



INDIAN FLUID POWER MARKET

International Fluid Power Summit

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FLUID POWER SOCIETY OF INDIA ®

India at a Glance:

Area: 3.29 Million Km²

Population: 1.32 Billion

GDP: 2.7 Trillion USD

Growth in GDP 2018: 7.3%

Growth in GDP 2019: 7.3 to 7.5% (Expected)

Indian Economy:

Today, India is one of the bright spots among major countries in a global economic context. Infrastructure sector is a key driver for the Indian economy. Infrastructure sector includes Power, Bridges, Roads, Railways, Airports, Sea-ports, urban infrastructure development and irrigation. The economy is back on the growth track, led by the Infrastructure and Construction equipment sectors. It is forecasted that these sectors will continue to grow at 15-18% per year for the next 3 years and will likely be the main growth drivers for the economy at large.

Heavy impetus by the Government on Infrastructure spending provides great opportunity for Fluid Power companies.

The use of construction equipments is extensive in these sectors which are powered by highly advanced technological hydraulic systems. The growth of Fluid power components and systems is in a way linked to the growth of the Infrastructure sector.

Government of India has created a new initiative called "Make in India", urging manufacturing organization to setup units in India, by easing the procedural requirements and improving transparency.

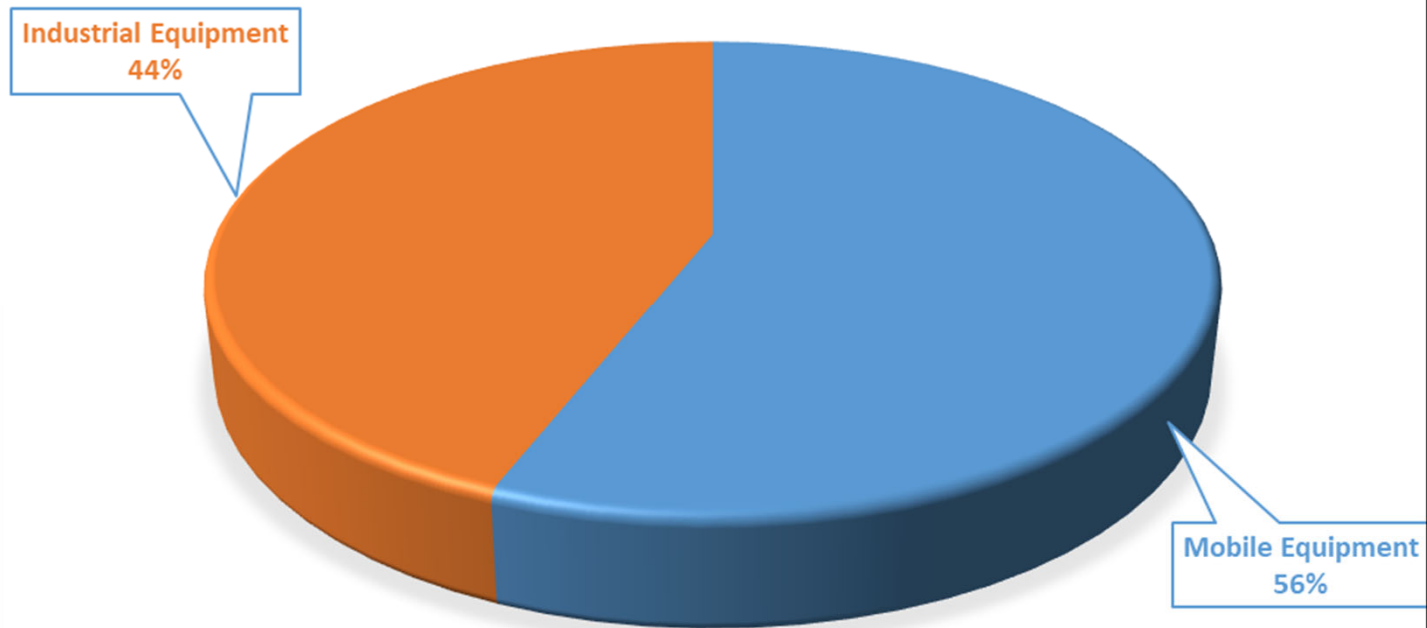
There is a focused effort by the government on "Make in India" campaign in the sectors of Aerospace and Defence. Manufacturers selling to India armed forces / aerospace companies are required to procure at least 30% of sub-parts from Indian suppliers.

Indian Fluid Power Market



- Our assessment is that the total size of the Indian fluid power market is between USD 1.3 billion and 1.5 billion.
- The fluid power industry has three large segments - mobile hydraulics, industrial hydraulics and pneumatics. Historically, the mobile hydraulic segment has been the largest, accounting for about 50-60 percent of total fluid power sales, while industrial hydraulic and pneumatic segments are nearly of the same size. There is a large unorganised sector comprising of over 30% of the market share.
- Fluid Power industry is expected to grow at 10-12% for calendar year 2019. This is a similar figure to what has been seen in calendar year 2018.
- A growth rate of 10 – 12% per annum in the next few years is quite likely.
- The nature of growth may have the following characteristics
 - (a) A large volume increase in mobile hydraulics (>15%)
 - (b) More sophistication in pneumatics / electronics / mechatronics in manufacturing.

SEGMENTATION OF INDIAN FLUID POWER MARKET



Presence of Global Fluid Power Companies in India



- Bosch Rexroth
- Parker Hannifin
- Danfoss
- Eaton
- Yuken
- Walvoil
- Hawe
- Hydac
- Husco
- Kawasaki-Wipro
- Argo Hytos
- Festo

The Indian Fluid Power market is small compared to the global market.

Against this background, it is heartening to note that Indian Industry has shown innovative spirit and has carved a place for itself in niche areas to achieve breakthrough in exports. Made in India ***gear pumps and cylinders*** are competing with the best-known brands in developed countries.

There have been several Indian companies success stories.

However a couple of them have done exceptionally well and deserve a special mention.

- **Wipro Infrastructure Engineering**

Wipro with manufacturing facilities in India, Europe, Brazil and China has emerged as the largest manufacturer of mobile hydraulic cylinders in the world.

- **Dynumatic Technologies**

One of the largest players in the world in gear pumps with plants in India and Europe.

Future Scenario of Indian Fluid Power Market



Mobile Hydraulics market: Good growth expected due to huge infrastructure spending by Govt of India.

Future demand will grow at 10-12% per year, driven by crying need for infrastructure in India. We expect a strong and sustained double digit growth, for at least the next 5 years.

Industrial Hydraulics market: Huge demand in 2018 for machine tools (lead time for supply was 8-10 months), created a strong pull in the hydraulics market. Demand reduced due to paucity of investments in plant & machinery, on account of elections and interest rates. Demand expected to revive after elections. Long run forecast would be in the region of 8%, as per most industry sources.

Pneumatics: would keep pace with Industrial Hydraulics growth rate.



THANK YOU