

INDIAN MINING AND CONSTRUCTION EQUIPMENT INDUSTRY

**Tepid 5M FY2026 domestic demand
anchors 2–5% YoY growth; H2 infra
rebound will be pivotal**

SEPTEMBER 2025





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ICRA projects 2–5% YoY growth in MCE industry volumes for FY2026, in line with last estimates. Despite flat volumes in 5m FY2026 due to price hikes, unseasonal rains, and weak project-awarding activity, the outlook remains stable, supported by expected macroeconomic improvement, sustained Government infrastructure push, healthy export prospects and steady commodity prices.*



The Indian MCE industry is experiencing tepid growth in FY2026, with domestic sales declining 6% in the first five months due to delayed project awards, monsoon disruptions, and price hikes from emission norm transitions. Export momentum remains robust, especially in concrete and road equipment, but overall industry volume growth is projected at a modest 2–5% YoY, supported by macroeconomic improvement and Government infrastructure push.



Export share has risen to about 15% of total sales in 5m FY2026, with Indian-made equipment gaining traction in developed markets due to updated emission standards and cost competitiveness. The US remains a major export destination, though tariff uncertainties pose risks. Manufacturers may need to focus on new geographies to mitigate export volatility and sustain growth.



Medium-to-long-term demand drivers for the MCE industry remain strong, anchored by healthy Government capex outlays, rising infrastructure investments, and strong mining and real estate activity. Roads and mining sectors account for nearly 75% of domestic equipment demand. While FY2026 growth is subdued, the sector's outlook is Stable, with adequate order books and continued policy support expected to drive recovery and investment over the coming years.



The financing environment remains challenging, with tight liquidity at NBFCs impacting loan disbursements and lowering loan-to-value ratios for first-time buyers. Around 85–90% of the MCEs sold in India are financed, making the sector highly sensitive to credit conditions. Private banks are increasing their share in equipment financing, but overall, stricter lending norms and higher equipment prices could dampen demand in the near term.



Regulatory changes, including the transition to CEV-V emission norms and new safety mandates, have increased equipment costs by an estimated 8–20%. While manufacturers are passing on these costs gradually, operating profitability margins are expected to contract by 100–150 basis points. Despite this, industry revenues are projected to grow 8–10% YoY in FY2026, driven by price hikes, improved product mix, and rising spares/service income.

What's Inside?

1 Domestic and Export Sale Trends



2 Trend in Economic Indicators & Industry Demand Drivers



3 Input Price Trends



4 Financing Environment



5 ICRA's Outlook on the Sector



6 Peer Comparison and ICRA Ratings in the Sector





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