



INFRASTRUCTURAL GROWTH; INTEGRAL TO RISING INDIA STORY

SPML Infra Ltd is a front-runner in the execution of large-scale infrastructure development projects. **Subhash Sethi, Chairman, SPML Infra Ltd**, shares insight on the innovative approach the company is adopting while executing large ticket projects with focus on creating sustainable solutions for water, power and sanitation

Infrastructural thinking tends towards huge turnkey projects. Do you feel micro issues like creating space for pedestrians, women, children and the aged needs greater space in our infrastructural discourse?

There has been a considerable attention in recent years for creating space in cities for the sake of health and well being of the residents and providing environmental benefits as well. The large infrastructure projects are important for the development of a city whereas micro infrastructure is also an integral part of a city environment. The modern design of roads, transport, and public infrastructure is taking care of the requirement of city life with wide footpaths, escalators and elevators at airports, bus, railway and metro terminals and even at public utility places with provision of green spaces. The need is to combine both large as well as micro level infrastructure development keeping in mind the requirement of city dwellers.

Town planners agree universally that thoughtlessly expanding road network in populated clusters creates more vehicular traffic, therefore the need is not for expanding road/ metro/ rail services but for limiting access to private cars and improving public transport and making the city more bike/ pedestrian friendly. Do you agree?

The challenges being faced by urban planners across cities in the world is balancing the demand for increasing personal mobility and economic growth, with the need to respect the environment and provide an acceptable quality of life for all citizens. Over the past few decades in India, the car and two-wheeler ownership and use have increased manifold and the pressure created by rising traffic demand has been to increase the additional road space. This traditional approach of providing supply to meet the growing demand is not always appropriate.

There is clear evidence that the benefits



of creating additional road capacity are not as significant as it was believed. In some cases the provision of new road links have in fact increased congestion problems. In cities like Delhi, Mumbai, Chennai, Bengaluru or other large cities across India, the vehicular traffic is constantly increasing despite introducing better public transport system through metro and circular rail network and low-floor faster buses. Almost all our cities pose a serious problem for city planners as to how to create additional road capacity when available space is quite limited. I am personally in favour of finding ways of using the existing road capacity more efficiently and giving greater priority to more sustainable forms of transport—public transport, pedestrians and cyclists.

In what way do you foresee the quality of life change in 2019 for Indians due to the massive infrastructural thrust both at the Centre and state levels by the government?

The infrastructure sector is a key driver of the country's development and economic growth. It will remain to be the focus of the government's policies, initiatives and investment plans in 2019 and beyond. With policy reforms and new business models of infrastructure development, India can be found on the global infrastructure map for constructing some of the world's largest infrastructure projects.

The country now has many firsts to its credit: it is building skyscrapers of record heights, tunnels of the longest lengths, stadiums with huge seating capacity for hosting international sporting events, rail bridges spanning great

lengths for better connectivity between states, large green-field airports for handling increasing passenger traffic, bullet trains, Smart cities and many more. These developments will continue along with other dedicated schemes for water and wastewater infrastructure, roads, high capacity 400 kV and 765 kV power transmission and distribution projects, sanitation and waste management projects, large irrigation and dams and several high-value projects. The states and central government along with municipal level development will certainly make the citizens life better and will also provide opportunities to the infrastructure development companies.

India scored 77th place in the World Bank's ease of business ranking, which is a jump by 23 places. However, India rates especially low when it comes to getting construction permits. What do you think should be done to change this?

The business scenario in India has considerably improved in the last few years as the government continued with its reform agenda and easing of policies. The result is evident with India jumping 54 spots in two years on World Bank's ease of doing business index. The jump of 23 spots from 100 to 77 positions in 2017 is significant among 190 countries assessed by the World Bank. We still have to make more amendments in policies and the reform process should continue in terms of providing necessary permissions and clearances for construction projects.

There are some weaknesses for which solutions have to be found for making the construction sector more attractive and successful:

- Strong political support at every level of central, state and local governments
- Policies and regulations have to be improvised or developed to make any project attractive to the private sector
- Financial institutions has to prepare adequate instruments and must have the capacity to meet the requirement of long-term equity needed for infrastructure projects with easy funding mechanism
- Reasonable and viable projects cannot turn bad and terminated. Comprehensive feasibility studies are a must before any coercive action
- Private sector has to develop its capacities in order to fully meet the challenges of investing in large number of projects which can be diversified
- Stressed asset resolution and arbitration of infrastructure projects must be resolved with broader perspective
- Alternative sources of financing should be identified and effected, among others



How will the introduction of decennial liability and insurance impact the infrastructure sector in the year ahead?

Currently, construction companies are not required to obtain insurance for any potential decennial liability claims, with many foregoing coverage to avoid the additional cost. But once it is implemented, the contractor, architect and designer will have to carry decennial liability insurance on whatever projects they are involved with, which will significantly increase the project costs for developers. The developer will add the extra cost of this insurance in their costing while bidding a project possibly making it more expensive.

Do you think more needs to be spent on civic/ micro-infrastructure in major metropolitan cities?

Mega and large cities are under tremendous stress and our civic services are often shown to be unfit for the purpose. We need to closely watch and understand the changing dynamics of these cities but more than that we need to learn how to redesign our urban environments together with the people who will use them. The civic infrastructure at most places are completely inadequate and old infrastructure is crumbling under the weight of growing demand. We need to think seriously about urban innovation and understand how we can participate in new ways to make our cities flourish and thrive. The infrastructure needs to be planned at the micro level with greater community participation making several agencies responsible for the entire civic infrastructure rather than one large agency managing the entire gamut of services. We have to look for new, small-scale and citizen-led approaches to infrastructure solutions with innovative thinking about cities with greater role

of digital technologies in supporting urban life. According to the National Policy for Skill Development and Entrepreneurship 2015 document, less than 5 per cent of manpower in India is formally trained? Is Skill India mission helping the infrastructure remedy the situation? Do you expect the skilling challenge to be met somewhat in the year ahead?

Among other challenges Indian infrastructure sector is facing, the availability of skilled manpower and competent project management personnel is also a very important challenge. Infrastructure projects require specialized technical people during the project construction stage as well as in the post-construction O&M phase. With the advent of modern technology and digitisation of systems, technical and managerial competency is critical in ensuring timely execution of projects and optimum performance upon commissioning. But certainly there is a huge shortage of skilled manpower. At SPML Infra Ltd, we are facing these issues especially in the water and power sectors as several large projects are being executed. Skill India mission is indeed a good effort towards reducing the gap but it is not enough given the large number of projects being planned and under execution across the country. I am positive that skill development policy will help in creating pool of technical resources with modern technology required for future projects. Since SPML Infra Ltd is engaged in large number of water and power infrastructure development projects, we provide regular training to our teams to ensure that they are up-to-date with the latest technology, technical skills, higher motivation and productivity.

What impact do you foresee of the heavy infrastructural spending on the Bharat Mala and Sagar Mala projects in the next one year?

Both Bharatmala and Sagarmala are very ambitious and forward looking projects and will have deeper impact on India's economic development. The Sagarmala project envisaged to improve port connectivity, port mechanization and modernization with an estimated investment of around Rs 16 lakh-crore over a period of 20 years leading to 2035. The huge investment under the Sagarmala project has the plan to develop industrial clusters around large ports and developing six new mega ports apart from building over 2,100 km of coastal roads along the coastline to improve connectivity of business and trade hubs with Indian ports.

The Sagarmala project will help India with maritime trade along the 7,500-km long coastline and developing 14,500 km of potentially navigable waterways to promote port-led development in the country. The Ministry of Shipping report suggests that about 225 projects valued at Rs

2.38 lakh-crore are under various stages of implementation and out of that nearly 194 projects worth Rs 72,000 crore to be awarded in the current fiscal. The Bharatmala project has envisaged to build 34,800 km of roads under the phase-I programs with a planned investment of Rs 5,35,000 crore to be implemented over a five years period between 2017-2022. Under this scheme, the government plans to connect 550 districts in the country through national highway along with 50 new national corridors.

Bharatmala, by virtue of its focus on road development connecting Indian ports, will complement the progress being made under the Sagarmala scheme and both the projects together will see heavy investment in road and port infrastructure development in 2019 and beyond.

What steps is your company taking in the year ahead in adopting technologies that deliver on the 3Es: Economy, ecology and efficiency?

The technology has advanced in all segment of life and there are new technologies available for infrastructure companies as well. The design engineering have transformed from being a flat format to 3-dimensional, which helped in minimising errors and improving productivity during the execution period. Procurement and transportation of equipment, machineries and materials are important part of infrastructure development. With the advent of advanced technology for transportation, intelligent logistics, and faster mobility is making project execution more efficient. Project tracker is another technological advancement that incorporates the use of smartphones and tablets in project execution, the real-time information between work teams and the company management helps in taking swift remedial steps by improving several areas that hamper the work due to avoidable reasons. SPML Infra Ltd has integrated its strengths in-depth engineering, process technology, project management, resource management, apart from adopting state-of-the-art technology solutions available for project management with cloud-based data management system. Our in-house engineering team is on constant research and development to provide innovative and best engineering solutions without compromising on quality. SPML Infra Ltd strives for speed and perfection in all projects with the help of well-qualified and experienced project teams to deliver projects on scheduled time.

What key market trends do you expect to reign in the market in 2019?

India has an investment requirement worth Rs 50 trillion (US\$ 720 billion) for infrastructure by 2022 to have sustainable development in the

country. Sectors such as power transmission, water supply, wastewater treatment, roads and highways and renewable energy will drive the investments in the coming years. Private equity and venture capital investments in the infrastructure and real estate reached Rs 265 billion (US\$ 3.8 billion) with 29 deals during the first half of 2018. The government is also working on improving power infrastructure in the country and investment opportunities worth Rs 20,400 billion (US\$ 300 billion) will be available in the sector in the next 10 years.

What innovations do you have in store for the Indian market in 2019?

SPML Infra Ltd is among quite a few infrastructure development companies surviving for almost 40 years now with impeccable record. Several big companies came into existence and disappeared during the period. With wealth of experience of executing over 600 infrastructure projects in power, water, irrigation and sanitation sectors, SPML Infra Ltd has individual capability in executing large-scale water and power projects. Our expertise in large diameter (above 3,000 mm dia) and length beyond 100 km pipeline projects will help us in executing high value irrigation projects. We have the capability of bidding for up to Rs 12,000 million value single water supply projects. In power transmission and distribution sector, SPML Infra Ltd has the experience of executing 220 kV GIS Substation and 400 kV - 500 MVA Autotransformer that will help us to bid for 400 kV and 765 kV substation projects. The experience of electrifying more than 20,000 rural villages will be helpful in future rural electrification projects.

SPML Infra Ltd is firmly placed with expertise to receive and execute large-scale infrastructure projects and the company is already part of some of them including Saurashtra Narmada Avtaran Irrigation (SAUNI) Yojana to provide drinking water facilities to 39 million people across 132 towns and 11,456 villages along with provision of water for irrigation for 1.8 million hectare land in Gujarat. The 24x7 urban water supply projects in Delhi and six cities in Karnataka are helping 1.5 million people with clean drinking water facilities. Among the large power distribution projects, SPML Infra Ltd is executing 16 numbers of 132/33 kV power substation projects in Tripura being funded by the World Bank. SPML Infra Ltd is also looking forward to complete the Smart city development project in Ujjain, Madhya Pradesh; a project under the Delhi-Mumbai Industrial Corridor (DMIC) scheme. SPML Infra Ltd is indeed prepared with innovative approach to receive and execute large ticket projects with focus on creating sustainable solutions for water, power and sanitation. ■