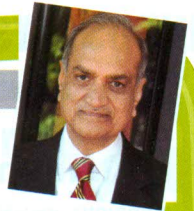


INDUSTRYSPEAK



POWER

Satisfactory in parts

HINDSIGHT: The electrical equipment industry, after experiencing a healthy growth since 2009-10, declined to -7.8 per cent in 2012-13. However, the industry revived in the first half of current fiscal (H12014) and grew at 6 per cent mainly backed by rise in domestic demand.

- THUMBS UP:**
1. Introduction of import duties at the rate of 5% basic customs duty, 12% countervailing duty and 4% special additional duty, along with cess as applicable, on import of equipment for UMPPs and MPPs.
 2. Revision of standards for Case-II power projects, including UMPPs, whereby domestic sourcing of equipment is made mandatory.
 3. Cabinet Committee on Investment's (CCI) expediting projects over Rs 1,000 crore by setting timelines for concerned ministries.

- SPECIFIC CONCERNS:**
1. Growing threat of low-cost electrical equipment imports coupled with L1 bidding criterion adopted by the utilities.
 2. Poor financial health of state distribution utilities. Recent reports indicate the Financial Restructuring Programme (FRP) has hit a roadblock.
 3. Bunching of orders should be avoided as this leads to suboptimal utilisation of manufacturing capacities.

MODI EFFECT? I believe that political parties have now realised that achieving economic growth is very crucial to gain voter support. Irrespective of whichever party comes to power, the performance of the economy will improve going forward.

RAMESH CHANDAK, MD, KEC International

REFORM AGENDA

Hoping for relief



HINDSIGHT: The rising interest rate is a grave concern for infrastructure companies. The beleaguered funding situation have seen a number of projects already been put on hold in the planning stage itself.

HOPES UP? The sector hopes for a reprieve from the Budget by way of easing funding norms, providing tax incentives and increasing public sector spending. Liquidity crisis in the sector will ease if the government and its agencies provide easier funding, including lower interest rate on loans, simplified approvals and more transparency. There should also be scrutiny of pending viable projects and they should be awarded and started.

FORWARD LOOK: The future of the Indian infrastructure sector is filled with potential, being vital to the development of country's economy and government has played a major role by liberalising FDI norms. It has taken up large-scale infrastructure ventures such as Delhi-Mumbai Industrial Corridor, interlinking of rivers, expansion of metro rail to other cities, liberalisation in air transportation and ports is also poised for progress.

A good budget for infrastructure sector will be the one that carries on with the reform process and focuses on growth while addressing key issues like fiscal deficit, inflation, infrastructure augmentation, etc. Transparency and greater accountability should be the pillars of any policy making process.

RISHABH SETHI, Executive Director, SPML Infra Limited, a major urban infrastructure player

ROAD PROJECTS

Hammering-in needed



HINDSIGHT: The roads ministry has so awarded just 123 km of highway projects under PPP this year against the target of 2,023 km. Some of the measures introduced/being explored by the government include:

1. Alternative credit enhancement schemes introduced, and consideration of loans to highways sector as secured loans.
2. Establishment of a project monitoring group to resolve issues in projects worth at least Rs 1,000 crore.
3. Delinking environment and forest clearances.
4. Early exit options after completion of construction: The policy measure found few takers due to several legal, commercial and taxation issues involved in formation of SPV for substitution.
5. Linkage of NHAI-estimated Total Project Cost to Wholesale Price Index for assessment of Termination Payment
6. Formation of a regulatory authority for road sector.
7. Introduction of The Public Contracts (Settlement of Disputes) Bill.

FORWARD LOOK: To galvanise the industry, fiscal measures aimed at addressing the sectoral issues at its roots are vital.

THE NARENDRA MODI FACTOR: Although leadership is a crucial factor in the success of any organisation, political or otherwise, it is difficult to predict if an individual alone can drive the success of the entire industry. The bureaucrats at various levels and on-ground implementation agencies alone can channel progress at grassroots level.

SUDHIR HOSHING, CEO-Roads Business, Reliance Infrastructure, with plans to hive off many of its 11 road projects to pare debt