

SECTOR REPORT



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India: Metal and Machinery Sector

Prepared by Trade Commission of Denmark, Bangalore

ABSTRACT:

This report provides a short overview of the Indian Metal and machinery sector. It describes the industry and its potential, with focus on opportunities for Danish companies. Growing population and rapid socio-economic development has spurred an increase in demand of a variety of metal forming processes, sheet working machinery etc. However the industry has yet to meet the demands for higher technology machines

METAL & MACHINERY INDUSTRY

India has the world's fifth largest reserve base of bauxite and fourth-largest base of iron ore respectively, and accounts for about 7 per cent and 11 per cent respectively, of total world production. The Indian metals and mining industry is expected to grow from US\$ 141.9 billion to US\$ 305.5 billion during 2011-2015. Iron and steel is the largest accounting for 68.5 per cent of the overall industry value (2011); coal is the other major sub-segment with a 26.5 per cent share.

India holds an advantage in cost of production and conversion costs in steel and alumina. The country is the world's third largest exporter of iron ore with total exports of Indian iron and steel standing at US\$ 8.1 billion in FY13.

KEY DRIVERS

- The Government of India is encouraging private ownership for steel operations and other high priority industries.
- FDI up to 100 per cent is allowed in the mining sector under the automatic route.
- The government has also reduced the duty payable on finished steel products and has streamlined the associated approval process.
- Iron and steel being a core component of the real estate sector, demand for these metals is set to continue given the strong growth expectations for the residential and commercial building industry.
- Further, rise in infrastructure projects, booming construction, automobiles, and packaging industries, sustained growth in automobile sector continue to provide lucrative business opportunities for steel and aluminium producers.

MACHINE TOOL INDUSTRY

Growth of the Indian machine tool industry has an immense bearing on the entire economy, especially India's manufacturing industry. The machine tool industry is crucial for development of the country's strategic segments such as Defence, railways, space, and atomic energy. World over developed countries have created market niches on the back of a well-developed and supportive machine tool sector.

The Indian machine tool industry is a widely dispersed industry comprising units of various sizes. The industry has estimated 750 - 800 companies in all, producing machine tools, parts, accessories and sub-systems. Of these, around 400 produce complete machine tools of all types and sizes. Between 25 and 50 are large industries and the rest are SMEs. A majority of the machine tool manufacturers have ISO certification. The industry employs a workforce totaling approximately 30,000 engineers, managers and other skilled personnel. Machine tool industry in India is concentrated primarily in Karnataka; Maharashtra; Punjab; Gujarat and Tamil Nadu.

The Indian machine tool industry manufactures almost the complete range of metal-cutting and metal-forming machine tools and special purpose machines. The products comprise conventional machine tools as well as Computer Numerically Controlled (CNC) machines and include special purpose machines, robotics, handling systems, and Total Productivity Management (TPM) friendly machines.

KEY DRIVERS

The machine engineering sector has been growing on the back of growth in user industries and several new projects being undertaken in various core industries as railways, power, infrastructure, oil and gas, power generation, mining, automobiles, auto component, steel refinery, consumer durables etc are the key factors driving growth of this sector.

OPPORTUNITIES FOR DANISH COMPANIES

- Heavy electrical industry (turbines and generator sets, boilers, transformers, switchgear and control gears, electrical furnace, shunting locomotives) and heavy non-electrical industry (textile, cement, rubber, metallurgical, mining, dairy and machine tools also in material handling and oil field equipments).
- Opportunities to sell high technology machinery in India.
- Sourcing of ores, minerals & metals.
- CNC (computer numerical control) Machines manufacturers have good potential in India.
- Indian Machine and Tools Industry has huge opportunities in sourcing components and manufacturing tools for domestic demand and for exports also.
- Large Pool of skilled labour both in White collar and Blue collar jobs.
- Opportunity to move production to India to exploit cost and resource benefits.

UPCOMING EXPOS:-

EVENTS	DATE AND VENUE	WEBSITE
8th UMEX	4 - 6 September 2014 Pragati Maidan, New Delhi	www.umexonline.com
10th MMMM - International Exhibition & Conference for Minerals, Metals, Metallurgy & Materials	4 - 7 September 2014, Pragati Maidan, New Delhi	www.mmmm-expo.com
9th IMEX - Annual peripatetic machine tools event	4 - 6 September 2014 Pragati Maidan, New Delhi	www.imexonline.com

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