BRAND INDIA ENGINEERING: AN OVERVIEW

Brand India Engineering campaign, launched by the Ministry of Commerce & Industry, Government of India, aims at creating true brand value in international markets for Indian engineering products & services. It is expected to catapult India’s status in engineering capabilities, by highlighting India’s competitiveness, credibility & service commitments in engineering sector.

EEPC India, an apex national body representing the entire Indian engineering industry and India Brand Equity Foundation (IBEF), a Trust established by the Department of Commerce are steering the campaign in coordination with national associations & industry stakeholders in various verticals of engineering industry.

EEPC India Chairman, Mr. T S Bhasin said that “the engineering sector, being closely associated with the manufacturing and Infrastructure sectors of the economy, is of strategic importance to India’s economy. Growth of the sector drives the growth of core sectors like infrastructure, power, steel, automotive, oil and gas etc.” India’s engineering exports accounting about one-fourth of the country’s total exports grew from US$ 19.12 billion in 2005-06 to US$ 65.23 billion in 2016-17. Substantial growth in the exports was observed in case of iron and steel, aluminium and allied products; ships, boats and caging structures; electrical machinery; railway transport and office equipment. EU is the region with the highest 21% share in India’s global engineering exports during 2016-17 followed by ASEAN-2 (16%) and North America (15%). Engineering exports to EU, ASEAN-2 and CIS region recorded noteworthy positive growth but exports to Africa conceded double-digit decline during fiscal 2016-17. Share of India’s engineering exports to total merchandise exports also improved to 23.1% percent in 2016-17 from 22.34 percent in 2015-16.

Mr. Bhaskar Sarkar, Executive Director & Secretary, EEPC India said that India has a well-developed vendor base for supporting engineering industries. Industries such as machine tools, heavy machinery, auto components, etc. provide ample support to the engineering sector. Some of these sectors have developed global capabilities and help the engineering sector achieve global competitiveness.

Mr. Sarkar also said that the presence of supporting industries provides a conducive environment for the engineering sector to grow and propel India’s engineering industry. It also has significant support from India’s well-established IT sector, as well as Institutions of Higher Education. He added that India has a well-developed technical and tertiary education infrastructure of over 260 universities, 1500 research institutions and over 10,000 higher education centres, which support the engineering sector not only by supplying a steady stream of qualified manpower, but also in areas of research and development. Among developing countries, India offers the best combination of low costs, availability and skills and capabilities of manpower for the engineering sector in terms of availability and skills, India produces over 1000 PhDs, a million engineers, more than 300,000 non- engineering postgraduates and 2.100,000 other graduates each year, thereby ensuring a steady supply of qualified manpower for the sector. India also has a significant labour cost advantage over many countries. Several companies in the engineering sector have leveraged this advantage in labour effectively. India also has the raw material resources to meet the demands of the engineering industry. Key raw materials required by the engineering sector - ferrous and non-ferrous metals such as mild steel and aluminium - are available in India. Nearly availability of these materials gave India a major cost advantage, as materials account for nearly 60 per cent of the industry’s operating costs.

The Foreign Trade Policy 2015-20 along with the Brand India Engineering campaign provides promotional measures to boost India’s exports in the engineering sector.

Engineering industry accounts for 25% of India’s total factories in the organised sector.

Engineering industry contributes a little more than 32% of total output in the country.

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THE FUTURE OF CONSTRUCTION BEGINS HERE

- India to attract investments worth US$ 600 billion in urban infrastructure over the next 30 years
- India is building 100 Smart Cities
- India exports Pumps & Valves to over 100 countries

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Linkage with the development of other sectors: Construction sector generates substantial employment and provides growth impetus to several sub-sectors of making like cement, brick, iron and steel, chemicals, bricks, paints, tiles etc. whose combined value is Rs 190,000 crore (US$ 29 billion) annually. The construction equipment market is valued at Rs 105,000 crore (US$ 16 billion). It is roughly estimated that 40–45 per cent of steel, 80 per cent of paint, 65–70 per cent of glass and significant portions of output from automotive, mining and excavation equipment industries are used in the construction industry.

Growth of construction industry and its share in total output: Construction sector in India is the second largest contributor to the GDP. The contribution of this sector to GDP was 18.34 per cent in 2012–13 to 16.7 per cent in 2016–17. The growth of construction industry is expected to double digit on a sustained basis. Around 40 per cent of these investments are projected to come from private players. Now, 45 per cent of this infrastructure investment will be channeled into construction activity and 20 per cent set to modernise the construction industry.

Several Indian firms are entering into tie-ups for construction equipment rental and leasing business to drive future sales of equipment. In 2016, under Smart Cities Mission, 82 projects have been launched in 20 cities by the government. Earth-moving equipment is the largest segment in the construction equipment sector in India; these equipments primarily find use in mining and construction.

Opportunities for Investments

- Construction development in residential, retail, commercial and hospitality sectors
- Technologies and solutions for smart sustainable cities and integrated townships
- Technologies for the promotion of low cost and affordable housing
- Green building solutions
- Sustainable and environmentally friendly building materials
- Training and skill development of construction sector workers
- Smart cities
- Urban water supply, urban sewerage and sewage treatment

The Way Forward

Forecasts for the market size of construction industry for the 12th Plan period indicate that the aggregate output of the industry during the period 2012–13 to 2016–17 is likely to be Rs 52.31 lakh crore (US$ 793 billion) increasing from Rs 7.67 lakh crore (US$ 116 billion) in 2012–13 to Rs 13.59 lakh crore (US$ 206 billion) in 2016–17. As the growth of construction industry is very much linked to the growth of infrastructures and building industry, emphasis of the govt. on both in the 12th Plan is expected to drive the growth of the industry in the days ahead.

The ‘Make in India’ initiative by the Prime Minister Mr Narendra Modi aims at increasing production and export from Indian manufacturing sector by inviting more foreign investors to produce from India. Construction is selected as one of the 25 sectors included in the initiative and therefore, the growth of this sector is inevitable in the years to come.