India Transportation Infrastructure Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 150 pages | Mordor Intelligence

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Report description:

The India Transportation Infrastructure Construction Market size is estimated at USD 143.60 billion in 2024, and is expected to reach USD 208.71 billion by 2029, growing at a CAGR of 7.76% during the forecast period (2024-2029).

Key Highlights
-The market is driven by the government and FDI's government and FDI's government and FDI's government and FDI's enormous investments pouring into the transportation infrastructure. Furthermore, the market is driven by the logistics sector, freight and logistics corridors, and national highways and railways connectivity being created to drive the economy.
-The Indian economy is driven by multiple economic sectors, with infrastructure being one of the significant contributors to long-term growth. The announcement of a quadrilateral economic forum by India, the United States, Israel, and the United Arab Emirates in November 2021 added to the influx of infrastructure growth prospects. Alternatively, launching the "Infrastructure for Resilient Island States" program in November 2021 has revealed a significant opportunity to improve the lives of vulnerable nations worldwide by allowing Indian infrastructure growth to flourish in three ways.
-Infrastructure development is critical to meeting India's goal of becoming a USD 5 trillion economy by 2025. The government has launched the National Infrastructure Pipeline (NIP), which is in conjunction with other initiatives such as 'Make in India' and the production-linked incentives (PLI) scheme to augment the growth of the infrastructure sector.
-Historically, more than 80% of infrastructure spending in the United States has gone toward transportation, electricity, water, and irrigation. In India, approximately 42% of the NIP projects are being implemented, implying that construction work is already underway. Another 19% are in the development stage, with a sizable 31% still in the conceptual stage. Energy (24%), Roads (19%), Urban (16%), and Railways (13%) account for roughly 70% of India's projected capital expenditure in infrastructure from 2020 to 2025. India's major infrastructure projects include the Gati Shakti and Industrial Corridors, the Bharatmala Pariyojana, and the Delhi-Mumbai Industrial Corridor.

-The infrastructure roadmap for India is exciting, and the new decade appears promising. Government bodies are implementing more and more green and clean initiatives in significant countries. In particular, the Indian government has given the infrastructure sector a much-needed boost in the 2021 budget. India is aiming for a USD 5 trillion economy.
-India is now at a crossroads where massive investment in R&D for energy-efficient and green fuel is desperately needed. As a result, the overall infrastructure is improved. India's highways sector has been at the forefront regarding performance and innovation. Based on the Hybrid Annuity Model, the government has successfully implemented over 60 projects totaling more than USD 10 billion. HAM has appropriately balanced risk between private and public sectors and boosted PPP activity in the sector.

India Transportation Infrastructure Construction Market Trends

Construction of roads, bridges and highways under government initiative promote the market growth

- The government's significant emphasis on improving road infrastructure has steadily improved road project awards and road construction over the years. The pace of execution was relatively slow in FY2022 due to the prolonged monsoons, which impacted productive days for an extended period, particularly during the second half of the fiscal year, traditionally the peak working season. In FY2022, per-day execution decreased by 22% to 10,457 km/day, compared to 13,327 km/day in FY2021. Given the solid unexecuted pipeline, ongoing monthly payment relaxations, and lower retention amount requirements, execution is expected to improve to 12,000-12,500 km per day in FY2023.
- The program aims to optimize resource allocation for a comprehensive highway development/improvement initiative that will redefine road development and take a macro approach while planning an expansion of the national highway network. To accomplish this, national highways are divided into three types: national corridors, economic corridors, and inter-corridors. Additionally, feeder routes are being prioritized to address first- and last-mile connectivity issues. The three agencies implementing BMP are the National Highways Authority of India (NHAI), the Ministry of Road Transport & Highways (MoRTH), and the National Highways & Infrastructure Development Corporation Limited. The NHAI has been tasked with developing 22,660 km of the 24,800 km length to be developed under the BMP phase I.
- As a result of the development, the Indian government is heavily investing in road infrastructure throughout the country. India's finance minister announced an increase in the budget for road and other infrastructure construction in the first quarter of 2022. For example, highway projects and tenders connect significant cities such as Delhi-Dehradun and Delhi-Mumbai. Expanding roads and highways will significantly increase demand for commercial vehicles in the short term. Increasing road connectivity will also increase recreational activities such as long drives and the economy of tourist destinations. Furthermore, according to Nitin Gadkari, Minister of Road Transport and Highways, approximately 18000 kilometers of new highways will be paved by 2030.

Growth in waterways and ports infrastructure driving the market

- According to an article published by the Indian English-language news service Times Now, the Indian government plans to invest heavily in shipping and port infrastructure at approximately USD 25 billion. These plans are part of PM Gati Shakti, a national plan initiative launched in October last year to develop integrated infrastructure for the country. It is planned to incorporate various ministries' and state governments' infrastructure schemes, specifically in road development, logistics, inland waterways, and ports. According to the Times Now article, the ports of Paradip, Visakhapatnam, and Kolkata in eastern India will be prioritized.
- Public-private partnerships in port infrastructure have been an important sector investment source. The Ministry of Ports, Shipping, and Waterways (MoPSW) has 44 projects totaling Rs 22,900 crore (USD 277.26 million) in investment until 2024-25. Furthermore, the government is developing guidelines for dealing with stressed public-private partnership (PPP) projects at major

ports and policies to support India's shipbuilding industry. According to him, the ministry is also working on the Captive Policy and Migration Policy (to the new MCA and Tariff regime) to make doing business easier and to create a favorable environment for private sector investments in the port sector.

India Transportation Infrastructure Construction Industry Overview

The Indian transportation infrastructure construction market is fragmented and highly competitive, with several national and international players. Some of the key players in the market include Larsen & Toubro Limited, Meil, TATA Projects, Shapoorji Pallonji, and KEC International Limited. It is expected to show steady growth during the forecast period due to increasing government investments in the sector. There is always room for small players to enter the market due to several projects on the line.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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