



Indian Construction Equipment Manufacturers' Association

SHAPING INDIA'S TOMORROW



BUILDING THE NATION

Indian Construction Equipment (CE) Industry : Vision 2030

Knowledge Partner



BOSTON
CONSULTING
GROUP



Note: The definition of CE industry covers full spectrum of equipment, often also classified as CEMM viz. Construction, Earthmoving, Material Handling and Mining Machinery



SHRI NITIN J GADKARI

Hon'ble Minister of Road Transport & Highways and Micro, Small & Medium Enterprises, Government of India

नितिन गडकरी
NITIN GADKARI



सत्यमेव जयते

मंत्री
सड़क परिवहन एवं राजमार्ग;
सूक्ष्म, लघु एवं मध्यम उद्यम
भारत सरकार
Minister
Road Transport and Highways;
Micro, Small and Medium Enterprises
Government of India

MESSAGE

Infrastructure forms the backbone of the Indian economy. Our government is committed to developing world class infrastructure for the country. Innovation, Research & Technology, and Conversion of Knowledge into Wealth, will be the 3 key elements propelling us to this \$5 Tn GDP goal. High quality, innovative equipment, world-class research centres and accelerated adoption of alternative fuels are all critical and will be important to India becoming *Atmanirbhar* (self-reliant), a necessary step for high economic growth and to achieve global competitiveness.

It gives me a great pleasure to note that the forward-thinking Indian Construction Equipment industry, steered by ICEMA, has created this "*Vision Plan 2030 – Building the Nation*". Stating out a bold vision and then progressively working towards achieving the same is the only way for industry to progress. The Indian Construction equipment industry needs to play a key role in realizing our Infrastructure growth Vision and I believe Vision Plan 2030 lays a solid foundation for this.

As a nation, we have made significant and visible progress over the last few years - pace of road construction has been elevated and continuous investment has been ensured for development of our ports, rail network and airports.

Cooperation, coordination and communication between relevant stakeholders is the need of the hour to drive collective Vision. I look forward to this Vision Plan and the action framework mentioned in it, to drive collective initiatives. I am confident that the Indian Construction Equipment industry will achieve it's Vision 2030 and in turn, enable achievement of our Infrastructure Vision and overall Economic goals.


(Nitin Gadkari)

Date: 16th March, 2021
Place: New Delhi



MR. SANDEEP SINGH

President, ICEMA and Managing Director, Tata Hitachi Construction Machinery Company Pvt. Ltd.

The 'Indian Construction Equipment (CE) Industry Vision Plan 2030: Building the Nation' is a well thought out roadmap towards unlocking the true potential of the Indian Construction Equipment (CE) industry and is aimed at establishing India as a manufacturing & export hub for Construction Equipment.

The CE Industry Vision Plan 2030 has been developed in partnership with the Boston Consulting Group (BCG) and has involved several weeks of active engagement, brain storming sessions, discussions and whole-hearted participation of all Member companies of ICEMA alongwith the key stakeholders of the CE Industry.

The 8-point agenda laid down in the CE Industry Vision Plan 2030 clearly identifies a structured and focused roadmap towards helping the Indian CE Industry become the 2nd largest and the fastest growing CE Market in the world by 2030.

The 8-point agenda is built around 3 key pillars -


- Sustained demand creation
- Robust operating ecosystem
- Stable Foundation - Technology & Skilling

The Indian CE Industry is fully committed towards working with the Government & key stakeholders in 'Building the Nation' through creation of world-class infrastructure in the country. The CE Industry Vision Plan 2030 is a step forward in this direction and provides a platform for the CE Industry to realize its true growth potential and help India become a leader in Infrastructure development.


(MR. SANDEEP SINGH)

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1. Executive Summary

EXECUTIVE SUMMARY

India aspires to become a USD 5 trillion economy by 2025 – a feat that will require all industries to seamlessly collaborate with each other and align with the Government’s vision. India is already the fastest growing major economy in the world and is projected to emerge as the third largest economy by 2030.

India’s intrinsic strengths – a large urbanized population of 470 Mn, a young demographic profile, an attractive investment destination with over USD 50 Bn in Foreign Direct Investment (FDI), and a sizeable consumption expenditure of over USD 2 Tn, position it well to become an economic powerhouse. Rapid shifts in the geo-political and global trade landscape, with an increasing trend to promote localization and self-reliance, will further create significant economic opportunities for India. The Government has also undertaken major structural and procedural reforms across sectors to help enhance ease of doing business in the country, thereby making it an attractive investment destination.

To capitalize on the massive opportunity, continued stimulus in areas such as, infrastructure asset creation, is imperative. It is well established that infrastructure growth is strongly correlated with Gross Domestic Product (GDP) growth and has a strong multiplier effect on job creation. The Government of India (GoI) has aptly set ambitious targets and conceptualized flagship programs for infrastructure development such as, USD 1.4 Tn National Infrastructure Pipeline (NIP), focused on key sectors – transportation (roads, railways, ports, aviation), infrastructure (urban, rural, industrial), agriculture and irrigation. This is further supplemented by several infrastructure programs announced by different state governments. Still, significant scope exists to accelerate this development spurt, as India’s current infrastructure still lags developed economies and is often cited as a common disability by the manufacturing sector.

Indian Construction Equipment (CE) industry can be the vital fulcrum, driving infrastructure growth and supporting allied industries in achieving their growth targets. Buoyed by a stable economic environment and a strong growth agenda pursued by the Government, the Indian CE industry experienced high growth rate of approximately 14% CAGR in the latter half of the preceding decade (FY15-19). This further propelled growth in key end-user industries, in particular – roads, mining, and infrastructure (urban, industrial). However, adoption of the right type and quantum of CE will be critical to deliver projects (especially, NIP) on time, within budget, and with high levels of operating efficiency. In FY20, the industry experienced 14% de-growth in volume due to economic slowdown. The situation has been further accentuated by the Covid pandemic. The growth potential and outlook for the industry however remains strong, as evinced through the quarters of FY21 when normalcy in economic and industrial activity was restored.

The Indian CE industry currently holds a prominent position in the global CE landscape – it is the third largest market after China and USA. A sharply prioritized action-set can further improve and consolidate Indian CE industry’s global position. Enhancement of mechanization levels in infrastructure, construction and mining are imminent, if Indian industry and economy were to achieve it’s stated aspirations. This promises significant opportunity for Indian CE industry. Initiatives and actions will be required across 3 priority themes –



Sustained Demand Creation



Robust Operating Ecosystem



Stable foundation – Technology and Skilling

Through Vision 2030, Indian CE industry has set itself an aspirational goal to become –

- 2nd largest CE market worldwide
- Fastest growing CE market in the world
- Manufacturing and export hub of the world for CE

This report – Vision Plan 2030, assesses in depth the prevailing CE landscape in India, identifies challenges, and proposes key initiatives both for the industry and government stakeholders to act in unison on the priority themes so as to help propel the Indian CE Industry towards realizing its Vision Plan 2030



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