

QUARRY REPORT

Still Incredible India

India's aggregates industry is one of the biggest in the world, spurred on by the country's huge investment in infrastructure. **Patrick Smith** reports.



“The centre of gravity for the construction market over the last 15 years has gradually shifted eastwards”

India, one of the largest global consumers of aggregates, is said to be the new landmark for the world construction industry market.

In 2015 leadership in Asia changed hands, with China falling back in terms of global investments in this sector, achieving only +4% growth while India posted growth of 5.3% over the year.

This change at the top was revealed in a recent presentation of the SaMoTer-Verona Outlook, the construction sector observatory set up in partnership with Prometeia, the international economic consulting and research company, with the support of Unacea, the Italian Association of construction machinery and equipment manufacturers.

“The centre of gravity for the construction market over the last 15 years has gradually shifted eastwards, with the proportion of global investments covered by advanced countries down from 70% to 43% in favour of India and China,” says the report.

In another recent report, India is said to be the only national market in Asia currently experiencing growth in construction machinery sales.

The report, produced by Construction Equipment and Building Materials Machinery Association, in association with the German engineering federation, VDMA (Verband Deutscher Maschinen- und Anlagenbau), also

TOP: Crushing and screening demand is expected to increase in India

forecasts continued growth within the Indian market for 2017 and beyond.

One of the drivers for the stand-out performance of India's construction industry is the Make In India programme launched by Prime Minister Narendra Modi in September 2014. Since its inception, the initiative has reportedly generated more than US\$63 billion in foreign direct investment, largely directed towards infrastructure development.

International development banks are also making billions available for significant projects, such as road and rail projects, bridges, airports and power plants, and there are plenty of these in the country that markets itself to tourists as “Incredible India”.

A spokesman for specialist market intelligence and forecasting company, Off-Highway Research, said: “The Indian construction equipment industry has experienced almost 20% growth this year [2016], and we are optimistic that it will continue to expand in the coming years, albeit at a more measured pace.

“Backhoe loaders remain extraordinarily popular in India, accounting for some 45% of demand in unit terms. We expect them to continue to sell in high volumes in the years to come, but we also foresee a continued shift towards larger and more productive machines such as crawler excavators, which are better suited to the pipeline of infrastructure projects in India.”

Off-Highway Research analysts recently forecast total sales of around 55,000 construction machines in 2016, rising to more

than 71,000 machines by 2020.

With a population of nearly 1.3 billion, India ranks as the seventh largest economy in the world while its gross domestic product (GDP) is the third largest in the world in terms of Purchasing Power Parity (PPP).

What's more, the country's economy will continue to grow in the coming years, with respondents to a VDMA survey placing it in the top three investment destinations along with China and South-East Asia in general.

India's 12th Five-Year Plan (2012-2017) says that investment in infrastructure is the main growth driver of the construction equipment industry, with the Planning Commission estimating that total infrastructure spending will be about 10% of GDP, up from 7.6% in the previous plan (2007-2012).

Indeed, it has been estimated that infrastructure spending during the current plan will double to about US\$1 trillion compared to the previous plan.

While India has one of the world's largest road networks, said to be some 5.5 million km in total, only a small proportion of these, estimated at around 2%, are Expressways or National Highways, some of which are