



# India- A Lucrative Market for Fastening Tool Suppliers?

印度- 緊固工具廠的獲利市場?

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## Market Overview

The Indian fastening tools market is experiencing significant growth, driven by the expansion of construction and manufacturing sectors. Fastening power tools, such as drills, screwdrivers, and impact wrenches, are widely used in construction, woodworking, automotive, and other applications to provide secure and efficient fastening solutions.

## Growth Drivers

### 1. Infrastructure Development

The Indian government's focus on infrastructure projects, including the **construction of highways, smart cities, and urban development, has led to an increased demand for construction equipment and tools.** Fastening tools are integral to these projects, ensuring efficient and secure assembly of structures.

- **Highways:** Market size. National highway construction in India increased at 9.3% CAGR between FY16-FY24. In FY24 approximately 12,349 km of National Highways have been constructed. Despite the pandemic and lockdown, India has constructed 10,457 km of highways in FY22.
- **Bridges:** India's bridge infrastructure market is expected to observe a CAGR of 6.21% during the forecast period FY2025- FY2032, rising from USD 42.16 billion in FY2024 to USD 68.26 billion in FY2032.

- **Smart Cities:** In 2020, over two thousand projects worth nearly five billion U.S. dollars were completed within India's smart cities mission initiative. Over five thousand projects worth nearly 25 billion U.S. dollars had been tendered and around 4,500 projects worth nearly 20 billion U.S. dollars were ongoing. India's smart cities market size is anticipated to grow at a CAGR of 17.4% during 2024-2030.

### 2. Manufacturing Sector Expansion

India's "Make in India" initiative aims to transform the country into a global manufacturing hub. This has attracted **significant foreign direct investment (FDI) and led to the establishment of numerous manufacturing units, thereby increasing the demand for industrial tools, including fastening tools.**

<sup>1</sup><https://www.ibef.org/industry/roads-india#:~:text=Market%20size,km%20of%20highways%20in%20FY22>

<sup>2</sup><https://www.marketsanddata.com/industry-reports/india-bridge-infrastructure-market>

<sup>3</sup><https://www.statista.com/statistics/123253/india-value-of-smart-cities-mission-projects-by-status#:~:text=In%202020%2C%20over%20two%20thousand,billion%20U.S.%20dollars%20were%20ongoing>

<sup>4</sup><https://www.globenewswire.com/news-release/2024/07/16/2913625/0/en/India-Smart-Cities-Market-Report-2024-2030-Value-Analysis-Growth-Share-Forecasts-Industry-Trends-Companies-Revenue.html>



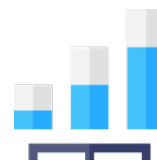
- India's manufacturing sector has shown a mix of growth and decline over recent years, with data measured in current U.S. dollars highlighting notable trends. In 2023, India's manufacturing output reached US\$455.77 billion, reflecting a 3.57% increase from 2022. This followed a slight contraction in 2022, where output dropped to US\$440.06 billion, marking a 3.36% decline from US\$455.36 billion recorded in 2021. Notably, 2021 saw a remarkable recovery with a 20.56% increase from 2020, demonstrating resilience after pandemic-related disruptions. During FY 2022-23, the manufacturing sector recorded an annual production growth rate of 4.7%, contributing 17% to the nation's GDP and employing 57.3 million workers. These figures underscore the critical role of manufacturing in driving India's economic growth and employment, despite periodic challenges.

### 3. Automotive Industry Growth

India is emerging as one of the largest automotive markets globally. **The production and assembly of vehicles require a variety of fastening tools, contributing to the market's expansion.** India's car production in 2024 showcased resilience amid global economic fluctuations. According to the data from Trading Economics, the car production in India decreased to 151,538 units in February 2024 from 171,437 units in January 2024. The average car production from 1991 to 2024 was approximately 129,553 units, indicating a general upward trend over the decades.

### 4. Technological Advancements

**The advent of IoT, artificial intelligence, and machine learning has transformed the industrial space in India, leading to the adoption of advanced fastening tools that offer precision and efficiency.** India's production of electronics grew from US\$49 billion in 2016-2017 to US\$87.1 billion in 2021-2022 and is projected to reach US\$300 billion by 2026. India's semiconductor market is projected to reach US\$109 billion in 2030 from US\$15 billion in 2020.



## Trade Size

### Analysis of Export to India (2019–2023)

The total global export to India shows fluctuations over the years but has largely recovered to pre-2020 levels. Here's a detailed breakdown:

Export to India	2019	2020	2021	2022	2023
World	612,907	487,453	564,767	552,539	557,235
China	90,747	115,881	162,532	141,154	173,649
South Korea	209,270	149,863	119,868	112,180	113,534
Japan	98,299	60,280	74,524	88,943	77,634
Germany	52,928	44,323	63,177	59,260	63,866

Numbers in thousand USD

#### 1. World

- Export values decreased significantly from 612,907 thousand USD in 2019 to 487,453 thousand USD in 2020 likely due to the global impact of COVID-19.
- Exports recovered slightly in 2021 and stabilized around 550,000 thousand USD in 2022 and 2023.**

#### 2. China

- Exports grew substantially from 90,747 thousand USD in 2019 to 173,649 thousand USD in 2023, marking a strong upward trend.
- In 2019, it contributed 14.8% of India's total imports from the world. By 2023, this rose significantly to 31.2%, indicating a more than twofold increase in the market share over the five years.

This steady growth highlights China's increasing dominance as India's key trade partner. Key factors driving this could be competitive pricing, a diverse product range, and China's focus on strengthening trade relations with India. Market share within total global exports increased notably.

#### 3. South Korea

- Exports declined sharply from 209,270 thousand USD in 2019 to 113,534 thousand USD in 2023.
- In 2019, it held the largest share (34.1%) of India's imports. However, by 2023, this dropped to 20.4%, reflecting a 13.7% reduction in its share.

This decline could suggest challenges in maintaining competitiveness or the rise of other players like China capturing South Korea's market share. This indicates a significant loss in the market share and a consistent downward trend.

#### 4. Japan

- Exports decreased from 98,299 thousand USD in 2019 to 60,280 thousand USD in 2020 but recovered slightly to 88,943 thousand USD in 2022. However, a drop in 2023 to 77,634 thousand USD shows inconsistency.
- In 2019, Japan accounted for 16.0% of India's imports. While it dipped to 12.4% in 2020, the share rebounded to 16.1% in 2022 before slightly declining again to 13.9% in 2023.

Japan's fluctuations suggest dependence on specific industries, with no significant long-term growth in the market share compared to its competitors. Its market share remains moderate with limited growth.

#### 5. Germany

- Exports initially dropped from 52,928 thousand USD in 2019 to 44,323 thousand USD in 2020 but grew steadily afterward, reaching 63,866 thousand USD in 2023.

<sup>1</sup><https://www.macrotrends.net/global-metrics/countries/india/manufacturing-output#:~:text=Data%20are%20in%20current%20U.S.,a%2020.56%25%20increase%20from%202020.>

<sup>2</sup><https://www.india-briefing.com/news/india-manufacturing-tracker-2024-25-33968.html/>

<sup>3</sup><https://tradingeconomics.com/india/car-production>

<sup>4</sup><https://www.trade.gov/country-commercial-guides/india-information-and-communication-technology#:~:text=India's%20production%20of%20electronics%20grew,from%20%2415%20billion%20in%202020.>



- In 2019, it held an 8.6% share of India's imports, which increased to 11.5% by 2023. While the growth is slower compared to China, Germany has maintained a consistent upward trajectory.

This growth could be attributed to high-quality exports, reliability, and targeted efforts to expand trade with India. Germany shows resilience and a small but steady market share increase.



## Analysis of Import from India (2019–2023)

The total global import from India shows growth over the years, with some volatility in country-specific performance:

Import from India	2019	2020	2021	2022	2023
World	254,664	222,738	292,026	315,362	313,083
USA	39,999	36,905	53,422	64,393	71,275
Germany	26,213	18,166	27,242	30,277	28,379
Australia	16,539	15,878	20,687	20,343	18,703
Netherlands	21,191	13,761	18,600	20,116	17,898

Numbers in thousand USD

### 1. World

- Imports declined slightly during 2020 but grew from 222,738 thousand USD to 315,362 thousand USD in 2022 before stabilizing at 313,083 thousand USD in 2023.
- This reflects a healthy recovery and sustained demand.

### 2. USA

- Imports steadily increased from 39,999 thousand USD in 2019 to 71,275 thousand USD in 2023.
- In 2019, it accounted for 15.7% of India's exports to the world. By 2023, this share had risen to 22.8%, marking a 7.1% increase over the five years.

U.S. consistent growth reflects its strong economic ties with India and rising demand for Indian goods, likely driven by Indian exports in IT, pharmaceuticals, and textiles. The US shows consistent growth and an increasing share of imports from India.

### 3. Germany

- Imports saw a sharp decline in 2020 but recovered to 30,277 thousand USD in 2022, followed by a small drop to 28,379 thousand USD in 2023.
- In 2019, it held a 10.3% share, but by 2023, it reduced to 9.1%, showing a 1.2% drop.

Despite its long-standing trade partnership with India, the decline suggests either stronger competition from other markets or shifts in trade preferences. Germany's market share remains stable but without significant growth.

### 4. Australia

- Imports stayed relatively flat, with minor fluctuations, growing from 16,539 thousand USD in 2019 to 20,687 thousand USD in 2021 before falling back to 18,703 thousand USD in 2023.
- It accounted for 6.5% in 2019 but dropped marginally to 6.0% in 2023.

This indicates a lack of significant growth or diversification in India-Australia trade relations. This reflects limited engagement with Indian exports.

### 5. Netherlands

- Imports fell from 21,191 thousand USD in 2019 to 13,761

thousand USD in 2020 but recovered somewhat to 20,116 thousand USD in 2022. However, a drop to 17,898 thousand USD in 2023 shows volatility.

- In 2019, it held an 8.3% share of India's exports, but by 2023, this dropped to 5.7%, reflecting a 2.6% decrease over the years.

This drop could be attributed to the Netherlands losing out to stronger competitors like the U.S. or reduced import demand from Indian exporters. The Netherlands displayed inconsistency in trade with India.



## Conclusion

The Indian fastening tools market is a dynamic blend of domestic and international players. While global companies bring advanced technologies and superior-quality products, local manufacturers focus on cost-effectiveness and deep knowledge of regional market needs. However, the market faces several key challenges:

- 1. Price Sensitivity:** India's highly price-sensitive market can be a barrier for premium international brands.
- 2. Counterfeit Products:** The widespread availability of counterfeit and low-quality products undermines genuine brands and poses safety risks.
- 3. Distribution Network:** Establishing an efficient distribution network across India's vast and diverse geography remains a significant challenge for new entrants.

Despite these challenges, the future of the fastening tools market in India is promising, driven by several growth factors:

- **Urbanization:** Rapid urbanization is fuelling construction activities, leading to increased demand for fastening tools.
- **Industrial Automation:** The adoption of automation in manufacturing processes is creating demand for advanced fastening tools compatible with automated systems.
- **Government Initiatives:** Policies promoting industrial growth and infrastructure development are unlocking opportunities for fastening tool suppliers.

With robust growth in construction, manufacturing, and the automotive sectors, alongside supportive government initiatives and technological advancements, India stands out as a lucrative market for global fastening tool suppliers. To seize this opportunity, companies must address challenges like price sensitivity and distribution complexities by adopting strategies tailored to the unique dynamics of the Indian market. ■

