

# Infrastructure®

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**TODAY**

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## Outlook 2013

*Will the sector be able to see a revival?*

### Infrascope

- Ajay Singh Mehrotra, Gammon India
- Alwyn Bowden, Essar Projects
- Anil Sardana, Tata Power
- Goutham Reddy, Ramky Group
- HM Nerurkar, Tata Steel
- Lalit Jalan, Reliance Infra
- LK Gupta, Essar Oil
- Ramesh Narayanan, BYPL

### Infra Finance

- Arundhati Bhattacharya, SBI Cap
- Suneet K Maheshwari, L&T Infra Finance



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## BEGINNING OF THE INFRASTRUCTURE BOOM

*Rishabh Sethi, Executive Director, SPML Infra Limited*

India's infrastructure has been improving slowly but steadily over the recent years. Infrastructure sector growth in India has been on the rise in the last few years due to several reasons and it has given a major boost to the country's economy.

**Initiatives:** The infrastructure sector was one of the thrust areas in the Union

Budget 2012-13, the government announced a number of proposals, including allowing financial institutions to raise about Rs 60,000 crore from tax-free bonds and envisaging a greater private participation. The allocation to the highways sector has been enhanced by 14 per cent to INR 25,360 crore for 2012-13 and the government has set a target of covering 8,800 km roads under National Highways Development Project. The allocation to develop rural drinking water and sanitation facilities has increased by 27 per cent from Rs 11,000 crore to Rs 14,000 crore. The urban infrastructure for water and sanitation and telecommunications sectors also achieved enhanced investment.

**Mechanisms:** There should be a mechanism to ensure

planned and expeditious implementation of infrastructure projects. Currently, there is a large gap between the time of announcement of projects and their award. Also, there is intensive activity in awarding a large number of projects in a short time. It is essential to phase the projects in a continuous manner in order to optimise the scale up of resources in the infrastructure sector.

As this is just the beginning of the infrastructure boom in the country, the industry needs to prepare for execution needs. With the ramp up in manpower and other resources, Infra companies will be in a position to cash in on opportunities both domestically as well as internationally.

The government must try to revive unfinished projects by tweaking the concession agreements with some compromises. The banks will be encouraged to provide easy loans to infrastructure companies to bail out their financial crisis and complete the PPP projects on time.

One of the crucial needs is to provide adequate compensation for increased prices of essential raw materials that will help companies to absorb price escalation during the implementation period as it is not possible to factor in such extraordinary increase in prices at the time of tendering for the projects.



## GREAT OPPORTUNITY IN 2013

*Thiru Vengadam, Managing Director, IFS Solutions*

Most of the contracts in the Infrastructure sector are long lead time projects with significant investments. Whichever customer of ours in these industries that we speak to, they all have experienced the effects of overall economic slowdown and the difficulty in getting funds for these projects. Larger projects such as in the power

sector or in the road construction have continued to face problems in land acquisition and obtaining all the governmental clearances. Some of the projects that we are involved with are in Tamil Nadu and Chhattisgarh which have experienced acute labour shortages. Others in the port sector have been hit by multiple bans imposed on export of ores in the southern states.

**Developments:** We focus on delivering integrated enterprise business applications to the Infrastructure industry. Large capital intensive assets are the core of

operations of the infrastructure industries – whether they are Nuclear, hydro, thermal or alternative energy based power generation projects, power transmission corporations, distribution companies; EPC contractors involved with oil and gas, road, dam, airport and such large scale industrial construction. These utilities require integrated, scalable and reliable enterprise applications that can cover Enterprise Asset Management, Enterprise Resources Planning, and Project based procurement, etc. However, our systems can not directly help them to control the macro-economic issues they face, they can effectively manage their operations whether they are in the pre-construction stage; or the construction (EPC) stage or in the operation and maintenance.

**Expectations of 2013:** We believe there is a great opportunity in 2013 for these industries to look up. There is cautious optimism in the stock market with some swift actions taken by the Government. We expect more of these organisations in the Infrastructure sector to use IT to address their operational problems more effectively across all the stages of their operation. ■