



Indian construction: On a roll

Boomtime for construction industry

According to the Overseas Construction Council of India, the value of overseas construction projects executed by Indian companies has nearly trebled from about US\$ 656 million in 2001 to US\$ 1.73 billion in 2004. The global construction market is worth about US\$ 3.4 trillion and Indian companies have only just started making inroads. If they retain the advantages that have worked for them till now, it is only a matter of time before they capture a sizeable chunk of this global opportunity.

Indian construction firms are on a roll in the global market and the key players now manage impressive global order books. The longest river bridge in the world, across the river Ganga in Patna, was constructed by an Indian firm, Gammon India.

In the new millennium, not only are Indian companies making a mark in outside geographies, they are also making a mark in the domestic market by putting together world class construction projects. With Indian construction firms getting their act together, global financiers have smelt funding opportunities. This in turn has helped shore up capital base to enable firms to bid for large projects. Recently, Citicorp Venture Capital International (CVCI) forked out about US\$ 22 million to take a 10 per cent stake in Pel. The company pulled in about US\$ 181 million in revenues in a year but has an order book that is four times size. Without doubt, CVCI's fund infusion could be the beginning of a much larger exercise.

However, the industry is faced with challenges too : the need to be price competitive; adherence to safety; quality consciousness; adapting to technological changes; developing and using new construction materials; and having an adequately trained manpower are issues that the industry should look into.

There is an increase in fund outlay for infrastructure in the Tenth Plan (2002-2007) by the Planning Commission and most of this is to be spent in the construction sector. The CII report states that besides the direct impact of this spending on the construction sector, there will also be ripple effect boosting demand in other core sectors such as cement and steel (on spending in other sectors), thereby having a positive impact on the economy as a whole. "The construction sector, therefore, has to gear up fully to take on the ever-increasing challenge,". The Indian construction industry, ranked 12th in the world, has the potential to emerge as a front-runner if all construction activities are unleashed in all sectors. The resultant spin-offs to industry and employment will drive the growth.