

## Industry Insight

# INDIAN CAPITAL GOODS

September 2007

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# Cygnus

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## SYNOPSIS

The overall growth rate of index of industrial production (IIP) during FY07 was 11.3% compared to 8.2% in FY06. The growth rate achieved by the mining, manufacturing and electricity sectors during FY07 was 5.1%, 12.3% and 7.2% respectively compared to 1.0%, 9.1% and 5.2% during corresponding period of the previous year. The Indian Industry grew by 11% and manufacturing by 12% in 2006-07, supporting capital goods industry to grow significantly. Reflecting the buoyant capacity addition in the manufacturing industry, the capital goods industry grew by a healthy 17.7% in 2006-07. According to the estimates made by the Government, the investment requirement for infrastructure is around USD450 billion during the 11th five year plan. This is going to boost construction equipment segment to grow further.

In the domestic market, heavy engineering provides growing opportunities in projects such as refinery upgradation and modernisation of fertilisers plant. The Government of India plans to add 100,000MW capacity to the power sector to achieve its goal '*Mission 2012: Power for all*'. The focus is also on the construction of several UMPPs which will ensure continuous growth of the electrical industry, both upstream and downstream, at least for the next few years. Thus, the power sector provides good business prospects to the capital goods manufacturing companies in medium- to long-term.

This report covers industry segments like Textile machinery, Construction machinery, Heavy engineering (electrical and non-electrical), Machine tools, Earthmoving and material-handling equipment, Processing machinery, and Agro implements (power driven).

This report will be useful for capital goods manufacturing industry, industry analysts, engineering consulting organisation, foreign companies interested in Indian capital goods industry and financial institutes.

The report (total 90 pages) is having 10 chapters, 3 annexure, 26 figures and 13 tables.

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