

# Crisis worries India's construction sector

By **ARUNAVA DAS** in Kolkata, India, and **XU WEIWEI** in Hong Kong

Apart from crimping oil and gas supplies, the ongoing conflict in the Middle East is also having a negative impact on the construction sector in India, which has enjoyed a boom in recent years.

The cement industry will be hit as a significant portion of India's bitumen and limestone comes from Gulf countries, including Iraq, Iran, the United Arab Emirates, Oman and Bahrain, experts said. There are also worries that the steel sector — where limestone is a vital input — could suffer from supply chain disruptions.

A potential slowdown in the construction sector could pose challenges and hinder India's overall economic growth prospects, they warned.

The infrastructure, housing and commercial construction sectors are a high priority in India for sustaining faster economic growth, said Karori Singh, former director of the South Asia Studies Centre at the University of Rajasthan in India.

"The construction of roads and bridges for a faster supply chain" and the government's 'Housing for All' program are heavily dependent on efficient supplies of raw materials and energy, Singh said, noting that the resources are also crucial for meeting the construction demand stemming from faster urbanization.

India's highway program is still expanding. The National Highways Authority of India completed about 10,660 kilometers in the financial

year ended March 2025, and has earmarked \$30.6 billion to match that pace this fiscal year, but engineers and construction companies warn that the turbulence in the Middle East is raising costs and risks.

"The shock wave won't stop at fuel," Partha Pratim Biswas, who teaches construction engineering at Jadavpur University in Kolkata, told China Daily. "Housing, metros, flyovers — everything runs on steel and cement, and both depend on raw materials shipped through the Strait of Hormuz."

Around 40 percent of India's roughly 9 million metric tons of annual bitumen demand is met through imports, according to industry estimates. A significant percentage of the material comes from the Middle East and passes through the Strait of Hormuz, where shipping has been disrupted in the past few weeks due to US-Israeli attacks on Iran.

Bitumen, as a petroleum by-product, comes from crude oil refining. Benoy Majumdar, managing director of Mackintosh Burn Ltd, sources bitumen from Indian state-owned oil refineries — Indian Oil, Bharat Petroleum, and Hindustan Petroleum — all of which depend on imported crude.

As crude oil supply is hit, the supply of bitumen is also affected, leading to a slowdown in projects and cost overruns, Mazumder said. "When crude supply is disrupted, our project schedules and margins bleed."

Apart from bitumen, the UAE is a critical supplier, accounting for

roughly 79 percent of India's high-grade limestone flux imports. These are used in the steel and cement industries. The Strait of Hormuz is the primary shipping route for these significant raw material shipments.

"We mine two-thirds of limestone domestically under environmental caps; the missing third is critical," said Biswas from Jadavpur University.

If steel output stutters, prices spike and flagship projects would start to creek, according to him.

The property market in the city of Mumbai is also under strain, said Sanjay Agarwal, a stockbroker. He said in an interview with China Daily that construction costs have risen alongside crude and steel prices, while war-driven risk aversion has reduced the demand from multinational companies for office space and tightened equity-market liquidity.

The conflict in the Middle East is "causing unmitigated pain for real estate across India, including Mumbai, the country's financial capital. From project timelines to project costs — everything seems to be going for a toss", Agarwal said, wondering when there would be an end to the crisis.

According to Singh, supply shortages and increased prices of bitumen, limestone and energy will adversely affect the construction sector, which is a major source of employment.

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