



Opportunity India

Engineering Manufacturing Sector

Status

India has a strong engineering and capital goods base. The Indian engineering manufacturing sector has been growing at the rate of about 5.9 per cent in the nineties.

With a size of US \$ 22 billion, the engineering sector exports stood at US \$ 6.6 billion in 2001-02 and imports at US \$ 4.9 billion in the same year. The engineering manufacturing sector employs over 4 million skilled and semi-skilled workers (direct and indirect).

The range of machinery produced in India is wide and includes heavy electrical machinery, textile machinery, machine tools, earthmoving and construction equipment including mining equipment, material handling equipment, diesel engines, electric motors, pumps, instrumentation, oil & gas equipment, sugar machinery, railway equipment, metallurgical equipment, cement machinery, rubber machinery, process plants & equipment geared to serve the complete needs of fertiliser, chemical & petrochemical, oil & gas exploration, processing and refining, steel and mineral mining, cement, paper & pulp industries; printing machinery, dairy machinery, pulp and paper machinery, freight containers, central air-conditioning plants, industrial refrigeration, industrial furnaces.

Advantage India

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| <ul style="list-style-type: none">• Skilled technical manpower• Competitive labour cost• English speaking population• Managerial excellence to deliver quality goods on time.• Indigenous availability of raw materials• Over 2500 companies have ISO 9000 certification• Large domestic market allowing economies of scale• Strategic location allowing exports to near and far countries• Diversified industrial base with supporting ancillary industries | <ul style="list-style-type: none">• Strong technological capabilities exist, particularly in certain sectors such as electrical machinery, process plant machinery and general-purpose machinery• Many leading world class companies have manufacturing base in India:<ul style="list-style-type: none">– GM, GE, Ford, Caterpillar, etc. - US– Toyota, Sony, Honda, LG, Hyundai - East Asia– Siemens, Philips, Daimler Chrysler, Fiat, Lafarge - Europe– Other major MNCs include ABB, Electrolux, Volvo• 100 per cent FDI allowed in most manufacturing sectors |
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India's successful foreign clients

Indian companies have supplied equipment for fertilizer projects overseas: Saudi Arabia, Qatar, Abu Dhabi, Indonesia; and for clients in Japan, Saudi Arabia and Qatar.

Indian companies have a proven track record of handling large projects including turnkey projects in India and abroad including Philippines, Ghana, Libya, Tanzania, Laos, Malaysia, Oman, Bangladesh and Azerbaijan

India is poised to explore export possibilities, particularly in developing countries.

Some specific sectoral opportunities ...

Automotive

- 21 vehicle manufacturers in India of which 19 units manufacture automobiles, nine produce light commercial vehicles and four heavy commercial vehicles. The number of two - wheeler manufacturers is 8.
- The automotive industry has seen an average growth rate of 13 per cent in 2002-03 :
 - Medium and heavy commercial vehicles - 25 per cent
 - Light commercial vehicles - 33 per cent
 - Cars - 10 per cent
 - Two - wheelers - 24 per cent

- In 2002-03, 822,000 vehicles were produced in India, making India the third largest car market
- Entry of major global players including Ford, General Motors, Toyota, Honda Daimler Chrysler, Hyundai, Suzuki, etc.
- Engineering Manufacturing Sector

Several global players are using India as a sourcing platform for completely built vehicles viz: such as Ford, Rover, Daimler Chrysler, Suzuki, etc.

Automotive Components

- Diversified automotive components industry exports 40 per cent of production. Growth rate of 18 per cent in 2002-03
- There are 411 units in the organized sector manufacturing around 275 types of components in India..
- Indian automotive companies are well positioned in terms of skills, price and quality to cater to global supply chains.
- Ford, General Motors, Volvo and other auto majors are buying from India.

Machine Tools

- The Indian machine tool industry is approximately a US \$ 500 million industry. There are 138 major companies manufacturing metal cutting, metal forming, conventional and automated machine tools.
- Significant shift from general purpose machines to CNCs which now constitutes 35 per cent of total production.
- Growth rate of 10 per cent in 2002-03.
- Approximately 6 per cent of the production is exported. Exports include CNC lathes, vertical machining centres, grinding machines, etc. Major export destinations include USA, Germany, China, Italy, Mexico, Canada, UK and Brazil.
- Most manufacturers have their own in-house R&D. Tremendous scope for institutional collaboration for development of new technology.

Electrical Equipment & Machinery

- Size of industry - US\$ 5.6 billion; exports grew by 12 per cent in 2002-03
- Equipment produced - general equipment, transmission, distribution and storage equipment and prime movers.
- India has competitive advantage in transformers, switch gears above 1000V, steam boilers, steam vapour turbines, etc.

Steel

- India's steel capacity is 24 million tonnes per annum. The sector registered a growth rate of 7.6 per cent in 2002-03.
- While the industry is dominated by the integrated steel plants, there are a total of 339 companies including the secondary steel sector.
- The Indian steel industry is undergoing a major transformation in order to become more competitive, especially the public sector steel giants.
- The Indian steel industry is exporting a wide variety of steels to the Middle East, Africa and South East Asia. The industry has seen a 7 per cent rate of growth in exports in 2002-03.

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