



Himachal Pradesh Kaushal Vikas Nigam

(An H.P. Government Undertaking)

Block No. 24, 2nd Floor, STPI Building, SDA Complex

Shimla-171009



Construction

Construction investment accounts for nearly 52.4% of the Gross Fixed Capital Formation. Investments in construction have a positive domino effect on supplier industries, thereby contributing immensely to economic development. Construction materials and equipment sector accounts for approximately 8.6% of India's GDP and accounts for nearly two-third of the total construction costs on an average. The share of construction materials in project costs ranges from 40-60% and the corresponding cost for construction equipment ranges from 5 to 25%. Construction component comprises nearly 60-80% of project cost of infrastructure projects like roads, housing etc. In projects like power plants, industrial plants, etc. the share, though lower, is critical. Construction materials and equipment sector comprises of various sub-industries such as:

- Cement
- Steel
- Construction equipment
- Paints & Chemicals
- Petroleum products and resins
- Fixtures and fittings (including electrical wiring)
- Aggregates such as concrete and asphalt
- Timber
- Tiles and ceramics
- Aluminium, Glass & Plastics

Since most of the materials are either manufactured locally, in cottage or small scale industry, data available for quantifying the exact nature of linkages with construction is not very accurate. On the other hand, linkages of products such as paints and petro-products would again be difficult due to their stronger linkages with other sectors. Whereas in case of cement and steel, almost 100% of cement production is consumed in construction and about 40 - 60% of steel production goes into construction. Thus in this report we will focus on only three major categories of construction material and equipment industry, i.e. cement, steel, and construction equipment.