

India to become world's 3rd largest construction market by 2025: Survey

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India is pegged to become the world's third largest construction market by 2025, adding 11.5 million homes a year to become a \$1 trillion a year market as per a recent study by Global Construction Perspectives and Oxford Economics.



IndiaMART Knowledge Services (IKS) survey captures SMEs' views on present business scenario, barriers to growth, future sales & employment etc. India is pegged to become the world's third largest construction market by 2025, adding 11.5 million homes a year to become a \$1 trillion a year market as per a recent study by Global Construction Perspectives and Oxford Economics. The future looks optimistic while the current economic conditions are yet to instill confidence in the players. Consisting of a fair share of SMEs, the sector dynamics are also defined by their performance. **IndiaMART Knowledge Services (IKS)** conducted a **survey among SMEs in the building and construction sector** to understand the current business scenario and outlook. It reveals that more than 60% of the SMEs in the sector witnessed improved business conditions last year, despite a grim economic scenario.

Also, over 46.9% of SMEs are optimistic for future too and expect improved sales between 0-20% led by regular inflow of demand.

Sharing his perspective, **Dinesh Agarwal, Founder & CEO, IndiaMART.com**, said, "Being a contributor of almost 8.6% to country's GDP, growth of building and construction sector is important from the viewpoint of economic development. Several factors have given fillip to the construction sector in recent times of which the most significant is the one by SMEs. The survey is a reflection of their opinion. It is interesting to note that the SMEs have high business confidence despite experiencing the grim economic conditions."

Key IKS Survey findings include:

- Business operations: Around 46.1% hired more employees, 56.1% witnessed an increase in sales and about 51.5% increased their production capacity. However, business expansion in terms of number of offices did not show any change for 60.8% SMEs
- Orders: 44.6% respondents received orders worth over Rs. 25 lakhs
- Exports: Exports remained same for 44.6% of SMEs in 2012. These improved for over 27.7% SMEs while similar percentage saw decline in the demand
- Challenges: Over 40% SMEs faced limited availability of finance as a major challenge. Around 27.7% felt rising steel and cement prices as a hurdle to their growth and about 16.9% find lack of trained manpower as an area of concern. Only 12.3% found improper infrastructure as a bigger challenge that they faced in the past 1 year
- Computers & internet: 78.8% find computers helpful for business & 72.3% also feel internet is quite useful tool for their business and they use it regularly