



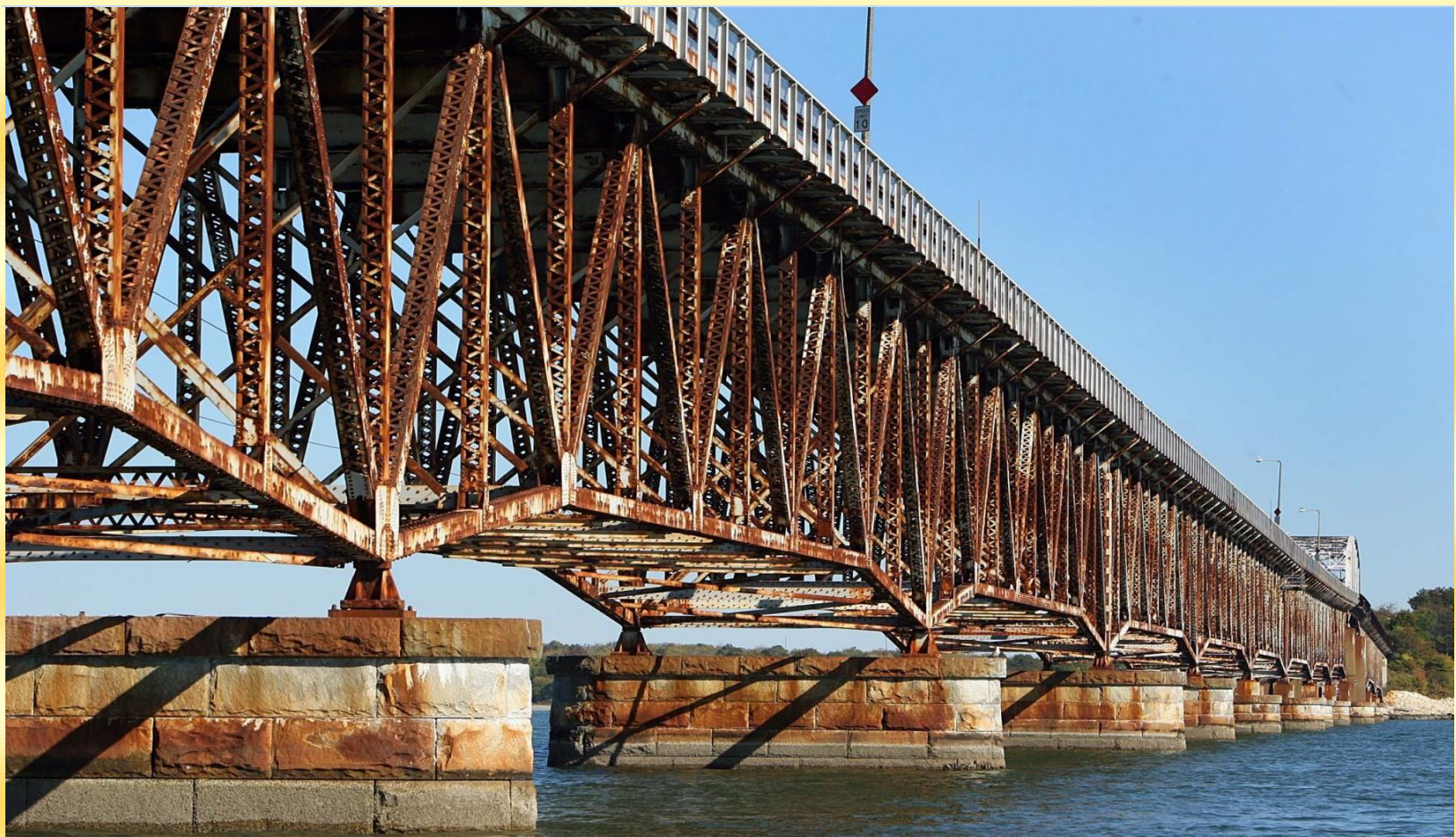
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INFRASTRUCTURE SECTOR



INTRODUCTION

Infrastructure systems are drivers of economic growth across the world and it enables rapid development of the country. It also provides economic opportunities to the industry and improves the livelihood of many people. Infrastructure Sector is a pillar of the Indian Economy. India's national accreditation system under the Quality Council of India (QCI) has been ranked 5th in the world in the recent Global Quality Infrastructure Index (GQII) 2021. The GQII ranks the 184 economies in the world on the basis of the quality infrastructure (QI). India's overall QI system ranking continues to be in the Top 10 at the 10th position, with the standardization system (under BIS) at 9th and the metrology system (under NPL-CSIR) at 21st position in the world.



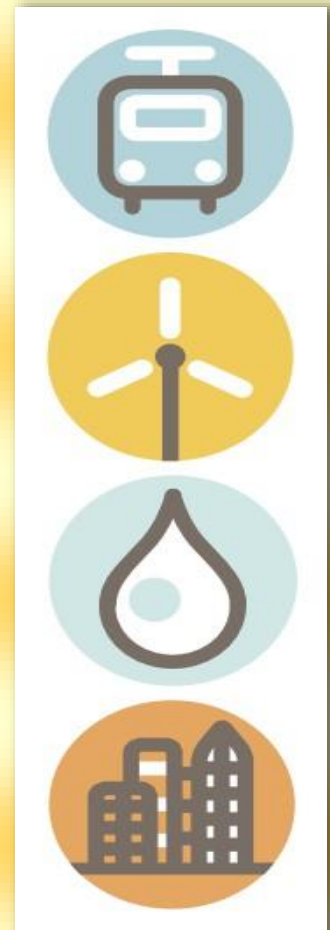
MARKET SIZE

India plans to spend USD 1.4 Trillion on infrastructure through 'National Infrastructure Pipeline' in the next five years. In FY 2021, infrastructure activities accounted for 13% share of the total FDI inflows of USD 81.72 Billion.

AREAS OF INVESTMENT OPPORTUNITIES

A. Highways

- The Indian Government announced an outlay of Rs. 60,000 Crore (USD 7.72 Billion as of 20.03.2023) for the Ministry of Road Transport and Highways.
- In August 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highways laid foundation stone of six National Highways (NH) Projects worth Rs. 2,300 Crore (USD 287.89 Million) in Indore, Madhya Pradesh.
- In March 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highway inaugurated 19 National Highway Projects in Haryana and Rajasthan totaling Rs. 1,407 Crore (USD 183.9 Million).
- In FY 2022, Government initiatives such the National Infrastructure Pipeline, National Monetization Pipeline, Bharatmala Pariyojana, changes in the Hybrid Annuity Model (HAM) and fast pace of asset monetization to boost road construction.
- In May 2021, Minister for Road Transport & Highways and Micro, Small and Medium Enterprises, Mr. Nitin Gadkari stated that the Government is giving utmost priority to infrastructure development and has set a target of road construction of worth Rs.15 Lakh Crore (USD 206 Billion) in the next two years.
- In September 2022, the Government approved rail-cum-road bridge across Brahmaputra River near the existing Saraighat Bridge at Guwahati at the cost of Rs. 996.75 Crore (USD 122.27 Million) which will be shared by NHAI & Ministry of Railways.



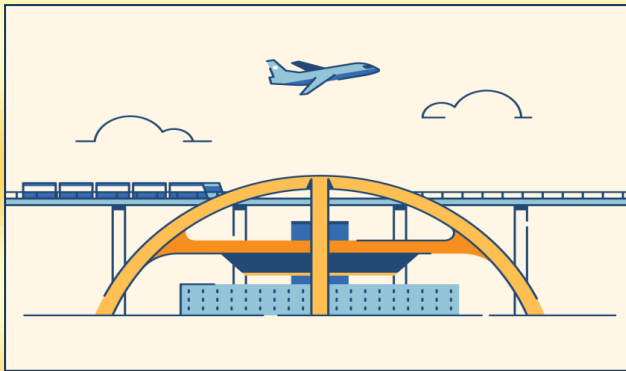
B. Airways

The Government established the UDAN Program to improve provincial air connectivity from the nation's underserved and unserved airports and lower air travel costs for the general public. 415 routes and 66 airports have been operationalized as part of the program.

The Krishi Udan Program helps farmers to locate markets for their goods both domestically and abroad. On an annual year-over-year basis, there was a 22.5 per cent increase in the volume of agricultural goods transported under the Program in FY 21–22.

C. Railways

From 2018 to 2030, the Government has proposed spending USD 6.07 Billion on rail infrastructure. The Vande Bharat semi-high-speed train was introduced as part of the "Make in India" initiative. By 2025, India will have produced 400 new Vande Bharat trains. The Indian Railways completed 6,015 Route kilometers of electrification in 2020–21, the most in a single year. By 2024, Indian Railways is expected to be powered fully by electricity.



D. Waterways

A fund of USD 12.06 Billion has been reserved for the Sagarmala Projects. Since 2014, the capacity for handling cargo has increased by 79%. Major Ports handled 6.94% more traffic during FY 2021–22 than the previous year. As of March 24, Non-Major Ports' capacity, which stood at 689 MTPA until 2014, had risen to 1,224 MTPA.

E. Power & Electricity

Until 31.03.2021, 2.817 Crore households had electricity installed since the start of Saubhagya Scheme. In addition, 4.34 Lakh of the 11.84 Lakh households with DDUGJY approvals that were made to have electricity. A total of 2.86 Crore households were electrified as of 24.03.2022.

UNDER THE UNION BUDGET 2022-23:

- The Government has given a massive push to the infrastructure sector by allocating Rs. 10 Lakh Crore (USD 130.57 Billion as of 20.03.2023) to enhance the infrastructure sector.
- In the Union Budget 2023-24, the Government has allocated Rs. 2,70,434.71 Crore (USD 32.8 Billion as of 03.04.2023) to the Ministry of Road Transport and Highways.
- The Government announced Rs. 76,549 Crore (USD 9.85 Billion as of 20.03.2023) to the Ministry of Housing and Urban Affairs.
- The Government allocated Rs. 84,587 Crore (USD 10.87 Billion as of 20.03.2023) to the Department of Telecommunications to create and augment telecom infrastructure in the country.
- The total revenue expenditure by Railways is projected to be Rs. 234,640 Crore (USD 30.48 Billion as of 20.03.2023).

- 100 PM-Gati Shakti Cargo Terminals for multimodal logistics facilities will be developed over next three years. PM Gati Shakti is a National Master Plan for multimodal connectivity to economic zones. Everything, from roads to trains, from aviation to agriculture, as well as many ministries and departments, will be integrated under the PM Gati Shakti National Master Plan.
- In FY 2022-23 (until October 20, 2022), passenger earnings increased to Rs. 33,838.16 Crore (USD 4.15 Billion as of 20.03.2023).

- In FY23 (until September 2022), the combined index of eight core industries stood at 142.8 driven by the production of coal, refinery products, fertilizers, steel, electricity and cement industries.



- FDI in construction development (townships, housing, built-up infrastructure and construction development projects) and construction (infrastructure) activity sectors stood at USD 26.22 Billion and USD 28.64 Billion, respectively, from April 2000-June 2022.
- The Government expanded the 'National Infrastructure Pipeline (NIP)' to 9,335 projects. 217 projects worth Rs. 1.10 Lakh Crore (USD 15.09 Billion as of 20.03.2023) were completed as of 2020.
- In November 2021, the Asian Development Bank (ADB) has approved a USD 250-Million loan to support development of the National Industrial Corridor Development Programme (NICDP). This is a part of the USD 500-Million loan to build 11 industrial corridors bridging 17 States.

- In November 2021, India, US, Israel and the UAE established a new quadrilateral economic forum to focus on infrastructure development projects in the region and strengthen bilateral co-operation.



- In October 2021, Dubai Government and India, inked an Agreement to develop infrastructure such as industrial parks, IT towers, multipurpose towers, logistics centres, a medical college and a specialized hospital in Jammu & Kashmir.
- The Ministry of Railways plans to monetize assets including Eastern and Western Dedicated Freight Corridors after commissioning, induction of 150

modern rakes through Public Private Participation (PPP), station redevelopment through PPP, railway land parcels, multifunctional complexes (MFC), railway colonies, hill railways and stadiums.

- Mega Investment Textiles Parks (MITRA) Scheme was launched to establish excellent infrastructure in the textile sector and establish seven textile parks over three years.

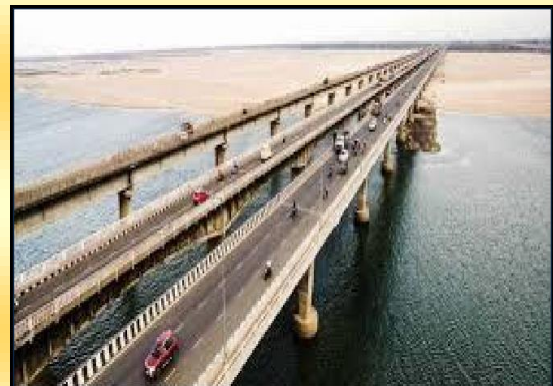


- The Government announced Rs. 305,984 Crore (USD 42 Billion as of 20.03.2023) over the next five years for a revamped, reforms-based and result-linked new power distribution sector scheme.

GROWTH DRIVERS FOR INFRASTRUCTURE IN INDIA



- ✓ Increasing Investments
- ✓ Huge investments in infrastructure (e.g., Reliance Digital Fiber Infrastructure Trust Investment of USD 1 Billion) have provided momentum to overall PE/VC investments in India.
- ✓ Prime Minister Mr. Narendra Modi announced a D1.2 Trillion master plan for multi-modal connectivity in October 2021, with the goal of developing infrastructure to lower logistic costs and improve the economy.
- ✓ Policy Incentive
- ✓ In Union Budget 2021, to support initiatives such as ‘Housing for All’ and ‘Smart Cities Mission’, the Government allocated Rs. 13,750 Crore (USD 1.89 Billion) to Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart Cities Mission.
- ✓ In March 2021, the Parliament passed a Bill to set up the National Bank for Financing Infrastructure and Development (NaBFID) to fund infrastructure projects in India.



- ✓ In November 2021, India, US, Israel and the UAE established a new quadrilateral economic forum to focus on infrastructure development projects in the region and strengthen bilateral co-operation.
- ✓ The initiative 'Infrastructure for Resilient Island States' (launched in November 2021) will give India a huge opportunity to contribute to the betterment of other vulnerable countries in the world.
- ✓ India is expected to become the world's third largest construction market by 2022.
- ✓ India will require investment worth Rs. 50 Trillion (USD 777.73 Billion) across infrastructure by 2022 for a sustainable development in the country.

ROAD AHEAD

The infrastructure sector has become the biggest focus area for the Government of India. India plans to spend USD 1.4 Trillion infrastructure during 2019-23 to have a sustainable development of the country. The Government has suggested investment of Rs. 5,000,000 Crore (USD 750 Billion as of 20.03.2023) for railways infrastructure from 2018-30.



India's GDP is expected to grow by 8% over the next three fiscal years, one of the quickest rates among major, developing economies, according to S&P Global Ratings. India and Japan have joined hands for infrastructure development in India's Northeast States and along with setting up an India-Japan Coordination Forum for development of Northeast to undertake strategic infrastructure projects for the region. India being a developing nation is set to take full advantage of the opportunity for the expansion of the infrastructure sector, and it is reasonable to conclude that India's infrastructure has a bright future ahead of it.

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Source:

1. <https://www.ibef.org/industry/infrastructure-presentation>
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3. <https://www.investindia.gov.in/team-india-blogs/growth-infrastructure-sectorindia>
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5. <http://amrut.gov.in/>
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