

India's engineering sector is the largest in Indian industry



Engineering is the largest segment in Indian industry. It contributes 25% to India's total exports and is its largest foreign exchange earner. The sector has a:

- 30.5% weight in India's Index of Industrial Production (IIP).
- 29.9% share of the total investment
- 62.8% share of foreign collaborations

India's industrial sector can be classified into two categories: Heavy engineering – which makes up 80% of the sector with its transport equipment, capital goods and machinery, and Light engineering with its low-tech items like castings, forgings and fasteners and highly sophisticated microprocessor-based control equipment and diagnostic medical instruments.

KEY TRENDS IN THE INDIAN ENGINEERING SECTOR

ENTRY OF INTERNATIONAL COMPANIES

- With 100 percent FDI through the automatic route being permitted along with the growth opportunity offered by this market, major international players such as Cummins, ABB and Alfa Laval have entered the Indian engineering sector, thereby increasing the competitiveness of the industry.

MIGRATION TO VALUE-ADDED PRODUCTS

- Increasing competition has led domestic players to focus on improving their capabilities.

- Indian players have become more quality conscious and are upgrading their technology base in sync with global market requirements.
- More than 2,500 firms in the engineering sector have the ISO9000 accreditation. Companies are increasingly focusing on R&D and product development.

DIVERSIFICATION OF RISK

A number of companies in the engineering sector have diversified, either geographically (mainly due to West Asian countries) or sector wise.

India's major engineering sectors

India's steel industry contributes nearly 2% of gross domestic product (GDP). Is the largest producer of sponge iron and third largest producer of crude steel in the world. With a targeted production capacity of 120 million tons by 2012, India is expected to become the second largest steel producing nation.

India's electricity industry is the world's 6th largest energy consumer, accounting for 3.4% of global energy consumption. The total demand for electricity in India is expected to cross 950,000 MW by 2030. About 70% of the electricity consumed in India is generated by thermal power plants, 21% from hydro-electric and 4% from nuclear.

Indian auto and auto compo-

nents industry manufactures over 11 million 2- and 4-wheeler vehicles and exports about 1.5 million every year. It is the world's second largest manufacturer of motorcycles, with annual sales exceeding 8.5 million (2009). India's passenger car and commercial vehicle manufacturing industry is the seventh largest in the world, annually producing more than 2.6 million units (2009).

India's export base of engineering goods has shifted from low-value goods to developing countries to high-value goods to developed countries.

Outsourcing of engineering goods and services, product design, product improvement and maintenance are providing new growth avenues.



Above, Chandrayan, India's maiden mission to the Moon. Inset, the Brahmos, a most advanced cruise missile



The Delhi Metro, the first railway project to earn carbon credits

the IndiaShow

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People to people. Business to business.





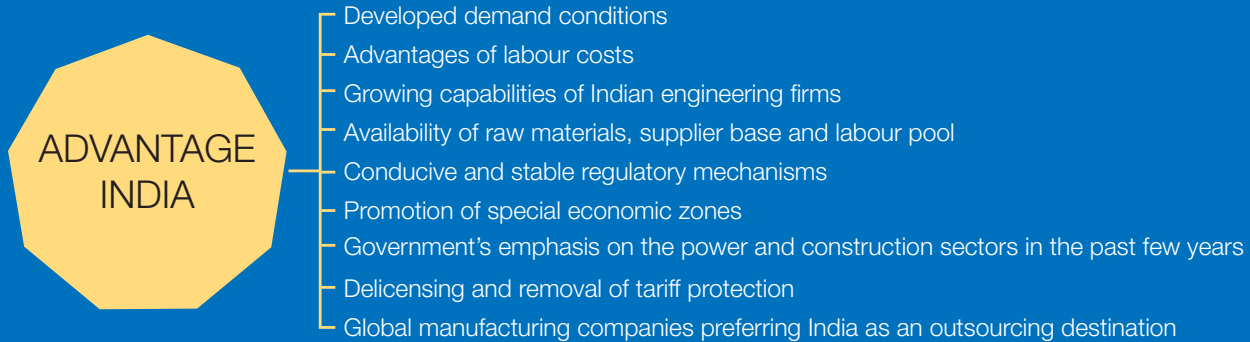
The Bandra-Worli sea link in Mumbai

84% jump in engineering exports

- Indian engineering exports in 2010-11 jumped by a huge 84% – from US\$32.7 billion in 2009-10 to US\$60.1 billion.
- About 40% of engineering exports are to Europe and America and the rest to other countries.

Crucial advantages of the Indian engineering sector

The growth in India's manufacturing sector has encouraged the engineering industry to develop capabilities in product development and advanced manufacturing technology. Some of the factors contributing to the growth of this sector are:



Products at THE INDIA SHOW

- Agricultural, Forestry Machinery & Parts
- Automobiles and Auto Components
- Automotive Services & Repairs
- Bicycle & Components
- Boilers
- Books & Technical Publications
- CAD/CAM Systems
- Casting and Forging
- Coolant & Lubricants
- Construction Machinery & Equipment
- Cranes and Material Handling System
- Cutting Tools & Accessories
- Diesel Engine, Parts & Spares
- Electrical & Power Equipment
- Electrical and Electronic
- Engineering Consultancy/Specialized Technical Institutes/Research & Development Institutes
- Engineering Process Outsourcing (EPO), Designing
- Ferrous & Non-Ferrous Metals
- Food Processing & Packaging Machinery
- Flat and Long/Stainless Steel Products
- Generators and Motors
- Government Undertakings/Trade and Professional Bodies/Specialized Financial Institutions/Law Firms
- Hand Tools and Power Tools
- Home Appliances
- Industrial Knives
- Industrial Oils & Gases
- Instrumentation & Automation Systems
- Logistics and Software Systems
- Materials Handling Equipment and Logistics Services
- Medical Devices, Medical Equipment, Surgical Equipment
- Metal Cutting & Metal Forming
- Mining Equipment & Spares Parts
- Mould and Dies
- Nut, Bolts & Fasteners
- Paint, Varnish and Coating Materials
- Power Plant and Equipment
- Precision Tools and Mould Making
- Projects, Plant & Machinery
- Pumps and Valves
- Renewable Energy – Wind and Solar
- Special Surface Coating Technologies
- Stainless Steel Sanitary Fittings
- Stainless Steel Utensils/Kitchenware & Cutlery
- Surface Technology Services
- Transmission & Conveyor Belts
- Tube and Pipe
- Warehousing and Storage Systems
- Welding Automation Systems
- Welding, Cutting & Turning Machines
- Wire and Cables
- Wood Working Machinery

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