

Title:

New Or Used Construction Equipment - The Return On Investment Decision

Word Count:

606

Summary:

It has always been a debate whether to buy new or used construction equipment. Smaller fleets prefer to buy used construction equipment as they attract less capital investments. Another reason for people to opt for used construction equipment is that they are sometimes as good as new and come at a very heavy discounted price as compared to that offered at the showrooms.

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Keywords:

construction equipment,used construction equipment,heavy equipment,used heavy equipment

Article Body:

It has always been a debate whether to buy new or used construction equipment. Smaller fleets prefer to buy used construction equipment as they attract less capital investments. Another reason for people to opt for used construction equipment is that they are sometimes as good as new and come at a very heavy discounted price as compared to that offered at the showrooms.

Moreover, Associated Equipment Distributors (AED) and TradeYard, Inc, have jointly announced an alliance that shall provide certified inspection of used construction equipment that can also be sold online. This has been done to boost the business-to-business sales via online medium. It gives better promotion to the sale of used construction equipment and buyers to be confident about their purchase. Usually buyers buy the used construction equipment only upon the preliminary inspection done by the technical agent from either the buyer or the seller side. Since a neutral and unbiased inspection report shall be available it would lead to increased sales and more profitable bargains to small investors. Small fleet owners usually opt for used construction equipment sold from earlier projects. Large construction companies that carry huge fleet of construction equipment can also strike a good bargain at onsite purchase of such certified used construction equipment.

There had always been a skeptical attitude towards the economies in the Indian

sub-continent, Russia or Latin America. But over the past years these economies have shown a constant and steady growth. The demand to construct new projects or to renew the old ones has been always in demand. Since these countries are not as cash rich and affluent, they usually have constructors who have smaller fleet. Moreover, they also do not have enough capital to be invested in developing a large fleet. They are always on a look out for used construction equipments. Along with this these constructors take on projects in the neighboring countries and shifting heavy and used construction equipment is also not feasible. Thus sales of such equipments is constantly in demand

Apart from the projects in these countries, bigger companies take up their projects in the continent of Africa and also the Gulf countries. Thus they opt to buy used construction equipments available locally from the companies or constructors who wish dispose off their fleet. The used construction equipments are also on the sale due to the feasibility reasons that lie on the seller's side as well. The construction companies who have finished off their projects in foreign lands and take up projects in other countries, for such large companies it is more feasible to dispose off their used construction equipment and assemble a new fleet at the onsite location rather than carry them to the new land. This is due to the reason that various countries have different rules for export and import of heavy equipment required for infrastructure development.

Some countries impose heavy taxes and import duties to restrict import of used construction equipment. This is done to prevent the domestic markets and small construction companies with limited resources. Further, export of such used construction equipment requires various documentation procedure, inspections and other legal formalities. All such activities are not only tedious but also time consuming. These formalities also require lot of duty fulfillment at both the ends. Moreover clearance at the ports and damage caused in handling and shifting these equipments is also very tedious job.

Thus construction companies prefer to buy new or used construction equipment locally. Only Large construction companies or companies who have strategic partnerships in the local market for a company prefer to import a part of their used construction equipment for their ongoing projects.