

President's Message

Friends,

As quoted by Hans Rosling, the famous physicist and professor of International health "to get away from poverty, you need several things at the same time: school, health, and infrastructure - those are the public investments. On the other side, you need market opportunities, information, employment, and human rights," and I add my two pence, that the country needs to find ways to finance infrastructure that gets it done fast and creates a return.

It is a universal truth that infrastructure is the key growth driver for every economy, especially fast growing ones such as India. India's infrastructure sector is one of the largest in the world, with infra development needs projected at US\$ 4.5 trillion by 2040. Global Infrastructure Outlook indicates that India can meet around US\$ 3.9 trillion and the gap would be around US\$ 526 billion by 2040.

The reforms undertaken by the Indian Government for raising the bar of economic growth have made India an attractive investment destination for global investors. The launch of GST, banking reforms such as the Insolvency and Bankruptcy Act and unclogging of investments have rekindled buoyancy on structural reforms. As a result of these measures, India has substantially improved its ranking by 30 places in the last three years in the World Bank's 'Ease of Doing Business' with India breaking into top 100 for the first time. This is also reflected in strong FDI inflows which have grown from US\$ 34.3 billion in FY 2012-13 to US\$ 60.1 billion in FY 2017-18.

Further, with recovery in global growth, I am sure India will continue to perform robustly with its GDP expected to reach US\$ 5 trillion by 2025. I must point out that it is a matter of immense pride to see the world's attention on India and its transformation into a superpower, as the 'New Age' India emerges from the shackles of the past.

I accolade the Government, both, past and present, on their initiatives towards ensuring time-bound creation of world class infrastructure in the country, especially the transport sector as well as the power sector. In recent years, billions have been pumped into mega projects in the country in aviation, industrial development, smart cities, railways, roads and energy. The Modi government has accorded top priority to infrastructure by



providing enhanced budget since the last four years which was Rs.1.81 trillion in FY 2014-15, reached Rs. 4.94 trillion in FY 2017-18 to Rs. 5.97 trillion in FY 2018-19.

I commend the government's efforts to build new roads at a pace wherein a record 9,829 km of highways were constructed in 2017-18 that comes to 26.92 km of roads per day. Strengthening the railway network and enhancing Railways' carrying capacity has been a major focus of the government along with optimal electrification of railway network. Priority has been assigned to rail safety through the 'Safety First' policy along with redevelopment of 600 major railway stations. India's first high speed rail project - the Mumbai-Ahmedabad bullet train project, will create new inroads, facilitating industrial as well as skill development.

The Sagarmala Project, a transformative initiative is likely to rapidly enhance port connectivity, port modernization, port-linked industrialization and coastal community development for phase-wise implementation, efficiently and cost-effectively by 2035. I also endorse the government's initiative to develop eight new National Waterways that augurs well for inland waterways, a cheap and sustainable mode of transportation.

The aviation UDAN scheme is aimed at making air travel more affordable and boosting regional connectivity for both under-served and un-served airports.

I think it's noteworthy to mention that ensuring electricity access to all rural households and providing electricity to 18,000 villages is indeed a remarkable endeavour. Further, the mechanism proposed to buy surplus solar energy from solar pumps by distribution utilities as well as deployment

of solar energy under smart city programme would facilitate solar capacity addition.

The Smart Cities Mission and Atal Mission for Rejuvenation and Urban Transformation which focuses on providing water supply to all households in 500 cities will improve urban infrastructure in the country.

I would suggest innovative financial mechanisms as a viable option for financing infrastructure projects. These include the formation of Infrastructure Investment Trusts (InvITs), which takes contributions from many investors and use the funding for a multitude of infrastructure projects. The implementation of toll-operate-transfer model would greatly bolster international institutional investment as it ensures management of infrastructure assets that are currently generating steady profits and their auction to international investors. Strengthening of the bond market is imperative for infrastructure financing.

Experts rightly point out that investment gaps can be filled with financing from private sector investment, infrastructure financing institutions, like National Infrastructure Investment Bank, Asian Infrastructure Investment Bank and New Development Bank.

I must comment that India's private sector needs to change some of its practices, as aggressive bidding and inadequate liquidity drive construction contractors to excessively rely on loan financing. Stressed balance sheets of private companies, drawn-out dispute resolution, land and forest clearances and land-acquisition processes are other long-standing issues in India. The country needs to ensure a regulatory environment that can attract additional capital towards infrastructure development from relatively smaller investors.

As part of our infrastructure thrust, we organized a number of events on the sector including 'Multimodal Transportation Conclave-2018,' National Solar Summit', 'Arbitration Norms for the Infrastructure Sector' and 'Gas Market in India.'

As remarked by Author Harriett Jackson Brown Jr, "Opportunity dances with those already on the dance floor." For global investors and businesses, India in the 21st century is that very dance floor, and it takes two to tango, but in our case, we would need to include the troupe of public and private sector reformers to help India emerge as a 'Super Power'.

