

# INDIA'S SHEET METALWORKING SECTOR

## A MARKET OVERVIEW



One of the best-known symbols of India - the Taj Mahal in Agra. Completed in 1648, it was constructed over a period of twenty-two years, employing twenty thousand workers.

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## MANUFACTURING – CONSTRUCTION EQUIPMENT

Construction is the second largest economic activity after agriculture in India, accounting for 65% per cent of the total investment in infrastructure, and 11% of GDP, and increasingly attracting FDI. Construction encompasses residential, industrial corporate and commercial building projects; and infrastructure, including roads, railways, urban infrastructure, ports (many of which are not suitable for modern cargo handling), airports and power stations. The industry employs a work force of nearly 40 million. Growth in the construction equipment industry is linked to infrastructure development, and the earthmoving and construction equipment (ECE) industry has the potential to expand to €16 billion by 2020.

The India Construction Equipment Manufacturers Association was constituted in 1949 as the Tractor & Allied Equipment manufacturers and Importers Association starting with 10 Indian member companies, primarily manufacturers and importers of tractors, earthmoving and allied equipment. It was renamed as Indian Construction Equipment Manufacturers Association (ICEMA) in 2012.

ICEMA ([www.i-cema.in/](http://www.i-cema.in/)) currently represents 42 leading companies who manufacture, trade and finance a variety of products. The large players include JCB, Telcon, Larsen & Toubro, BEML, Caterpillar India, Kobelco, Komatsu, Escorts, and Action Construction Equipment; most global OEMs have a presence in India, or are in the process of entering. For detailed information on companies and products, a membership directory appears on the ICEMA website with hyperlinks to individual company sites.

The key equipment categories are: earthmoving and road construction equipment, the largest segment of which includes backhoe loaders, excavators, loaders, bulldozers, skid-steer loaders, compaction equipment, vibratory rollers and haulers; concrete equipment including concrete breakers, paver finishers concrete batching plants, concrete pumps and concrete mixers; and material handling equipment including telescopic handlers, crawler cranes, mobile cranes, truck cranes, forklift, pick & carry cranes, slew cranes, tower cranes and conveyors. Equipment sales volume is expected to increase from over 60,000 units in 2010 to 330,000 in 2020.

India Ratings has recently downgraded the outlook for the domestic construction sector to 'negative' for 2013 from 'stable' last year due to challenges faced in the execution of projects, partly because of delays in environmental clearances. However, over the long term, demand will remain strong, and the proposed increase in allocation in the government's twelfth five-year plan (2012-2017) should translate into a healthy business for construction companies – as well as suppliers of sheet metal, construction equipment and manufacturing plant (such as mobile plasma, gas, electric and laser welding equipment, shearing and bending machines).

