Cabinet approves Rs.11,000 crore Scheme for Enhancement of Construction and Infrastructure Equipment (CIE) Manufacturing Ecosystem

The scheme aims to promote domestic manufacturing of construction and infrastructure equipment ecosystem in India, supporting the Atmanirbhar Bharat Abhiyan

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The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the "Scheme for Enhancement of Construction and Infrastructure Equipment (CIE) Manufacturing Ecosystem" with a financial outlay of Rs.11,000 crore. The Scheme, to be implemented by the Ministry of Heavy Industries (MHI), aims to incentivize domestic manufacturing of CIE and its components and to establish a dedicated CIE testing facility in the country, thereby enhancing self-reliance and positioning India as a key player in the Global CIE market.

India's CIE industry is currently the world's third largest, after China and the United States, with a market size of around Rs.97,500 crore in FY2024-25. Driven by accelerated growth in infrastructure (roads and ports) and housing, the industry is projected to increase more than double, reaching a market size of around Rs.2,28,100 crore by FY2029-30.

Driven by rapid growth in the construction and infrastructure sector, the scheme aims to incentivize manufacturing of technologically advanced equipment such as Ship-to-Shore Cranes, Tunnel Boring Machines, Hydraulic Excavators, Off-Highway Trucks, etc. The scheme has also provision of establishment of state of art dedicated CIE testing facility in the country.

The scheme with duration of eight years from FY2026-27, comprise of a two-year gestation period (FY2026-27 to FY2027-28) for setting up manufacturing facilities, followed by a five-year incentive disbursement period (FY2028-29 to FY2032-33), and a final year (FY2033-34) for settlement of incentives on incremental sales of FY2032-33.

The scheme has two components:

1. **Sales-linked Incentive** – Incentives will be provided on the Incremental Sales Value of eligible CIE equipment and components to approved applicants across two categories – eligible **OEMs** and **Component Manufacturers.** Graded Incentive rates range from **13% to 8%** of incremental sales value over a five-year period.
2. **Grant for CIE Testing Facility** – A grant of up to **Rs.375 crore**, in the nature of Viability Gap Funding, for setting up a dedicated CIE testing facility,

This initiative by the Government of India is a landmark step towards strengthening the domestic Construction and Infrastructure Equipment manufacturing ecosystem and enhancing competitiveness in the global markets. By fostering indigenous capabilities in manufacturing of CIE, the scheme will ensure supply chain security, increase opportunities for employment and promote Atmanirbhar Bharat. It embodies the Government's unwavering commitment to build a technologically self-reliant, globally competitive and sustainable industrial base, in line with the vision of Viksit Bharat @2047.

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MJPS

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