

CONSTRUCTION



Building a sustainable future

The Construction industry in India consists of the Real estate as well as the Urban development segment. The Real estate segment covers residential, office, retail, hotels and leisure parks, among others. While Urban development segment broadly consists of sub-segments such as Water supply, Sanitation, Urban transport, Schools, and Healthcare.

By 2025, Construction market in India is expected to emerge as the third largest globally

By 2025, Construction output is expected to grow on average by 7.1% each year

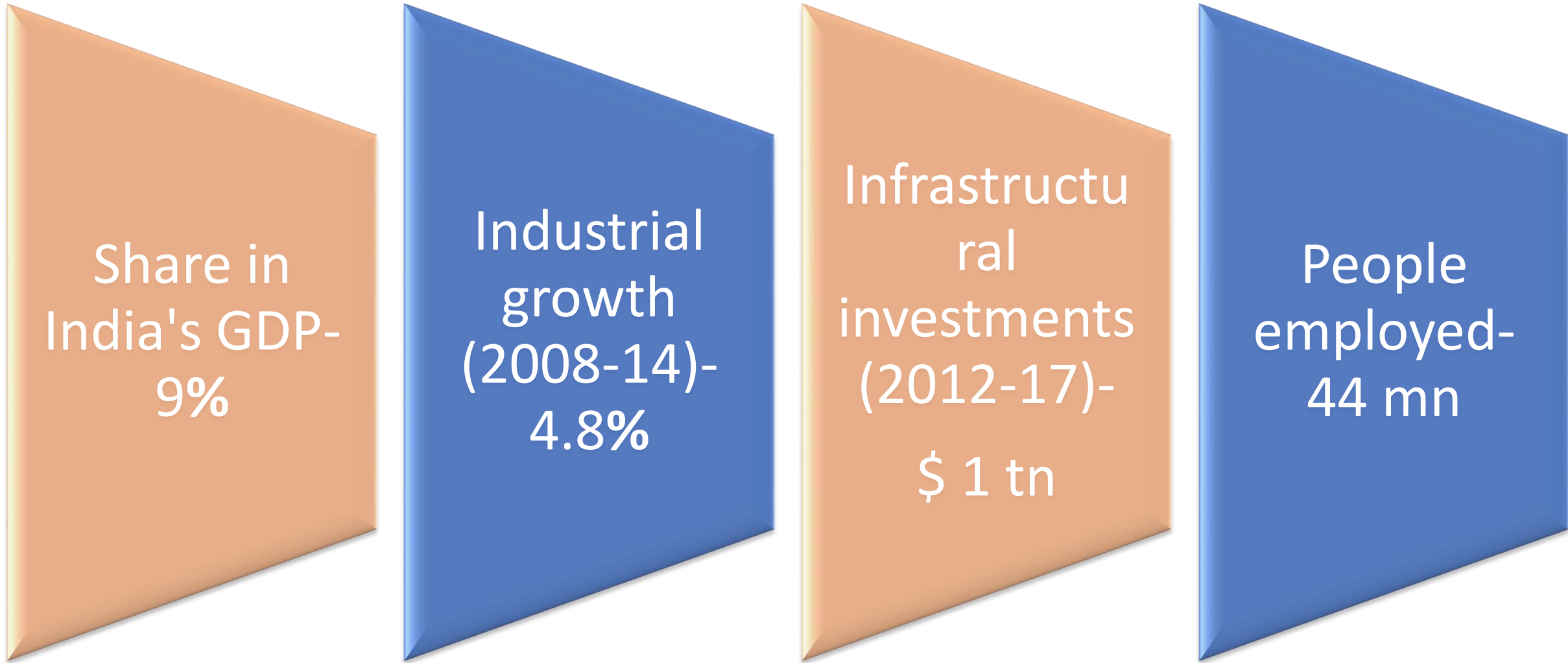
By 2020, Construction equipment industry's revenue is estimated to reach \$ 5 bn

100% FDI under automatic route is permitted in completed projects for operations and management of townships, malls/shopping complexes, and business constructions.

100% FDI is allowed under the automatic route for urban infrastructures such as urban transport, water supply and sewerage and sewage treatment.

For further details, please refer [FDI Policy](#)

Contribution in Indian Economy



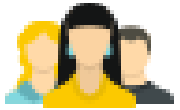
Share in
India's GDP-
9%

Industrial
growth
(2008-14)-
4.8%

Infrastructu
ral
investments
(2012-17)-
\$ 1 tn

People
employed-
44 mn

Highlights



Second largest employer in India in 2017



Second largest FDI recipient sector for India in 2017



Third largest construction market globally by 2025

Industry Scenario

The Construction industry in value terms is expected to record a CAGR of 15.7% to reach \$ 738.5 bn by 2022. The industry contributes 55% share in the Steel industry, 15% in the Paint industry and 30% in the Glass industry.

The Construction industry in India is expected to grow at 5.6% during 2016-20, compared to 2.9% during 2011-15. The activities that registered the highest growth include export cargo (10%), highway construction/widening (9.8%), power generation (6.6%), import cargo (5.8%) and cargo at major ports (5.3%).

- India will be required to spend \$ 454.8 bn on infrastructure development over the period of five years (2015-20), with 70% of funds needed for power, roads and urban infrastructure segments
- Expected cement capacity addition of 80-100 MT per annum over next five years.

Industry Trends



Sustainable building

Aim to provide a sustainable and clean environment by 2020

Green building

Focus on investment for green materials in the next five years



Construction equipment

Construction equipment industry to reach \$ 5 bn by 2020 from \$ 3 bn in 2016

Construction vehicle segment

Largest revenue share in the construction equipment market in 2016



Growth Drivers

- Smart cities

100 smart cities to be developed by 2020

- Industrial corridors

Five industrial corridors planned

- Railway stations/ lines

25 railway stations re-development besides 3,500 km line addition

- Mega ports

6 mega ports planned

- Increasing demand for commercial space

Construction of office spaces, hotels, retail, entertainment units.

Annual absorption of office space in India crossed 42 mn sq ft in 2017.



Policies & Schemes

Atal Mission for Rejuvenation and Urban Transformation

HRIDAY (Heritage City Development and Augmentation
Yojana)

Industrial Corridors

Pradhan Mantri Awas Yojana

Real Estate (Regulation and Development

Smart City Mission

Swachh Bharat Mission

Recent Investments

Dec 03, 2018

Oman's **Raysut Cement** to invest \$ 700 mn in India; earmarks \$ 200 mn for two acquisitions

Nov 22, 2018

Dubai's restaurant chain **Doner** and **Gyros** to invest \$ 27.7 mn in India

Sep 30, 2018

Vatika group to invest \$ 1.1 bn on township project at Gurugram

May 16, 2017

Ascendas-Sembcorp to co-develop start-up area in Amaravati. The consortium of Singaporean companies will spend \$ 46.6 mn while the government will invest \$ 34.1 mn in a 58:42 proportion.

Feb 27, 2017

Infrastructure Leasing and Financial Services Ltd (IL&FS) and **global private equity (PE)** firm Lone Star plan to jointly invest \$ 550 mn in stressed infrastructure projects in India.

MAJOR INVESTORS



Urban Infrastructure Development

Mega and Smart Cities

DELHI NCR
Population: 31 mn
City Size: 43,374 Sq Km

AHMEDABAD
Population: 6.3 mn
City Size: 468 Sq Km

MUMBAI
Population: 22.8 mn
City Size: 4,355 Sq Km

PUNE
Population: 5.75 mn
City Size: 3,500 Sq Km

KOLKATA
Population: 14.7 mn
City Size: 1,851 Sq Km

HYDERABAD
Population: 7.7 mn
City Size: 7,100 Sq Km

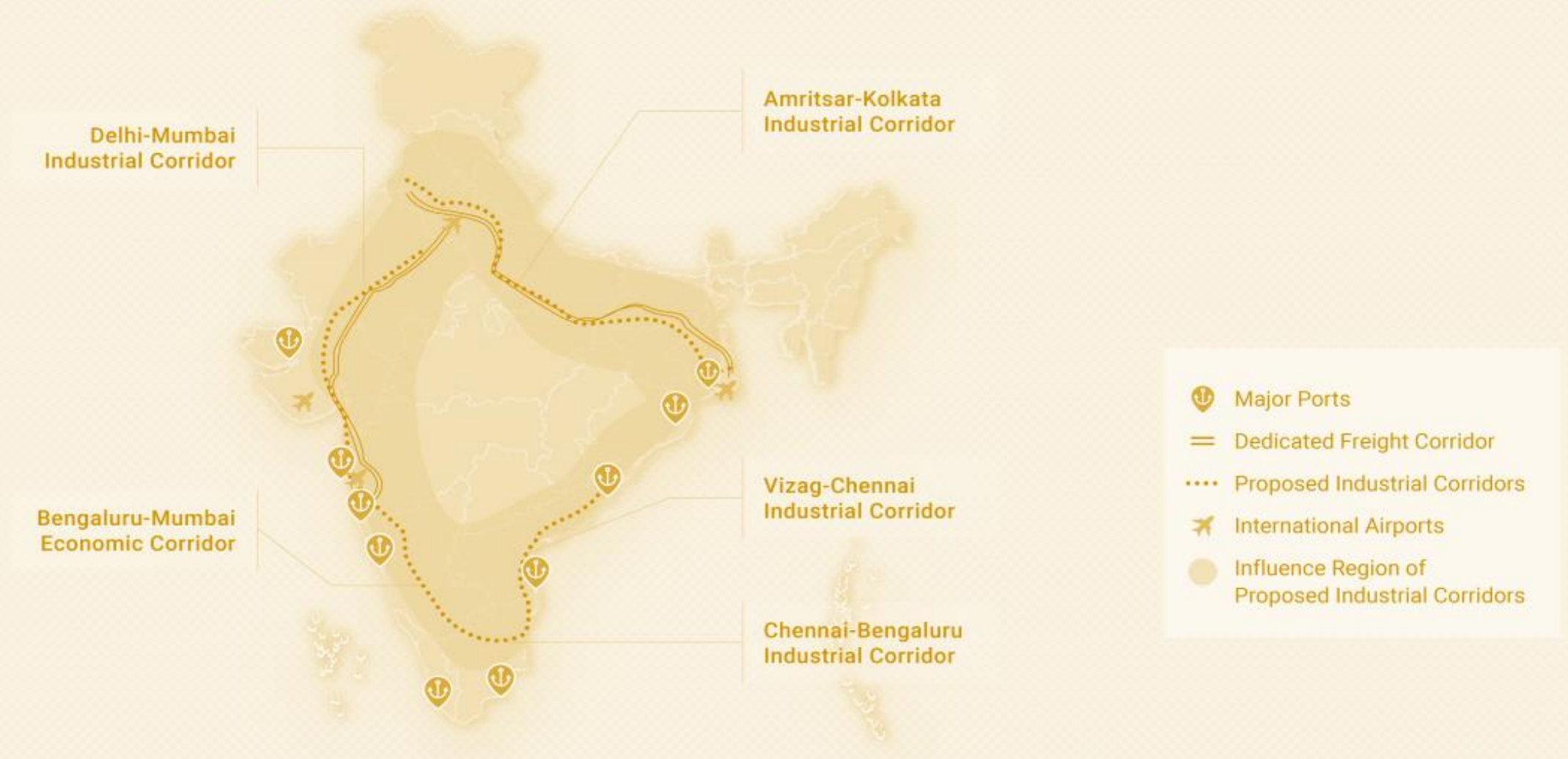
BENGALURU
Population: 9.62 mn
City Size: 741 Sq Km

CHENNAI
Population: 8.7 mn
City Size: 1,189 Sq Km

- Mega Cities
- Smart Cities



Industrial & Transport Infrastructure



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