

# EQUIPMENT TIMES

VOL. 8 ■ ISSUE: 01 ■ ENGLISH - MONTHLY ■ THANE ■ MARCH 2022 ■ PAGES: 96 ■ PRICE: ₹ 100

## MINING OPPORTUNITIES A QUANTUM LEAP



**INSIDE**

BUDGET 2022 DECODED!

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## The Government of India's thrust & direction for Infrastructure development is very clear.

**ARVIND K GARG**  
Executive Vice President & Head, L&T Construction & Mining Machinery

### As the government aspires to grow Indian economy to \$5 trillion by 2025, how do you look at the Union Budget 2022 – 23 unlocking opportunities for India's CE industry?

The Budget 2022-23 is a growth-oriented plan for the Construction Industry, with focus on Sustainability, Environment and Job creation and strong emphasis on Capital Expenditure and sustainable infrastructure development, laying out a clear roadmap towards global standards. The increased capex outlay will provide necessary impetus to drive the demand for Construction Equipment in the future. Accordingly, we expect various segments of CE to grow by 15 to 25% in the next FY.

### How do you think this budget will help in pushing investments in the infrastructure, construction and mining space especially after a stagnant period of the Covid-19 pandemic?

The pandemic-triggered slowdown along with a cautious approach adopted by financiers had hit the industry hard. The announcement of increase in planned outlays towards the Pradhan Mantri Awas Yojana, expansion of National Highways by 25,000 km, Ken-Betwa River linking project along with boost from the seven engines of Gati Shakti are important measures which will create positive sentiments and spur economic growth to support increased demand for Construction & Mining Equipment, helping India realize her vision of emerging as the second largest CE market in the world, during this decade.

The extension of ECLGS Scheme would help small businesses and give a boost to the MSME Sector, which will be favorable for a large number of our mid-sized customers

in the Construction & Mining Machinery segment.

The Government is holding discussions with telecom companies and other stakeholders on the spectrum auctions that will set the final phase for the 5G rollout. Current generation Construction Equipment are equipped with ICT and remote monitoring systems. Networking India through 5G will be a great enabler for digitalization which will help the CE Industry to take technology to the next level, introduce SMART machines and achieve greater efficiency of machines.

### The finance Minister, in her budget speech, has stated that National Highways in India will be expanded by 25,000 km during 2022-23. What is the impact of this on the CE sector in terms of skilled employment as well as from business generation?

With increased outlay of Rs 1.99 lakh Cr for the highways sector, MoRTH aims to build 70 km road per day which is almost double the rate of 40 km that was set for the current year. The renewed focus on multimodal logistics and other infrastructure projects would also help give fillip and impetus for higher off take of CE and road construction machinery in particular. Each unit of CE sold generates an employment for 4-5 skilled & semi-skilled people. Hence, demand growth of CE will generate substantial increased employment across the country. We will also need to scale up skilling centres to meet the industry demand of skilled persons who can handle and manage advanced CE equipped with digital technologies. The Infrastructure Equipment Skill Council (IESC), promoted by iCEMA is actively engaged in addressing this requirement of skilled personnel.

Continued challenges faced by our customers in tying up finance due to the cautious approach by Banks and NBFCs is a challenge impeding the growth of the CE industry.

### What do you think are the present challenges and the road ahead for CE industry?

The Government of India's thrust & direction for Infrastructure development is very clear. However, actual execution and timely payment to companies engaged in building infrastructure will be the key to the demand growth of Construction Equipment.

Continued challenges faced by our customers in tying up finance due to the cautious approach by Banks and NBFCs is a challenge impeding the growth of the CE industry.

The cost of manufacture of Construction Equipment has also gone up significantly in the last 12-15 months arising out of a steep increase in commodity prices and the implementation of new emission norms for wheeled equipment which has hurt the overall market demand, since the CE industry is finding it extremely difficult to recover this cost increase from customers.

Added to this are challenges related to logistics, spike in sea freight costs and the like, which are currently a dampener for the industry.

However, given the ambitious development-oriented plans of the



government and their focus on infrastructure growth, we expect that some of these issues will get resolved and the CE industry's efforts to increasingly leverage digital technologies to provide higher value to our customers, will help in timely and cost effective execution of projects. **ET**

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