred L&T.

Indusind Bank:

75% of respondents preferred JCB as the first preferred standard equipment in Backhoe Loaders and 25% of respondents of Indusind Bank preferred Escorts.

Kotak Mahindra Finance:

77.8% of Kotak Mahindra Finance respondents preferred JCB as the first preferred standard equipment in Backhoe Loaders and 22.2% of respondents preferred Escorts.

Citi Bank:

100% of respondents of Citi bank preferred JCB as the first preferred standard equipment in Backhoe Loaders.

TATA Motor Finance:

66.7% of respondents of TATA Motor Finance preferred JCB as the first preferred standard equipment in Backhoe Loaders and 33.3% of respondents preferred Hitachi.

Others:

41.7% of respondents of other financiers preferred JCB as the first preferred standard equipment in Backhoe Loaders. 41.7% of respondents preferred JCB and 33.3% preferred AMW.

In all we can interpret that JCB is the first preferred manufacturer for Backhoe loaders with 68.7% i.e. 46 respondents. The next first preferred manufacturer is L&T with 11.9% i.e. 8 respondents.

STANDARD EQUIPMENTS IN BACKHOE LOADERS: SECOND PREFERENCE

The inferences from table no.12 are

HDFC Bank:

14.3% of HDFC respondents preferred Ashok Leyland, CAT, JD, L&T, Hitachi, JCB, and Escorts as the second preferred standard equipments in Backhoe Loaders.

ICICI BANK:

33.3% of ICICI respondents preferred TATA and Hitachi as the second preferred standard equipments in Backhoe Loaders and 11.1% of respondents preferred Ashok Leyland CAT and Terex.

Sundaram Finance:

37.5% of Sundaram Finance respondents preferred Telcon as the second preferred standard equipment in Backhoe Loaders and 12.5% of respondents preferred CAT, JD, Hitachi, JCB and L&T.

Centurion Bank:

60% of Centurion Bank respondents preferred L&T as the second preferred standard equipment in Backhoe Loaders and 40% of respondents preferred Escorts.

Indusind Bank:

37.5% of respondents of Indusind Bank preferred TATA as the second preferred standard equipment for Backhoe Loaders and 12.5% of respondents preferred Terex, L&T, Hitachi, Telcon and BEML.

Kotak Mahindra Finance:

22.2% of Kotak Mahindra Finance respondents preferred TATA, Ashok Leyland and JD as the second preferred standard equipments in Backhoe Loaders and 11.1% of respondents preferred L&T, Hitachi and Telcon as the second preferred standard equipment in Backhoe Loaders.

Table-12 STANDARD EQUIPMENTS IN BACKHOE LOADERS: SECOND PREFERENCE

Loaders	No. of respondents													
	HDFC %	ICICI %	Sundaram %	Centurion %	Indiabank %	Kotak %	QIL %	TATA %	Others %					
		3	33.3		3	37.5	2	22.2	1	33.3				
1	14.3	1	11.1				2	22.2					1	8.3
1	14.3	1	11.1	12.5										
1	14.3			2	40								1	8.3
1	14.3		1	12.5			2	22.2	2	66.7	1	16.7		
		1	11.1		1	12.5								
1	14.3		1	12.5	3	60	1	11.1	1	83.3	2	16.7		
1	14.3	3	33.3	12.5			1	11.1			3	25		
1	14.3		1	12.5										
			3	37.5			1	11.1			4	33.3		
					1	12.5					1	8.3		
7	100	9	100	8	5	100	9	100	3	100	6	100	12	100

Citi Bank:

66.7% of respondents of Citi bank preferred JD as the second preferred standard equipment in Backhoe Loaders. 33.3% of respondents of Citi bank preferred TATA.

TATA Motor Finance:

83.3% of respondents of TATA Motor Finance preferred L&T as the second preferred standard equipment in Backhoe Loaders and 16.7% of respondents preferred JD.

Others:

33.3% of respondents of other financiers preferred Telcon as the second preferred standard equipment in Backhoe Loaders. 25% of respondents preferred Hitachi and 16.7% preferred L&T.

In all we can interpret the number of manufacturers given by the respondents is huge. From the above table it is clear that TATA is the second preferred manufacturer for Backhoe loaders with 19.4% i.e. 13 respondents. The next second preferred manufacturer is L&T with 16.4% i.e. 11 respondents.

STANDARD EQUIPMENTS IN BACKHOE LOADERS: THIRD PREFERENCE

The inferences from table no.13 are

HDFC Bank:

42.9% of HDFC respondents preferred L&T as the third preferred standard equipment in Backhoe Loaders and 28.6% of respondents preferred Volvo.

ICICI BANK:

33.3% of ICICI respondents preferred L&T as the third preferred standard equipment in Backhoe Loaders and 22.2% of respondents preferred BEML.

Sundaram Finance:

25% of Sundaram Finance respondents preferred BEML and ACE as the third preferred standard equipments in Backhoe Loaders and 12.5% of respondents preferred TATA, Hitachi, Telcon and L&T.

Centurion Bank:

40% of Centurion Bank respondents preferred JCB as the third preferred standard equipment in Backhoe Loaders and 20% of respondents preferred TATA, Ashok Leyland and Telcon

Table-13 STANDARD EQUIPMENTS IN BACKHOE LOADERS: THIRD PREFERENCE

Responders	No. of respondents																		
	HDFC %	ICICI %	Sundaram %	%	Continion %	Thousand	%	Koeln %	%	Chit %	TATA %	%	Others %						
		1	1	11.1	1	2	12.5	1	20	2	25	2	22.2	1	33.3	3	50	2	16.7
					1				20										
										1									
3	42.9	3	1	33.3	1	2	12.5			3	25	3	33.3					3	25
			1				12.5									1	16.7	2	16.7
1	14.3	1		11.1	2	1			40	1	12.5					2	33.3	1	8.3
		1	1	11.1	1	1	12.5		20	1	12.5			1	33.3			2	16.7
		2	2	22.2		1	25			1	12.5	1	11.1						
1	14.3		2			1	25			2	12.5	2	22.2					2	16.7
2	28.6	1		11.1															
7	100	9	8	100	5	8	100	9	100	9	100	3	100	6	100	12	100	12	100

Indusind Bank:

25% of respondents of Indusind Bank preferred TATA and L&T as the third preferred standard equipments for Backhoe Loaders and 12.5% of respondents preferred JCB, ACE, Telcon and BEML.

Kotak Mahindra Finance:

33.3% of respondents preferred L&T and 22.2% of Kotak Mahindra Finance respondents preferred ACE and TATA as the third preferred standard equipments in Backhoe Loaders

Citi Bank:

33.3% of respondents of Citi bank preferred TATA, Vectra, Telcon as the third preferred standard equipments in Backhoe Loaders.

TATA Motor Finance:

50% of respondents of TATA Motor Finance preferred TATA as the third preferred standard equipment in Backhoe Loaders and 33.3% of respondents preferred JCB

Others:

25% of respondents of other financiers preferred L&T as the third preferred standard equipment in Backhoe Loaders and 16.7% preferred TATA, Hitachi, Telcon, ACE.

In all we can interpret the number of manufacturers given by the respondents is huge. From the above table it is clear that L&T is the third preferred manufacturer for Backhoe loaders with 19.4% i.e. 13 respondents. The next third preferred manufacturer is TATA with 17.9% i.e. 12 respondents.

STANDARD EQUIPMENTS IN EXCAVATORS: FIRST PREFERENCE

The inferences from table no.14 are

HDFC Bank:

57.1% of HDFC respondents preferred JCB as the first preferred standard equipment in Excavators and 28.6% of respondents preferred TATA.

ICICI Bank:

22.2% of ICICI respondents preferred JCB, Escorts and L&T as the first preferred standard equipments in Excavators and 11.1% of respondents preferred TATA, Hitachi and Telcon.

Table-14 STANDARD EQUIPMENTS IN EXCAVATORS: FIRST PREFERENCE

Sl. No.	No. of respondents																
	HDFC %	ICICI %	Standard %	Centurion %	Indusind %	Isuzu %	Gen %	JATA %	Others %	Total %							
1	28.6	1	11.1	1	12.5	1	20	1	12.5	2	22.2	3	100	4	66.7	2	16.7
2	14.3	2	22.2	1	12.5	1	11.1	1	12.5	1	11.1	1	11.1	1	16.7	2	16.7
3	2	2	22.2	2	40	2	22.2	2	22.2	2	22.2	2	22.2	2	22.2	2	22.2
4	57.1	2	22.2	2	62.5	2	40	2	25	2	22.2	1	16.7	3	25	5	41.7
5	1	1	11.1	1	11.1	1	11.1	1	11.1	1	11.1	1	11.1	1	11.1	1	11.1
6	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

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Sundaram Finance:

62.5% of Sundaram Finance respondents preferred Hitachi as the first preferred standard equipment in Excavators and 12.5% of respondents preferred TATA, Escorts and Mahindra.

Centurion Bank:

40% of Centurion Bank respondents preferred Hitachi and L&T as the first preferred standard equipments in Excavators and 20% of respondents preferred TATA.

Indusind Bank:

50% of respondents of Indusind Bank preferred JCB as the first preferred standard equipment for Excavators and 25% of respondents preferred Hitachi.

Kotak Mahindra Finance:

22.2% of Kotak Mahindra Finance respondents preferred TATA, L&T and Telcon as the first preferred standard equipments in Excavators and 11.1% of respondents preferred L&T, CAT and JCB as the first preferred standard equipments in Excavators.

Citi Bank:

100% of respondents of Citi bank preferred TATA as the first preferred standard equipment in Excavators.

TATA Motor Finance:

66.7% of respondents of TATA Motor Finance preferred TATA as the first preferred standard equipment in Excavators and 16.7% of respondents preferred CAT and Hitachi.

Others:

41.7% of respondents of other financiers preferred JCB as the first preferred standard equipment in Excavators. 16.7% preferred TATA and CAT and 25 % of respondents preferred Hitachi.

In all we can interpret that JCB is the first preferred manufacturer for Excavators with 29.9% i.e. 20 respondents. The next most preferred manufacturer is TATA with 22.4% i.e.15 respondents.

STANDARD EQUIPMENTS IN EXCAVATORS: SECOND PREFERENCE

The inferences from table no.15 are

HDFC Bank:

42.9% of HDFC respondents preferred TATA as the second preferred standard equipment in Excavators and 14.3% of respondents preferred TATATEL, Escorts, Telcon, and Volvo.

ICICI Bank:

33.3% of ICICI respondents preferred Escorts and L&T as the second preferred standard equipments in Excavators and 22.2% of respondents preferred Volvo.

Sundaram Finance:

62.5% of Sundaram Finance respondents preferred Volvo as the second preferred standard equipment in Excavators and 12.5% of respondents preferred TATA, Escorts and JCB.

Centurion Bank:

40% of Centurion Bank respondents preferred TATA and Telcon as the second preferred standard equipments in Excavators and 20% of respondents preferred Escorts.

Indusind Bank:

37.5% of respondents of Indusind Bank preferred L&T as the second preferred standard equipment for Excavators. 25% of respondents preferred Escorts and 12.5% of respondents preferred TATA, Telcon, and Volvo.

Kotak Mahindra Finance:

33.3% of Kotak Mahindra Finance respondents preferred L&T as the second preferred standard equipment in Excavators. 22.2% of respondents preferred Hitachi and Telcon and 11.1% of respondents preferred TATA and JCB.

Citi Bank:

100% of respondents of Citi bank preferred L&T as the second preferred standard equipment in Excavators.

TATA Motor Finance:

66.7% of respondents of TATA Motor Finance preferred L&T as the second preferred standard equipment in Excavators and 16.7% preferred TATATEL and Volvo.

Table-15 STANDARD EQUIPMENTS IN EXCAVATORS: SECOND PREFERENCE

Banks	No. of respondents																	
	HDFC	%	ICICI	%	Sundaram	%	Centurion	%	IndusInd	%	Kotak	%	CITIB	%	DATA	%	Others	%
	3	42.9			1	12.5	2	40	1	12.5	1	11.1					1	8.3
	1	14.3											1	16.7			3	25
	1	14.3	3	33.3	1	12.5	1	20	2	25							2	16.7
			3	33.3					3	37.5	3	33.3	3	100	4	66.7		
											2	22.2						
					1	12.5					1	11.1						
	1	14.3	1	11.1			2	40	1	12.5	2	22.2					2	16.7
																	1	8.3
	1	14.3	2	22.2	5	62.5			1	12.5				1	16.7		3	25
	7	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

Others:

25% of respondents of other financiers preferred TATATEL and Volvo as the second preferred standard equipments in Excavators. 16.7% preferred Escorts and Telcon

In all we can interpret that L&T is the second preferred manufacturer for Excavators with 34.3% i.e. 11 respondents. The next second preferred manufacturer is Escorts with 16.4% i.e.11 respondents.

STANDARD EQUIPMENTS IN EXCAVATORS: THIRD PREFERENCE

The inferences from table no.16 are

HDFC Bank:

28.6% of HDFC respondents preferred TATA as the third preferred standard equipment in Excavators and 14.3% of respondents preferred, Ashok Leyland L&T, JCB, BEML and Volvo.

ICICI Bank:

22.2% of ICICI respondents preferred TATA, JCB and CAT as the third preferred standard equipments in Excavators and 11.1% of respondents preferred Ashok Leyland, BEML and Volvo.

Sundaram Finance:

37.5% of respondents preferred JCB as the third preferred standard equipments in Excavators. 25% of Sundaram Finance respondents preferred Volvo and BEML and 12.5% of respondents preferred CAT.

Centurion Bank:

40% of Centurion Bank respondents preferred Hitachi as the third preferred standard equipment in Excavators and 20% of respondents preferred Ashok Leyland, Volvo and BEML.

Indusind Bank:

37.5% of respondents of Indusind Bank preferred TATA and CAT as the third preferred standard equipments for Excavators and 25% of respondents preferred JCB

Kotak Mahindra Finance:

33.3% of Kotak Mahindra Finance respondents preferred BEML as the third preferred standard equipment in Excavators. 22.2% of respondents preferred JCB and TATA and 11.1% of respondents preferred L&T and Volvo.

Citi Bank:

33.3% of respondents of Citi bank preferred CAT and Volvo as the third preferred standard equipment in Excavators.

TATA Motor Finance:

66.7% of respondents of TATA Motor Finance preferred CAT as the third preferred standard equipment in Excavators and 16.7% of respondents preferred TATA and BEML

Others:

41.7% of respondents of other financiers preferred Ashok Leyland as the third preferred standard equipment in Excavators. 25% preferred BEML.

In all we can interpret that CAT is the third preferred manufacturer for Excavators with 20.9% i.e. 14 respondents. The next third preferred manufacturer is Ashok Leyland with 17.9% i.e. 12 respondents.

STANDARD EQUIPMENTS IN CRANES: FIRST PREFERENCE

The inferences from table no.17 are

HDFC Bank:

71.4% of HDFC respondents preferred Escorts as the first preferred standard equipment in Cranes and 28.6% of respondents preferred ACE.

ICICI Bank:

55.5% of ICICI respondents preferred Escorts as the first preferred standard equipment in Cranes. 33.3% of respondents preferred ACE.

Sundaram Finance:

50% of Sundaram Finance respondents preferred ACE as the first preferred standard equipment in Cranes. 37.5% of respondents preferred Escorts and 12.5% of respondents preferred Ashok Leyland.

Centurion Bank:

40% of Centurion Bank respondents preferred ACE and Escorts as the first preferred standard equipment in Cranes and 20% of respondents preferred Ashok Leyland.

Indusind Bank:

62.5% of respondents of Indusind Bank preferred Escorts as the first preferred standard equipment for Cranes and 25% of respondents preferred IR.

Table- 17 STANDARD EQUIPMENTS IN CRANES: FIRST PREFERENCE

Sl. No.	No. of respondents												
	HDFC %	ICICI %	Sundaram %	Centurion %	Indusind %	ICOB %	Chd %	SVDA %	Others %	Total %	Others %	Total %	
2	28.6	3	33.3	4	50	2	40	1	12.5	2	22.2	3	25
5	71.4	5	55.5	3	37.5	2	40	5	62.5	5	55.5	3	33.3
		1	11.1	1	12.5	1	20	1		1	11.1	4	33.3
								2	25	1	11.1	1	8.3
7	100	9	100	8	100	5	100	8	100	9	100	3	100
												6	100
												12	100

Kotak Mahindra Finance:

55.5% of Kotak Mahindra Finance respondents preferred Escorts as the first preferred standard equipment in Cranes. 22.5% of respondents preferred ACE and 11.1% of respondents preferred IR and Ashok Leyland.

Citi Bank:

100% of respondents of Citi bank preferred Escorts as the first preferred standard equipment in Cranes.

TATA Motor Finance:

100% of respondents of TATA Motor Finance preferred Escorts as the first preferred standard equipment in Cranes.

Others:

33.3% of respondents of other financiers preferred Ashok Leyland and Escorts as the first preferred standard equipments in Cranes. 25% preferred ACE.

In all we can interpret that Escorts is the first preferred manufacturer for cranes with 59.7% with 40 respondents. The next first preferred manufacturer is Ashok Leyland with 17.9% and 12 respondents

STANDARD EQUIPMENTS IN CRANES: SECOND PREFERENCE

The inferences from table no.18 are

HDFC Bank:

28.6% of HDFC respondents preferred ACE as the second preferred standard equipment in Cranes and 14.3% of respondents preferred TATA, Ashok Leyland, IR, L&T and Volvo.

ICICI Bank:

33.3% of ICICI respondents preferred ACE and IR as the second preferred standard equipments in Cranes. 22.2% of respondents preferred Escorts.

Sundaram Finance:

37.5% of Sundaram Finance respondents preferred ACE as the second preferred standard equipment in Cranes. 25% of respondents preferred Escorts and L&T and 12.5% of respondents preferred TATA.

Table-18 STANDARD EQUIPMENTS IN CRANES:SECOND PREFERENCE

Responders	No. of respondents														
	HDFC %	ICICI %	Sundaram %	Continium %	Indusind %	Kotak %	Chd %	State %	Others %						
1	14.3		1	12.5	1	20		2	22.2					4	33.3
2	28.6	3	3	37.5	3	60	3	37.5	3	33.3	3	100	6	2	16.7
		2	2	25	1		1	12.5	2	22.2				1	8.3
1	14.3	1													
1	14.3	3			2		2	25	2	22.2				4	33.3
1	14.3		2	25	2	20		25						1	8.3
1	14.3														
7	100	9	8	100	8	100	5	100	9	100	3	100	6	12	100

Centurion Bank:

60% of Centurion Bank respondents preferred ACE and Escorts as the second preferred standard equipment in Cranes and 20% of respondents preferred TATA and L&T.

Indusind Bank:

37.5% of respondents of Indusind Bank preferred ACE as the second preferred standard equipment for Cranes and 25% of respondents preferred IR and L&T.

Kotak Mahindra Finance:

33.3% of Kotak Mahindra Finance respondents preferred ACE as the second preferred standard equipment in Cranes. 22.5% of respondents preferred TATA, Escorts and IR.

Citi Bank:

100% of respondents of Citi bank preferred ACE as the second preferred standard equipment in Cranes.

TATA Motor Finance:

100% of respondents of TATA Motor Finance preferred ACE as the second preferred standard equipment in Cranes.

Others:

33.3% of respondents of other financiers preferred TATA and IR as the second preferred standard equipments in Cranes. 16.7% preferred ACE.

In all we can interpret that ACE is the second preferred manufacturer for cranes with 47.8% with 32 respondents. The next second preferred manufacturer is Escorts with 31.3% and 21 respondents.

STANDARD EQUIPMENTS IN CRANES: THIRD PREFERENCE

The inferences from table no.19 are

HDFC Bank:

42.9% of HDFC respondents preferred BEML as the third preferred standard equipment in Cranes and 28.6% of respondents preferred IR and Hitachi.

ICICI Bank:

33.3% of ICICI respondents preferred IR as the third preferred standard equipment in Cranes. 22.2% of respondents preferred Ashok Leyland and BEML.

Table-19 STANDARD EQUIPMENTS IN CRANES: THIRD PREFERENCE

CPS	No. of respondents															
	HDFC %	ICICI %	Sundaram %	Centurion %	Indusind %	Kotak %	CIIL %	TATA %	Others %							
		1		4		2		1					1	2	16.7	16.7
		2	1			1										
2	28.6	3			2	1							2	1		8.3
3	42.9	2	5		3	4	1						2	5		41.7
2	28.6	1	2	1	3	1	2						1	4		33.3
7	100	9	8	5	8	9	3	6					6	12		100

Sundaram Finance:

62.5% of Sundaram Finance respondents preferred BEML as the third preferred standard equipment in Cranes. 25% of respondents preferred Hitachi and 12.5% of respondents preferred Ashok Leyland.

Centurion Bank:

80% of Centurion Bank respondents preferred ACE and Escorts as the third preferred standard equipments in Cranes and 20% of respondents preferred Ashok Leyland.

Indusind Bank:

37.5% of respondents of Indusind Bank preferred BEML and Hitachi as the third preferred standard equipment for Cranes and 25% of respondents preferred IR.

Kotak Mahindra Finance:

44.4% of Kotak Mahindra Finance respondents preferred BEML as the third preferred standard equipment in Cranes. 22.2% of respondents preferred ACE.

Citi Bank:

66.7% of respondents of Citi bank preferred Hitachi as the third preferred standard equipment in Cranes and 33.33% of respondents preferred BEML.

TATA Motor Finance:

33.3% of respondents of TATA Motor Finance preferred IR and BEML as the third preferred standard equipment in Cranes and 16.7% of respondents preferred Hitachi and ACE.

Others:

41.7% of respondents of other financiers preferred BEML as the third preferred standard equipments in Cranes. 33.3% preferred Hitachi and 16.75 preferred ACE.

In all we can interpret that Ashok Leyland is the third preferred manufacturer for cranes with 34.3% with 23 respondents. The next third preferred manufacturers are Hitachi and BEML with 31.3% and 21 respondents.

STANDARD EQUIPMENTS IN ROAD LAYING EQUIPMENTS: FIRST PREFERENCE

The inferences from table 20 are

HDFC Bank:

28.6% of HDFC respondents preferred L&T and IR as the first preferred standard equipments in Road laying equipments and 14.3% of respondents preferred Ashok Leyland and Greives.

ICICI Bank:

22.2% of ICICI respondents preferred Apollo as the first preferred standard equipment in Road laying equipments. 22.2% of respondents preferred Ashok Leyland and Telcon, L&T, Greives, IR, Vectra.

Sundaram Finance:

50% of Sundaram Finance respondents preferred IR as the first preferred standard equipment in Road laying equipments. 25% of respondents preferred Vectra and 12.5% of respondents preferred Apollo and L&T.

Centurion Bank:

40% of Centurion Bank respondents preferred Telcon and Ashok Leyland as the first preferred standard equipment in Road laying equipments and 20% of respondents preferred L&T.

Indusind Bank:

50% of respondents of Indusind Bank preferred IR as the first preferred standard equipment for Road laying equipments and 12.5% of respondents preferred Ashok Leyland, Apollo, L&T and Vectra as the first preferred standard equipment for Road laying equipments.

Kotak Mahindra Finance:

33.3% of Kotak Mahindra Finance respondents preferred Ashok Leyland and Apollo as the first preferred standard equipments in Road laying equipments. 22.2% of respondents preferred Greives.

Citi Bank:

66.7% of respondents of Citi bank preferred IR as the first preferred standard equipment in Road laying equipments and 33.33% of respondents preferred Greives.

Table-20 STANDARD EQUIPMENTS IN ROAD LAYING EQUIPMENTS: FIRST PREFERENCE

SERS	No. of respondents														
	HDFC %	ICICI %	Sundaram %	Centurion %	Industrial %	(SBI) %	(COI) %	INDIA %	Others %						
		1	11.1												
1	14.3	1	11.1	2	40	1	12.5	3	33.3				1	8.3	
		2	22.2	1		1	12.5	3	33.3			4	66.7	1	8.3
		1	11.1		40									1	8.3
2	28.6	1	11.1	1	20	1	12.5							1	8.3
1	14.3	1	11.1					2	22.2	1	33.3	1	16.7	4	33.3
2	28.6	1	11.1	4		4	50			2	66.7	1	16.7	3	25
1	14.3	1	11.1	2		1	12.5	1	11.1					1	8.3
7	100	9	100	8	100	8	100	9	100	3	100	6	100	12	100

TATA Motor Finance:

66.7% of respondents of TATA Motor Finance preferred Apollo as the first preferred standard equipment in Road laying equipments and 16.7% of respondents preferred Greives and IR.

Others:

33.3% of respondents of other financiers preferred Greives as the first preferred standard equipment in Road laying equipments. 25% preferred IR.

In all we can interpret that IR is the first preferred manufacturer for Road laying equipments with 29.9% i.e.20 respondents. The next first preferred manufacturers are Ashok Leyland and Apollo with 20.9% i.e.14 respondents.

STANDARD EQUIPMENTS IN ROAD LAYING EQUIPMENTS: SECOND PREFERENCE

The inferences from table 21 are

HDFC Bank:

42.8% of HDFC respondents preferred TATA as the second preferred standard equipment in Road laying equipments and 28.6% preferred Terex and Apollo.

ICICI Bank:

22.2% of ICICI respondents preferred TATA, Terex and L&T as the second preferred standard equipment in Road laying equipments. 11.1% preferred Apollo and IR

Sundaram Finance:

37.5% of Sundaram Finance respondents preferred L&T and IR as the second preferred standard equipments in Road laying equipments.25% of respondents preferred TATA.

Centurion Bank:

40% of Centurion Bank respondents preferred Terex and IR as the second preferred standard equipments in Road laying equipments and 20% of respondents preferred TATA.

Indusind Bank:

25% of respondents of Indusind Bank preferred Terex, Apollo and IR as the second preferred standard equipments for Road laying equipments and 12.5% of respondents preferred TATA and L&T.

Table-21 STANDARD EQUIPMENTS IN ROAD LAYING EQUIPMENTS: SECOND PREFERENCE

responders	No. of respondents																
	HDRC	%	ICICI	%	Sundaram	%	Centurion	%	Indusind	%	Kotak	%	CIB	%	TATA	%	Others
3	42.8	2	22.2	2	25	1	20	1	12.5	5	55.5			1	16.7	1	8.3
2	28.6	2	22.2			2	40	2	25	1	11.1			1	16.7	1	8.3
		1	11.1														
2	28.6	1	11.1					2	25	1	11.1					3	25
		2	22.2	3	37.5	1		1	12.5	1	11.1	1	66.7	1	16.7	5	41.7
		1	11.1	3	37.5	2	40	2	25	1	11.1	2	33.3	3	50	2	16.7
7	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

Kotak Mahindra Finance:

55.5% of Kotak Mahindra Finance respondents preferred TATA as the second preferred standard equipment in Road laying equipments. 11.1% of respondents preferred Terex, Apollo, L&T and IR.

Citi Bank:

66.7% of respondents of Citi bank preferred L&T as the second preferred standard equipment in Road laying equipments and 33.33% of respondents preferred IR

TATA Motor Finance:

50% of respondents of TATA Motor Finance preferred IR as the second preferred standard equipment in Road laying equipments and 16.7% of respondents preferred L&T, TATA and Terex.

Others:

41.7% of respondents of other financiers preferred L&T as the second preferred standard equipment in Road laying equipments. 25% preferred Apollo.

In all we can interpret that that IR is the second preferred manufacturer for Road laying equipments with 26.9% i.e. 18 respondents. The next second preferred manufacturer is L&T with 23.9% and 16 respondents.

STANDARD EQUIPMENTS IN ROAD LAYING EQUIPMENTS: THIRD PREFERENCE

The inferences from table 22 are

HDFC Bank:

42.9% of HDFC respondents preferred JCB as the third preferred standard equipment in Road laying equipments and 28.6% of respondents preferred Vectra.

ICICI Bank:

44.4% of ICICI respondents preferred TATA as the third preferred standard equipment in Road laying equipments. 22.2% of respondents preferred JCB.

Sundaram Finance:

37.5% of Sundaram Finance respondents preferred Escorts as the third preferred standard equipments in Road laying equipments. 25% of respondents preferred Vectra and IR. 12.5% of respondents preferred TATA.

Table-22 STANDARD EQUIPMENTS IN ROAD LAYING EQUIPMENTS: THIRD PREFERENCE

No. of respondents																	
HDFC	%	ICICI	%	Sundaram	%	Continuum	%	Andalusia	%	JKSPL	%	Chir	%	TADEX	%	Others	%
1	14.3	4	44.4	1	12.5			3	37.5	2	22.2			1	16.7	3	25
1	14.3			3	37.5	1	20	1	12.5					2	33.3	2	16.7
		1	11.1														
		1	11.1	2	25					3	33.3	1	33.3			1	8.3
3	42.9	2	22.2			2	40	2	25	2	22.2	1	33.3	2	33.3	3	25
								1	12.5							1	8.3
2	28.6			2	25	2	40	1	12.5	2	22.2	1	33.3	1	16.7	2	16.7
7	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

Centurion Bank:

40% of Centurion Bank respondents preferred JCB and Vectra as the third preferred standard equipment in Road laying equipments and 20% of respondents preferred Escorts.

Indusind Bank:

37.5% of respondents of Indusind Bank preferred TATA as the third preferred standard equipment for Road laying equipments. 25% of respondents preferred JCB as the third preferred standard equipment for Road laying equipments and 12.5% of respondents preferred BEML, Vectra and Escorts.

Kotak Mahindra Finance:

33.3% of Kotak Mahindra Finance respondents preferred IR as the third preferred standard equipment in Road laying equipments. 22.2% of respondents preferred TATA, JCB and Vectra.

Citi Bank:

33.3% of respondents of Citi bank preferred L&T as the third preferred standard equipment in Road laying equipments and 33.33% of respondents preferred IR, JCB and Vectra.

TATA Motor Finance:

33.3% of respondents of TATA Motor Finance preferred JCB and Escorts as the third preferred standard equipments in Road laying equipments and 16.7% of respondents preferred TATA and Vectra.

Others:

25% preferred TATA and 16.7% of respondents of other financiers preferred Vectra and Escorts as the third preferred standard equipments in Road laying equipments.

In all we can interpret that that JCB is the third preferred manufacturer for Road laying equipments with 25.4% i.e.17 the next third preferred manufacture is Vectra with 19.4% and 13 respondents.

STANDARD EQUIPMENTS IN CONSTRUCTION MACHINERY: FIRST PREFERENCE

The inferences from table no.23 are

HDFC Bank:

42.9% of HDFC respondents preferred AMW as the first preferred standard equipment in Construction machinery and 14.3% preferred Atlas, IR, Swasing and Wescon.

ICICI Bank:

22.2% of ICICI respondents preferred IR, Deepa, and NAVA as the first preferred standard equipments in Construction machinery. 11.1% of respondents preferred TATAJD, JCB and AMW.

Sundaram Finance:

25% of Sundaram Finance respondents preferred Wescon and JCB as the first preferred standard equipments in Construction machinery. 12.5% of respondents preferred Scawing, Deepa, L&T and IR.

Centurion Bank:

40% of Centurion Bank respondents preferred JCB as the first preferred standard equipment in Construction machinery and 20% of respondents preferred Wescon, Terex and Nava.

Indusind Bank:

25% of respondents of Indusind Bank preferred Voltas as the first preferred standard equipment for Construction machinery. 12.5% of respondents preferred AMW, Atlas, IR, Deepa, JCB and TATAJD.

Kotak Mahindra Finance:

22.2% of Kotak Mahindra Finance respondents preferred Wescon as the first preferred standard equipment in Construction machinery. 11.1% of respondents preferred AMW, Atlas, NAVA, Deepa, TATAJD, IR and Scawing.

Citi Bank:

33.3% of respondents of Citi bank preferred TATAJD, Terex and L&T as the first preferred standard equipments in Construction machinery

Table-23 STANDARD EQUIPMENTS IN CONSTRUCTION MACHINERY: FIRST PREFERENCE

Responders	No. of respondents													
	HDRC %	ICTCF %	Sundaram %	Centurion %	Indusind %	Souk %	Old %	MAFA %	Others %					
3	42.9	1	11.1		1	12.5	1	11.11						
1	14.3				1	12.5	1	11.11					1	8.3
1	14.3	2	22.2	12.5	1	12.5	1	11.11			1	16.7	2	16.7
1	14.3			12.5			1	11.11					1	8.3
1	14.3		2	25	1	20	2	22.22			3	50		
		2	22.2	12.5	1	12.5	1	11.11					2	16.7
		1	11.1	25	2	40	1				1	16.7	1	8.3
		2	22.2		1	20	1	11.11					1	8.3
		1	11.1		1	12.5	1	11.11			1	33.33	1	8.3
				12.5							1	33.33	2	16.7
					1	20						33.33		
					2								1	8.3
7	100	9	100	8	100	5	9	100	8	100	6	100	12	100

TATA Motor Finance:

50% of respondents of TATA Motor Finance preferred Wescon as the first preferred standard equipment in Construction machinery and 16.7% of respondent preferred IR, JCB and L&T.

Others:

16.7% of respondents of other financiers preferred IR, Deepa and L&T as the first preferred standard equipments in Construction machinery.

In all we can interpret that JCB is the first preferred manufacturer for construction machinery with 20.9% and 14 respondents. The next first preferred manufacture is Wescon with 16.4% and 11 respondents.

STANDARD EQUIPMENTS IN CONSTRUCTION MACHINERY: SECOND PREFERENCE

The inferences from table 24 are

HDFC Bank:

42.9% of HDFC respondents preferred Telcon as the second preferred standard equipment in Construction machinery and 14.3% of respondents preferred Ashok Leyland, TATA, ELGI, and Fusilona.

ICICI Bank:

33.3% of ICICI respondents preferred ELGI as the second preferred standard equipments in Construction machinery and 22.2% of respondents preferred Deepa and Fusilona

Sundaram Finance:

25% of Sundaram Finance respondents preferred Deepa, Telcon and Fusilona as the second preferred standard equipments in Construction machinery. 12.5% of respondents preferred TATAJD and ELGI.

Centurion Bank:

40% of Centurion Bank respondents preferred Ashok Leyland as the second preferred standard equipment in Construction machinery and 20% of respondents preferred Deepa, TATA and Fusilona.

Indusind Bank:

37.5% of respondents of Indusind Bank preferred Telcon as the second preferred standard equipment for Construction machinery. 25% of respondents preferred ELGI and Fusilona

Table-24 STANDARD EQUIPMENTS IN CONSTRUCTION MACHINERY:SECOND PREFERENCE

rs	No. of respondents													
	HDFC %	ICICI %	Sundaram %	Genurion %	Indusind %	Indial %	COB %	BAWA %	%	Others %				
1	14.3			2	40		1	11.11	1	33.3		1	8.3	
							2	22.22			2	33.33		
							2	22.22			1	16.7	8.3	
1	14.3			1	20	12.5	2	22.22			1	16.7	33.3	
3	42.9													
1	14.3													
1	14.3													
7	100													

Kotak Mahindra Finance:

22.2% of Kotak Mahindra Finance respondents preferred Atlas, Greives and TATA as the second preferred standard equipments in Construction machinery. 11.1% of respondents preferred Ashok Leyland, Telcon, and ELGI.

Citi Bank:

66.7% of respondents of Citi bank preferred Fusilona as the second preferred standard equipment in Construction machinery and 33.3% preferred Ashok Leyland.

TATA Motor Finance:

33.3% of respondents of TATA Motor Finance preferred Atlas and Fusilona as the second preferred standard equipments in Construction machinery and 16.7% of respondent preferred Greives and TATA.

Others:

33.3% of respondents of other financiers preferred TATA as the second preferred standard equipment in Construction machinery and 25% preferred ELGI.

In all we can interpret that Ashok Leyland and TELCON are the second preferred manufacturers for construction machinery with 19.4% i.e.13 respondents. The next second preferred manufacture is L&T with 14.9% and 10 respondents.

STANDARD EQUIPMENTS IN CONSTRUCTION MACHINERY: THIRD PREFERENCE

The inferences from table no.25 are

HDFC Bank:

28.6% of HDFC respondents preferred ACE, JCB and TATA as the third preferred standard equipments in Construction machinery and 14.3% preferred SMT.

ICICI Bank:

33.3% of ICICI respondents preferred SMT as the third preferred standard equipment in Construction machinery and 22.2% of respondents preferred JCB.

Sundaram Finance:

50% of Sundaram Finance respondents preferred JCB as the third preferred standard equipment in Construction machinery.25% of respondents preferred TATA and 12.5% preferred ACE and SMT.

Table-25 STANDARD EQUIPMENTS IN CONSTRUCTION MACHINERY: THIRD PREFERENCE

No. of respondents																		
	HDFC	%	ICICI	%	Sundaram	%	Centurion	%	Indusind	%	Kotak	%	CITI	%	TATA	%	Others	%
	2	28.6	1	11.11	1	12.5			2	25	2	22.22			2	33.3	3	25
			1	11.11					1	12.5								
			1	11.11														
	2	28.6	2	22.22	4	50			1	12.5	4	44.44	1	33.33	1	16.7	2	25
	2	28.6	1	11.11	2	25	2	40	2	25	2	22.22	1	33.33	2	33.3	1	8.5
	1	14.3	3	33.33	1	12.5	1	20	1	12.5			1	33.33	1	16.7	4	33.3
																	1	8.3
							2	40	1	12.5	1	11.11					1	8.3
	7	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	12	100

Centurion Bank:

40% of Centurion Bank respondents preferred TATA and Fusilona as the third preferred standard equipments in Construction machinery and 20% of respondents preferred SMT.

Indusind Bank:

25% of respondents of Indusind Bank preferred TATA and ACE as the third preferred standard equipments for Construction machinery. 12.5% of respondents preferred IR, JCB, SMT and Fusilona.

Kotak Mahindra Finance:

44.4% of Kotak Mahindra Finance respondents preferred JCB as the third preferred standard equipment in Construction machinery. 22.2% of respondents preferred TATA and ACE.

Citi Bank:

33.3% of respondents of Citi bank preferred JCB, TATA and SMT as the third preferred standard equipments in Construction machinery

TATA Motor Finance:

33.3% of respondents of TATA Motor Finance preferred TATA and ACE as the third preferred standard equipments in Construction machinery and 16.7% of respondent preferred JCB and SMT.

Others:

33.3% of respondents of other financiers preferred SMT as the third preferred standard equipment in Construction machinery and 25% preferred JCB.

In all we can interpret that SMT is the third preferred manufacturer for construction machinery with 19.4% i.e.13 respondents. The next third preferred manufacture is TATA and ACE with 17.9% and 12 respondents.

4.4 FACTORS DETERMINING THE CORE COMPETANCY

The table no.26 factors that determine the core competency and their importance as perceived by the financiers. The factor with highest importance is ranked 1. The next important is 2 and so on. The inferences are

Table- 26 FACTORS DETERMINING THE CORE COMPETENCY

Mean score																		
	HDFC	Rank	ICICI	Rank	Sundaram	Rank	Centurion	Rank	IndusInd	Rank	Kotak	Rank	COD	Rank	Axis	Rank	QBS	
	3.20	5	3.00	4	2.40	2	3.25	5	3.20	5	2.13	1	1.50	1	1.33	2	1.80	1
ptions	1.75	2	3.80	6	4.00	6	1.00	1	2.50	2	2.43	2	6.00	6	2.50	4	3.38	5
	1.00	1	3.25	5	5.50	7	2.00	2	3.50	6	3.29	5	-	-	5.00	8	4.00	8
	3.00	4	4.50	8	3.20	4	2.75	4	2.75	3	3.60	6	5.00	5	3.50	7	3.20	4
	-	-	-	-	4.00	6	-	-	-	-	-	-	-	-	2.00	3	-	-
	3.00	4	1.86	1	2.83	3	3.80	6	2.50	2	3.25	4	2.67	3	2.50	4	3.57	6
vice	2.20	3	2.43	3	1.38	1	2.50	3	2.13	1	4.00	7	2.00	2	3.25	6	3.60	7
dures	3.00	4	2	2	3.25	5	5.50	7	2.50	2	3.00	3	3.00	4	2.67	5	2.83	2
length	3.33	6	4.33	7	6.50	8	1.00	1	3.00	4	4.25	8	5.00	5	1.00	1	3.00	3

HDFC Bank:

Location is considered as the factor that best suite their perception of core competency of their business among the other entire factors .The next factor is various repayment options they provide.

ICICI BANK:

This institution considers Interest rate as the factor that best suite their perception of core competency of their business among the other entire factors .The next factor is their reputation.

Sundaram Finance:

Customer's loyalty is considered as the factor that best suite their perception of core competency of their business among the other entire factors .The next factor is their reputation

Centurion Bank:

Various repayment options they provide is considered as the factor that best suite their perception of core competency of their business among the other entire factors .The next factor is their location.

Indusind Bank:

Customer's loyalty is considered as the factor that best suite their perception of core competency of their business among the other entire factors .The next factor is their interest rate.

Kotak Mahindra Finance:

Reputation is considered as the factor that best suite their perception of core competency of their business among the other entire factors .The next factor is their repayment options.

Citi Bank:

Reputation is considered as the factor that best suite their perception of core competency of their business among the other entire factors .The next factor is their customers.

TATA Motor Finance:

Financial strength is considered as the factor that best suite their perception of core competency of their business. The next factor is their reputation.

Others:

Rest of the financiers preferred their reputation as their core competency.

In all we can interpret that many of the financiers have Customer service as their core competency. The least ranked factor is financial strength

4.4.1 LEVEL OF RISK BARED BY FINANCIERS

The table no.27 describes the level of risk appetite for the financiers in terms of outstanding amount. This indicates the risk percentage of competitors. The inferences are

HDFC Bank:

49.9% of HDFC respondent's maintains 1 to 1.5 percent as their risk percentage.28.5% maintain 2 to 2.5 percentages and one branch maintains 2.5 to 3.

ICICI BANK:

44.5% of ICICI respondent's maintain 2.5 to 3 percent as their risk percentage.22.2% maintain 1.5 to 2 percentages.

Sundaram Finance:

50% of Sundaram Finance respondent's maintains less than 5 percentage as their risk percentage.37.5% maintain 2 to 2.5 percentage

Centurion Bank:

40% of Centurion Bank respondent's maintain 0.5 to 1 and 1 to 1.5 percentage as their risk percentage.20% maintain 2.5 to 3 percentage

Indusind Bank:

25% of Indusind Bank respondents maintain 1.5 to 2 and 2.5 to 3 as their risk percentage.

Kotak Mahindra Finance:

22.2% of Kotak Mahindra Finance respondent's maintain 1 to 1.5, 1.5 to 2 and 2.5 to 3% as their risk percentage.

Citi Bank:

66.7% of Citi Bank respondent's maintain 1 to 1.5 as their risk percentage.

TATA Motor Finance:

83.3% of TATA Motor Finance maintains 2.5 to 3 as their risk percentage.

Others:

From the rest of the financiers 20 preferred 1.5 to 2 percentages as the safety level.

Table-27 LEVEL OF RISK TAKEN BY COMPANIES

No. of Respondents																		
	HDFC	%	(CICI)	%	Sundaram	%	Centurion	%	IndusInd	%	Koosk	%	Capl	%	TATA	%	Others	%
	-	-	1	11.1	4	50	0	0	1	12.5	1	11.1	-	-	-	-	3	30
	-	-	1	11.1	-	-	2	40	-	-	1	11.1	-	-	-	-	-	-
	3	42.9	1	11.1	-	-	2	40	1	12.5	2	22.2	2	66.7	-	-	1	5
	-	-	2	22.2	-	-	-	-	2	25	2	22.2	1	33.3	1	16.7	2	20
	2	28.5	0	-	3	37.5	-	-	1	12.5	0	-	-	-	-	-	1	5
	1	14.3	4	44.5	0	-	1	20	2	25	2	22.2	-	-	5	83.3	2	-
	1	14.3	0	-	1	12.5	-	-	1	12.5	1	11.1	0	-	-	-	2	-
	7	100	9	100	8	100	5	100	8	100	9	100	3	100	6	100	10	100

In all we can interpret that 26.9% of companies that is 18 among 67 are 2.5 % risk appetite. The next highest percentage of risk is 1.5 to 2%.

PROMOTIONAL STRATEGIES FOLLOWED

The table no.28 shows promotional strategies followed by financiers and their importance in terms of ranking. The strategy with highest importance is ranked 1. The next important is 2 and so on. The inferences are

HDFC Bank:

Personal selling is considered as the important strategy to promote their service. They consider networking through existing customers as the next important strategy to promote their service. They feel advertisement play a small role in promoting their service.

ICICI BANK:

Personal selling is considered as the important strategy to promote their service. They consider dealership promotions as the next important strategy to promote their service. They feel advertisement play a small role in promoting their service.

Sundaram Finance:

They feel Improving image and goodwill of the company will best promote their service. They consider networking through existing customers as the next important strategy to promote their service. According to them other promotional activities other than the listed will play a small role in promoting their service.

Centurion Bank:

They feel networking through existing customers will best promote their service. They consider other promotional activities as the next important strategy to promote their service. According to them advertisement will play a small role in promoting their service

Indusind Bank:

They consider personal selling as the important strategy to promote their service. According to them promotional activities will play a small role in promoting their service

Kotak Mahindra Finance:

They feel personal selling will best promote their service. They consider creating image and goodwill as the next important strategy to promote their service. According to them other than the listed factors will play a small role in promoting their service.

Table - 28 PROMOTIONAL STRATEGIES FOLLOWED

		Meanscore																
	HDFC	Rank	ICICI	Rank	Sundaram	Rank	Centurion	Rank	Indusind	Rank	CoBank	Rank	CGI	Rank	TATA	Rank	Others	Rank
	3.80	6	4.33	6	3.33	5	4.00	6	3.67	6	4.14	6	5.00	5	3.75	4	3.67	5
	2.33	1	2.29	1	3.25	4	2.40	3	2.63	2	2.56	1	2.33	1	1.20	1	2.22	1
	2.57	2	2.38	3	2.88	2	2.25	1	2.86	4	3.38	5	2.33	3	2.00	2	2.40	2
	-	-	-	-	-	-	-	-	2.00	1	5.00	7	-	-	4.00	6	4.00	6
	3.00	3	3.29	4	4.17	6	2.75	2	4.14	7	2.88	3	5.00	5.00	4.00	6	3.50	4
	3.50	5	3.75	5	2.38	1	3.40	4	2.75	3	2.63	2	2.00	2	3.83	5	3.11	3
	3.17	4	2.33	2	3.14	3	3.50	5	3.60	5	3.29	4	3.33	4	3.20	3	4.86	7

Citi Bank:

They feel personal selling will best promote their service. They consider creating image and goodwill as the next important strategy to promote their service. According to them advertisement will play a small role in promoting their service.

TATA Motor Finance:

They feel personal selling will best promote their service. They consider networking through existing customers as the next important to promote their service. According to them other than the listed factors will play a small role in promoting their service.

Others:

Rest of the financiers preferred personal selling that will best promote their service. The next effective factor is networking through existing customers.

In all we can interpret that many of the financiers personal selling as their marketing strategy. The least ranked factor is advertisement.

4.6 PERCEPTION REGARDING COMPETITORS

The table no. 29 describes competitors of different financiers as perceived by them. Most of HDFC Bank respondents (33.3%) felt ICICI as their competitor. Most of ICICI respondents (18.5%) felt HDFC as their competitor. Most of Sundaram Finance respondents (33.3%) felt ICICI as their competitor. Most of Centurion Bank respondents (26.67%) felt ICICI as their competitor. Most of Indusind respondents (25%) felt ICICI as their competitor. Most of Kotak Mahindra respondents (18.5) felt ICICI as their competitor. Most of CITI Bank respondents (33.33%) felt HDFC and ICICI as their competitor. Most of Other banks respondents (27.5%) felt Indusind as their competitor.

Table-29 PERCEPTION REGARDING COMPETITORS

HDFC	No. of responses													
	%	FCI (%)	Subsidium	%	Recognition	%	Amidship	%	Robot	%	Gift	%	DATA	
-	-	5	1	4.5	2	13.33	4	16.7	5	18.5	3	33.33	1	5.6
7	33.3	-	8	33.33	4	26.67	6	25	8	29.6	3	33.33	4	22.22
1	4.8	3	-	-	3	20	2	8.33	4	14.8	-	-	1	5.6
2	9.5	3	2	8.33	-	-	2	8.33	1	3.7	1	11.11	1	5.6
5	23.8	4	5	20.8	-	-	-	-	5	18.5	-	-	5	27.8
3	14.3	3	4	16.7	1	6.67	2	8.33	-	-	1	11.11	3	16.67
2	9.5	2	1	4.5	2	13.33	3	12.5	2	7.4	-	-	-	-
1	4.8	3	2	8.33	-	-	3	12.5	1	3.7	1	11.11	-	-
-	-	4	1	4.5	3	20	2	8.33	1	3.7	-	-	3	16.67
21	100	27	24	100	15	100	24	100	27	100	9	100	18	100

CHAPTER 5

CONCLUSIONS

5.1 RESULTS AND DISCUSSIONS

Years of experience in construction equipment financing

Majority of HDFC (85.7%), ICICI (66.67%), Kotak Mahindra Finance (66.67), Centurion (80%), Citi (100%) and Most of Other institutions (41.67%) also have 6 to 10 years of experience. Majority of Sundaram finance (50%), Indusind (37.5%) and TATA (100%) has 1 to 5 years of experience.

Perceived market share in used equipment financing

Majority of HDFC Bank (57.2%), Other banks (58.3%) and most of Sundaram Finance (37.5%) have 1 to 10 percentage of market share in new equipment financing. Majority of Centurion Bank (60%) and most of ICICI Bank (33.33%), Indusind (37.5%) have 11 to 20 percentage of market share in new equipment financing. Majority of Citi Bank (66.67%) and most of Kotak Mahindra Finance (33.33%) have 21 to 30 percentage of market share in new equipment financing. Most of Kotak Mahindra (33.33%) also has 31 to 40 percentage of market share in new equipment financing. Majority of TATA Motor finance (50%) has above 40 percentage of market share in new equipment financing

Perceived market share in used equipment financing

Majority of HDFC Bank (71.4%), Sundaram Finance (62.5%), Other banks (58.3%) and most of ICICI (33.33%), Indusind (37.5%), Kotak Mahindra Finance (44.44%), Centurion Bank (40%) have 1 to 10 percentage of market share in used equipment financing. Majority of TATA Motor Finance (50%) and most of ICICI Bank (33.33%), Centurion Bank (40%), have 11 to 20 percentage of market shares in used equipment financing. Majority of Citi Bank (66.67%) and most of Indusind (37.5%) have 21 to 30 percentage of market share in used equipment financing

Perception regarding future investments

Majority of Citi banks (80%) have planned to invest 1 to 10 crores in future. Majority of ICICI (55.55%) Centurion (50%) and most of Centurion bank (40%) and Kotak Mahindra finance (33.33%) have plans to invest 21 to 50 crores in future. Most of HDFC (42.8%), Centurion (40%) and Indusind bank (42.8%) have plans to invest 51 to 100

crores in future, majority of other banks (50%) and most of TATA Motor Finance (33.33%) and Kotak Mahindra Finance (33.3%) have 101 to 200.

Factors considered for evaluating borrowers

- HDFC Bank Indusind bank, ICICI, Kotak Mahindra finance, and TATA Motor Finance considers Track record of repayment of loans as an important factor to evaluate borrowers.
- Sundaram Finance considers Nature of customer and future contracts to evaluate borrowers.
- Centurion Bank considers financial statements and Track record of repayment of loans as the most important factors for evaluating borrowers.
- Citi Bank consider financial statements as the most important factors for evaluating borrowers
- HDFC and Indusind consider financial statements as the next important factor in evaluating borrowers. Centurion bank considers earning capacity of equipments and number of contracts completed as next important. Citi bank considers number of contracts completed and TATA Motor Finance considers type of the equipment

Factors considered for evaluating guarantors

- HDFC Bank considers Profile of the guarantor as most important factor for evaluating guarantors.
- Sundaram Finance considers Experience in business as most important factor for evaluating guarantors.
- Centurion Bank and other banks consider reputation as the most important factor for evaluating guarantors. .
- Indusind Bank considers similar line of business as the most important factor for evaluating guarantors.
- Kotak Mahindra, ICICI, Citi Bank and TATA Motor Finance considers Track record of repayment of loans as the most important factor for evaluating guarantors.
- HDFC considers Track record of repayment of loans as the next important factor. ICICI, Centurion Bank, Indusind and Kotak consider experience in business the next important factor. Sundaram Finance considers proprietary ownership of

assets. Citi bank and TATA Motor Finance consider similar line of business as the next important factor.

Factors considered in choice of equipment

- HDFC Bank considers Economy of scale as most important among factor for choosing equipment to finance.
- ICICI Bank, Indusind Bank and TATA Motor Finance consider Standard equipment as most important factor for choosing an equipment to finance.
- Sundaram Finance, Centurion Bank, Citi bank considers Resale value as most important factor in choosing an equipment to finance. .
- Kotak Mahindra Finance and other financiers consider machinery profile as the most important factor in choosing an equipment to finance.
- HDFC, ICICI, Citi bank consider standard equipments as the next important factor. Sundaram finance and Indusind consider machinery profile as the next important factor. Kotak Mahindra Finance and Centurion Bank consider earning pattern as the next important factor. TATA Motor finance considers resale value.

Perception regarding standard equipments

Tipplers and dumpers: First preference

- 55.6% of ICICI respondents preferred Ashok Leyland as the first preferred standard equipment in Tipplers and Dumpers and 33.3% of respondents preferred TATA
- 87.5% of Sundaram Finance respondents preferred Ashok Leyland as the first preferred standard equipment in Tipplers and Dumpers and 12.5% of respondents preferred TATA
- 40% of Centurion Bank respondents preferred Ashok Leyland as the first preferred standard equipment in Tipplers and Dumpers and 60% of respondents preferred TATA
- 87.5% of respondents of Indusind Bank preferred Ashok Leyland as the first preferred standard equipment for Tipplers and Dumpers and 12.5% respondents preferred Mahindra.

- 55.6% of Kotak Mahindra Finance respondents preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 44.4% of respondents preferred TATA
- 66.7% of respondents of Citi bank preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 33.3% of respondents preferred TATA
- 83.3% of respondents of TATA Motor Finance preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 16.7% of respondents preferred TATA
- 25% of respondents of other banks preferred Ashok Leyland as the first preferred standard equipment in Tippers and Dumpers and 25% of respondents preferred TATA.

Tippers and dumpers: second preference

Most of HDFC, ICICI, Sundaram Finance, Centurion Bank, Kotak Mahindra Finance, and Citi bank respondent have preferred Ashok Leyland and TATA. Most of Indusind Bank respondents preferred Mahindra.

Tippers and dumpers: third preference

Most of HDFC respondents preferred AMW and TATA. ICICI respondents preferred AMW and Eicher. Sundaram Finance respondents preferred Eicher and TATA. Centurion Bank respondents preferred Ashok Leyland, Hitachi and AMW. Indusind Bank preferred Ashok Leyland and AMW and TATA. Kotak Mahindra Finance respondents preferred AMW, Ashok Leyland and Eicher. Citi bank preferred AMW. TATA Motor Finance preferred TATA, AMW, Eicher and Treker other financiers preferred Eicher, Vectra.

Backhoe loaders: first preference

- 28.6% of HDFC respondents preferred Escorts. 42.9% of respondents preferred L&T and 28.6% preferred JCB
- 88.9% of ICICI respondents preferred JCB and 11.1% of respondents preferred Escorts
- 50% of Sundaram Finance respondents preferred JCB and 25% of respondents preferred L&T

- 60% of Centurion Bank respondents preferred JCB and 40% of respondents preferred L&T
- 25% of respondents of Indusind Bank preferred Escorts and 75% of respondents preferred JCB.
- 77.8% of Kotak Mahindra Finance respondents preferred JCB and 22.2% of respondents preferred Escorts.
- 100% of respondents of Citi bank preferred JCB.
- 66.7% of respondents of TATA Motor Finance preferred JCB and 33.3% of respondents preferred Hitachi.
- 41.7% of respondents of other financiers preferred JCB 41.7% of respondents preferred JCB and 33.3% preferred AMW.

Backhoe loaders: second preference

Most of HDFC respondents preferred Ashok Leyland, CAT, JD, L&T, Hitachi, JCB, and Escorts. Most of ICICI respondents preferred TATA and Hitachi. Sundaram Finance respondents preferred Telcon. Centurion Bank respondents preferred L&T and Escorts. Respondents of Indusind Bank preferred TATA. Kotak Mahindra Finance respondents preferred TATA, Ashok Leyland and JD. Respondents of Citi bank preferred JD and TATA. Respondents of TATA Motor Finance preferred L&T and JD. Respondents of other financiers preferred Telcon and Hitachi.

Backhoe loaders: third preference

HDFC respondents preferred L&T and Volvo. ICICI respondents preferred L&T and BEML. Sundaram Finance respondents preferred BEML. Centurion Bank and TATA Motor Finance respondents preferred JCB Respondents of Indusind Bank preferred TATA and L&T. Kotak Mahindra Finance respondents preferred ACE, L&T and TATA. Respondents of Citi bank preferred TATA, Vectra and Telcon. Respondents of other financiers preferred L&T

Excavators: first preference

- 57.1% of HDFC respondents preferred JCB and 28.6% of respondents preferred TATA
- 22.2% of ICICI respondents preferred JCB, Escorts and L&T and 11.1% of respondents preferred TATA, Hitachi and Telcon

- 62.5% of Sundaram Finance respondents preferred Hitachi and 12.5% of respondents preferred TATA, Escorts and Mahindra
- 40% of Centurion Bank respondents preferred Hitachi and L&T and 20% of respondents preferred TATA
- 50% of respondents of Indusind Bank preferred JCB and 25% of respondents preferred Hitachi
- 22.2% of Kotak Mahindra Finance respondents preferred TATA, L&T and Telcon and 11.1% of respondents preferred L&T, CAT and JCB
- 100% of respondents of Citi bank preferred TATA
- 66.7% of respondents of TATA Motor Finance preferred TATA and 16.7% of respondents preferred CAT and Hitachi
- 41.7% of respondents of other financiers preferred JCB. 16.7% preferred TATA and CAT and 25 % of respondents preferred Hitachi.

Excavators: second preference

HDFC respondents preferred TATA. ICICI respondents preferred Escorts and L&T. Sundaram Finance respondents preferred Volvo. Centurion Bank respondents preferred TATA and Telcon. Respondents of Indusind Bank, TATA Motor Finance, Citi bank and Kotak Mahindra Finance preferred L&T. Respondents of other financiers preferred TATATEL and Volvo.

Excavators: third preference

HDFC respondents preferred TATA. ICICI, Indusind Bank, Citi bank and TATA Motor Finance respondents preferred TATA, JCB and CAT. Sundaram Finance respondents preferred JCB. Centurion Bank respondents preferred Hitachi. Kotak Mahindra Finance respondents preferred BEML. Respondents of other financiers preferred Ashok Leyland.

Cranes: first preference

- HDFC respondents preferred Escorts
- 55.5% of ICICI respondents preferred Escorts. 33.3% of respondents preferred ACE
- 50% of Sundaram Finance respondents preferred ACE. 37.5% of respondents preferred Escorts and 12.5% of respondents preferred Ashok Leyland

- 40% of Centurion Bank respondents preferred ACE and Escorts and 20% of respondents preferred Ashok Leyland
- 62.5% of respondents of Indusind Bank preferred Escorts and 25% of respondents preferred IR
- 55.5% of Kotak Mahindra Finance respondents preferred Escorts. 22.5% of respondents preferred ACE and 11.1% of respondents preferred IR and Ashok Leyland
- 100% of respondents of Citi bank preferred Escorts
- 100% of respondents of TATA Motor Finance preferred Escorts
- 33.3% of respondents of other financiers preferred Ashok Leyland and Escorts. 25% preferred ACE.

Cranes: second preference

Most of HDFC, Sundaram Finance, Indusind Bank and Kotak Mahindra respondents preferred ACE. Most of ICICI respondents preferred ACE and IR. Most of Centurion Bank respondents preferred ACE and Escorts. Majority respondents of Citi bank and TATA Motor Finance preferred ACE. Most of respondents of other financiers preferred TATA and IR.

Cranes: third preference

Most of ICICI respondents preferred IR. Majority of Sundaram Finance and Most of respondents of other financier's, HDFC, Kotak Mahindra Finance respondents preferred BEML. Majority of Centurion Bank respondents preferred ACE and Escorts. Most of respondents of Indusind Bank preferred BEML and Hitachi. Majority of respondents of Citi bank preferred Hitachi. Most of respondents of TATA Motor Finance preferred IR and BEML.

Road laying equipments: first preference

- 28.6% of HDFC respondents preferred L&T and IR and 14.3% of respondents preferred Ashok Leyland and Greives
- 22.2% of ICICI respondents preferred Apollo. 22.2% of respondents preferred Ashok Leyland and Telcon, L&T, Greives, IR, Vectra
- 50% of Sundaram Finance respondents preferred IR. 25% of respondents preferred Vectra and 12.5% of respondents preferred Apollo and L&T

- 40% of Centurion Bank respondents preferred Telcon and Ashok Leyland and 20% of respondents preferred L&T.
- 50% of respondents of Indusind Bank preferred IR and 12.5% of respondents preferred Ashok Leyland, Apollo, L&T and Vectra
- 33.3% of Kotak Mahindra Finance respondents preferred Ashok Leyland and Apollo. 22.2% of respondents preferred Greives.
- 66.7% of respondents of Citi bank preferred IR and 33.33% of respondents preferred Greives
- 66.7% of respondents of TATA Motor Finance preferred Apollo and 16.7% of respondents preferred Greives and IR
- 33.3% of respondents of other financiers preferred Greives. 25% preferred IR.

Road laying equipments: second preference

Most of HDFC and Most of respondents of other financier's respondents preferred TATA. Most of ICICI respondents preferred TATA, Terex. Most of Sundaram Finance respondents preferred L&T and IR. Most of Centurion Bank respondents preferred Terex and IR. Most of respondents of Indusind Bank preferred Terex, Apollo. Majority of Kotak Mahindra Finance respondents preferred TATA. Majority of respondents of Citi bank and Most of respondents of other financiers preferred L&T. Majority of respondents of TATA Motor Finance preferred IR.

Road laying equipments: third preference

Most of HDFC, Centurion Bank respondents preferred JCB. Most of ICICI, Indusind Bank and other financier's respondents preferred TATA. Most of Sundaram Finance respondent's preferred Escorts. Most of Kotak Mahindra Finance respondents preferred IR. Most of respondents of Citi bank preferred L&T, IR, JCB and Vectra. Most of respondents of TATA Motor Finance preferred JCB and Escorts.

Construction machinery: first preference

- 42.9% of HDFC respondents preferred AMW and 14.3% of respondents preferred Atlas, IR, Swasing and Wescon
- 22.2% of ICICI respondents preferred IR, Deepa. and NAVA 11.1% of respondents preferred TATAJD, JCB and AMW

- 25% of Sundaram Finance respondents preferred Wescon and JCB 12.5% of respondents preferred Scawing, Deepa, L&T and IR.
- 40% of Centurion Bank respondents preferred JCB and 20% of respondents preferred Wescon, Terex and Nava
- 25% of respondents of Indusind Bank preferred Voltas.12.5% of respondents preferred AMW, Atlas, IR, Deepa, JCB and TATAJD
- 22.2% of Kotak Mahindra Finance respondents preferred Wescon. 11.1% of respondents preferred AMW, Atlas, NAVA, Deepa, TATAJD, IR and Scawing
- 33.3% of respondents of Citi bank preferred TATAJD, Terex and L&T
- 50% of respondents of TATA Motor Finance preferred Wescon and 16.7% of respondent preferred IR, JCB and L&T.
- 16.7% of respondents of other financiers preferred IR, Deepa and L&T.

Construction machinery: second preference

Most of HDFC respondents preferred Telcon. Most of ICICI respondents preferred ELGI. Most of Sundaram Finance respondents preferred Deepa, Telcon and Fusilona. Most of Centurion Bank respondents preferred Ashok Leyland. Most of respondents of Indusind Bank preferred Telcon. Most of Kotak Mahindra Finance respondents preferred Atlas, Greives and TATA. Majority of respondents of Citi bank preferred Fusilona. Most of respondents of TATA Motor Finance preferred Atlas and Fusilona. Most of respondents of other financiers preferred TATA.

Construction machinery: third preference

Most of HDFC respondents preferred ACE, JCB and TATA. Most of ICICI and other financier's respondents preferred SMT. Majority of Sundaram Finance, Kotak Mahindra Finance respondents preferred JCB. Most of Centurion Bank respondents preferred TATA and Fusilona. Most of respondents of Indusind Bank and TATA Motor Finance preferred TATA and ACE. Most of respondents of Citi bank preferred JCB, TATA and SMT.

Promotional strategies of financiers

- HDFC Bank prefers Personal selling as the important strategy and networking through existing customers is the next important strategy

- ICICI Bank prefers Personal selling as the important strategy and dealership promotions as the next important strategy.
- Sundaram Finance Improving image and goodwill of the company will best promote their service and networking through existing customers as the next important strategy.
- Centurion Bank prefers networking through existing customers will best promote their service.
- Indusind Bank considers personal selling as the important strategy.
- Kotak Mahindra Finance prefers personal selling will best promote their service and creating image and goodwill as the next important.
- Citi Bank prefers personal selling will best promote their service and creating image and goodwill as the next important strategy.
- TATA Motor Finance prefers personal selling will best promote their service. They consider networking through existing customers as the next important strategy.
- Other financiers preferred personal selling will best promote their service. The next effective factor is networking through existing customers.
- In all we can interpret that many of the financiers consider personal selling as their marketing strategy. The least ranked factor is advertisement.

Core competencies as perceived by the construction equipment financiers.

- HDFC Bank considers Location as the factor that best suite their perception of core competency
- ICICI Bank considers Interest rate as the factor that best suite their perception of core competency.
- Sundaram Finance considers Customer's loyalty as the factor that best suite their perception of core competency.
- Centurion Bank considers various repayment options they provide as the factor that best suite their perception of core competency.
- Indusind Bank considers Customer's loyalty as the factor that best suite their perception of core competency

- Kotak Mahindra Finance considers Reputation as the factor that best suite their perception of core competency
- Citi Bank considers Reputation as the factor that best suite their perception of core competency.
- TATA Motor Finance considers financial strength as the factor that best suite their perception of core competency.
- Other financiers preferred their reputation as their core competency.
- In all we interpret that many financiers have Customer service as their core competency. The least ranked factor is financial strength.

Risk bared by financiers:

- 49.9% of HDFC respondent's maintains 1 to 1.5 percent as their risk percentage.
- 44.5% of ICICI respondent's maintain 2.5 to 3 percent as their risk percentage.
- 50% of Sundaram Finance respondent's maintains less than 5 percentages as their risk.
- 40% of Centurion Bank respondent's maintain 0.5 to 1 and 1 to 1.5 percentage.
- 25% of Indusind Bank respondents maintain 1.5 to 2 and 2.5 to 3 as their risk percentage.
- 22.2% of Kotak Mahindra Finance respondent's maintain 1 to 1.5, 1.5 to 2 and 2.5 to 3% as their risk percentage.
- 66.7% of Citi Bank respondent's maintain 1 to 1.5 as their risk percentage.
- 83.3% of TATA Motor Finance maintains 2.5 to 3 as their risk percentage.
- Among rest of the financiers, 20 preferred 1.5 to 2 percentages as the safety level.

Perception regarding competitors

Most of HDFC Bank respondents (33.3%) felt ICICI as their competitor. Most of ICICI respondents (18.5%) felt HDFC as their competitor. Most of Sundaram Finance respondents (33.3%) felt ICICI as their competitor. Most of Centurion Bank respondents (26.67%) felt ICICI as their competitor. Most of Indusind respondents (25%) felt ICICI as their competitor. Most of Kotak Mahindra respondents (18.5) felt ICICI as their competitor. Most of CITI Bank respondents (33.33%) felt HDFC and ICICI as their competitor. Most of Other banks respondents (27.5%) felt Indusind as their competitor.

5.1 RECOMMENDATIONS

Some of the recommendations given to new entrants in construction equipment finance are

1. Most of the financiers analysed have 6 to 10 years of experience that includes HDFC, ICICI, Kotak Mahindra Finance, Centurion, Citi, Therefore operational strategies followed by them can be considered with first preference.
2. Most of the financiers consider Track record of repayment and financial statements to evaluate borrowers. Therefore it is suggested to consider those factors to gain potential customers.
3. Most of the financiers consider Track record of repayment and experience in business to evaluate guarantors. Therefore it is suggested to consider those factors to gain potential customers

In case of choosing an equipment to finance Standard equipments is given with first preference by majority of the financiers. The next important factor to consider is Machinery profile. The following equipments are standard equipments that can be preferred first for providing loan

Tippers & dumpers - Ashok Leyland and TATA.

Backhoe loaders – JCB, TATA.

Excavators – JCB, L&T

Cranes – Escorts, ACE

Road laying equipments - IR

Construction machinery - JCB, Ashok Leyland and Telcon.

4. Personal selling best suit the financiers to promote their service. Therefore efforts can be taken to improve personal selling.
5. 2.5 % of risk can be considered as the safety level by majority of the financiers. So the new entrants can be more cautious in not exceeding the limit of 2.5%.
6. Majority of the financiers feel customers as their core competency. Therefore efforts can be taken to concentrate more on customers to gain and retain customers.

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ANNEXURE

QUESTIONNAIRE

1. Name of the organization :
2. No. of years of existence
in construction equipment :
3. What do you think your market share is?
New Equipment –
Used Equipment –
4. Rank the top most 5 criteria used for evaluating the borrowers.

Criteria	Rank	Criteria	Rank
Correctness of Financial Statements		Collateral securities	
No of contracts completed		Track record of repayment of loans	
Type of the equipment		Nature of the customer	
Earning capacity of the equipment		Future contracts held	
Guarantor		% of owners contribution	
Viability of the project		Experience in business	
Others (if any)			

5. Rank the top 3 criteria used for evaluating the guarantor.

Criteria	Rank
Proprietary ownership of assets	
Similar line of business	
Profile of the guarantor	
Experience in business	
Track record of repayment of loans	
Reputation	
Others (if any)	

6. Rank the top 5 criteria in determining the choice of equipment for providing loans.

Choice of equipment	Rank
Machinery profile	
Economy of operations	
Usage pattern	
Earning pattern	
Standard Equipments	
Life of the Equipment	
Resale value	
Less maintenance cost	
Economy of Scale	
Economy of Scope	

7. Mention the standard equipment(s) for the following category.

Equipment	Manufacturer 1	Manufacturer 2	Manufacturer 3
Tipplers, Dumpers			
Backhoe Loaders			
Excavators			
Cranes			
Road Laying Equipments			
Construction Machinery (Crushers, Compressors)			
Others (if any)			

8. (a). Do you fund for imported equipment?

Yes No

9. Rank the top 3 attributes which you think as the core competency of your business.

Attributes	Rank	Attributes	Rank
Reputation		Interest Rate	
Repayment Options		Customer Service	
Location		Simple procedures/documentation	
Reliability		Financial Strength	
Others (if any)			

10. Whom do u consider as your closest competitor?

11. Rank the top 5 marketing strategies you follow to promote the business.

Strategies	Rank	Strategies	Rank
Advertisement		Promotional Activities	
Personal Selling		Image and Goodwill	
Networking through existing customers		Dealership promotions	
Others			

12. What is the % of risk you are willing to undertake?

< 0.5% 0.5 – 1% 1 - 1.5 % 1.5 – 2 %

2 – 2.5 % 2.5 – 3 % > 3 %

13. How much amount you are going to deploy in Construction Equipment financing for the next five years