

PRESS RELEASE

ICEMA CE INDUSTRY ANNUAL SALES REPORT – FY 2021-22

8% volume de-growth witnessed by Indian Construction Equipment industry in FY 22

The Indian Construction Equipment (CE) Industry witnessed an 8% de-growth in Financial Year 2021-22 (FY22), with sales having dropped to 85,385 units during the year as compared to 92,470 units of construction equipment sold in FY21. As per the annual industry data released by Indian Construction Equipment Manufacturers Association (ICEMA), the earthmoving equipment segment which accounts for nearly three-fourth of the total construction equipment sales in India, experienced 14% decline in growth during FY22, while road construction equipment sales were lower by 10% during the same year. However, the other three segments namely material handling, material processing and concrete equipment registered positive growth during the year. Exports of construction equipment also increased significantly by 60% in FY22 over FY21.

The CE industry experienced a number of challenges which adversely impacted the growth of the sector during the last fiscal. While emphasizing some of these key factors creating headwinds for the industry, Mr Dimitrov Krishnan, President ICEMA and Managing Director Volvo CE India Pvt Ltd said “A host of factors pulled the Indian CE industry sales down during the financial year 2021-22. The 8% volume de-growth registered during the period under review is largely owing to the second and third waves of COVID-19 pandemic, which adversely impacted the pace of construction activity in the country on one hand and continued to bring supply chain disruptions on the other, thereby constraining the industry’s ability to cater to the emerging demand”.

There was significant slowdown in the speed of construction of roads & highways in FY22 to 28.64 km/day compared to a much higher pace of 36.5 km/day at which roads were constructed in FY21. This was a major factor for CE industry de-growth as 40% of the total demand for construction equipment originates from the road sector in India. Unprecedented natural calamities like cyclones and heavy rains also affected construction activity, particularly in the Southern part of the country, further affecting the demand for construction equipment. Sharp increase in input costs due to rising steel and other commodity prices created margin pressures for the CE manufacturers. The industry’s concerns have further accentuated on account of the recent ongoing Russia-Ukraine conflict.

Sharing deeper insights from the report, Mr V G Sakthikumar, (Convener, Industry Analysis & Insights Panel, ICEMA) said “though the year on year growth of the industry remained subdued, it is heartening to note that there has been a steady increase in the sales numbers during the four quarters of the current fiscal. Results in the fourth quarter in particular have been much better, with the sales volume having increased by 12% from the previous quarter. This has brought back much-needed growth momentum which when seen together with the recent Government announcements on infrastructure investments puts forward a very strong pipeline and growth avenues for the Indian CE industry”.

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The ICEMA Industry Report is prepared with the help of inputs from member companies which represent about 95% of the OEMs operating in the Indian Construction Equipment industry.

While the Indian CE industry saw a tumultuous FY22, looking ahead, the industry is hopeful of a strong recovery during FY23 on the back of an enhanced export potential and the Government's continued thrust on infrastructure development through announcement of mega plans including National Infrastructure Pipeline, Gati Shakti Masterplan, National Monetisation Plan, constitution of National Bank for Financing Infrastructure and Development (NaBFID) which is expected to be operational by the first quarter of the current fiscal, and will be scaled up further through the year. Several infrastructure projects that have made substantial progress but are facing delays due to financing issues are likely to be given funding priority by the Bank, which in turn would help in revival of these projects, boost construction activity and create growth opportunities for the CE industry. The sharp increase in budget outlay on capital expenditure for FY23 by more than 35%, from INR 5.54 lakh crore to INR 7.50 lakh has also given the industry confidence of a quick turnaround and delivering a strong growth during the current fiscal.

The industry expects a significant increase in award of contracts for highway construction, new railway lines, water management, development of ports and others in the current year, while demand for mining equipment which has been quite robust in the last 2-3 years is expected to continue its strong trajectory, aided by favourable global demand for commodities. The industry leaders feel that the overall future prospect of the industry is positive, as India is entering an exciting era of infrastructure led growth, supported by the Government's vision of an 'Atmanirbhar Bharat' and strong exports push on the back of 'Make in India for the World'. The journey will further become exciting with the introduction of newer technologies in the industry such as the influx of digital, IoT and alternate fuels which will help the industry attain sustainable growth in the future.

Commenting on the export potential of the industry, the ICEMA President further added, "the phenomenal exports growth witnessed by the Indian CE Industry in last 12 months augurs well for its future sustained growth. With new CEV-IV emission standards now completely adopted by the industry, there are significant opportunities for Indian CE manufacturers to tap into developed markets".

"The key recommendations outlined in ICEMA's Vision Plan 2030 report have helped drive the CE Industry's interaction with policy makers over the last 2 years. In the context of a changed global landscape, ICEMA is now working on a revised Vision Plan 2030 to include modified projections and changing trends facing the industry. This revised plan will not only guide our interactions with the policy makers but also will give direction to the industry action for gearing up to face the challenges and harness the opportunities", said Mr Krishnan.

About ICEMA

The Indian Construction Equipment Manufacturers' Association (ICEMA) represents over 80 leading companies that manufacture, trade and finance a wide range of construction, earthmoving, mining and mineral processing equipment used in the critical activity of developing a robust world-class infrastructure for the Nation. ICEMA Members include 95% of Construction Equipment OEMs in India. India's CE industry currently stands at USD 6.5 billion and employs approximately 3 million people.

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