

INDIAN INFRASTRUCTURE SECTOR: A MULTI-BILLION INVESTMENT & BUSINESS OPPORTUNITY

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Vinayak Chatterjee, Chairman, CII Infrastructure Council, shares his views on the growth of the Indian industry in UK and vice versa

Last year, when the world witnessed an unprecedented financial meltdown and consequent recessionary trends, Indian economy sprung a surprise by clocking a growth of 6.7 percent. Consolidating further, this year Indian economy is set to grow by 7.2 percent. While there are several positive factors contributing to the buoyancy in the Indian economy, undoubtedly stimulus package announced by the Government of India and rising investments in infrastructure has played a decisive role.

In the year 2008-09, highways sector attracted an investment of US\$ 3.5 billion, which is expected to go up to US\$ 6.23 billion this year (2009-10). The power sector, which is facing a huge deficit, witnessed a new surge, adding 14958 MW generation capacity in 2009-10 and is expected to add another 20,275 MW in the year 2010-11. Riding on, as well as adding to sound economic recovery, India's transport infrastructure sector made a strong comeback.

India Infrastructure Finance Company Limited (IIFCL), a specialized financial institution recently created by the Government of India to provide long term finance, has raised US\$ 2 billion over the last two years through tax free bonds – enough money to support infrastructure projects worth US\$ 20 billion.

Among infrastructure, power sector is estimated to require the maximum investment, US\$ 150 billion, followed by roads & highways US\$ 76 billion and telecommunication and railways with investment needs of US\$ 65 and US\$ 62 billion respectively.