

India Transportation Infrastructure Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

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

India is on track to continue its strong economic growth and become a trillion-dollar economy by FY47. This will create a huge opportunity for India's transportation and logistics industry, which is expected to see investments worth USD 146 billion over the next couple of years. To unlock the full potential of the sector, the private sector needs to work in tandem with the government.

The government has launched several flagship initiatives to facilitate faster decision-making, optimize resources, and bring efficiencies in the cost of logistics. These initiatives include Gati Shakti, Maritime Vision, National Logistics Policy, National Rail Vision UDAN Scheme, and BharatMala Pariyojana, which aim to facilitate private sector investments by introducing proactive investment facilitation measures, alternative funding options, and simplifying exit strategies. If India aims to become a multibillion-dollar economy, it will need to increase private participation even more.

While many initiatives are in place to promote private sector facilitation, there is still a long way to go before reaching the desired level. It is essential for private entities to learn from successful case studies, conduct due diligence, build sector-specific partnerships, and optimize their resources. The sector can unlock its true growth potential with the right policy environment and committed investors.

To set the tone for discussion between stakeholders, this thought leadership highlights key policies/projects for private sector involvement, key target sectors for foreign capital, and how India is building a sustainable transport ecosystem. The aim is to facilitate the development of a roadmap to ensure that the Indian transport sector catches up and benefits from the multi-digit GDP growth that is projected for the Indian economy.

India Transportation Infrastructure Construction Market Trends

Construction of Roads, Bridges, and Highways Under Government Initiatives to Promote Market Growth

The government's significant emphasis on improving road infrastructure has steadily improved road project awards and construction. The pace of execution was relatively slow in FY 2022 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 FY 2022, per-day execution decreased by 22% to 10,457 km/day, compared to 13,327 km/day in FY 2021. Given the solid unexecuted pipeline, ongoing monthly payment relaxations, and lower retention amount requirements, execution is expected to improve to 12,500-13,000 km per day in FY 2024.

The BharatMala 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, i.e., 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, which is 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 km of new highways will be paved by 2030.

Growth in Waterways and Ports Driving the Market

According to an article published by 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 initiative launched the previous year to develop integrated infrastructure for the country. It has 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 INR 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. The ministry is also working on the Captive Policy and Migration Policy (to the new MCA and Tariff regime) to carry out business more easily 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. The market 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.

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