



INDIA- MAKING A POSITIVE IMPACT

Subhash Sethi, Chairman, SPML Infra Limited in his special interview with C&A observes that integrated planning and implementation of infrastructure projects, expediting works on the ground, saving costs and creating jobs will be the focus. It will lead to a streamlined execution of projects in India.

How will PM Gati Shakti change the infrastructure definition for new India?

The Hon'ble Prime Minister announced the ambitious 'PM Gati Shakti Master Plan' on the eve of 75th Independence Day for building 'holistic infrastructure' in India. This Master Plan that will subsume the INR 110 Lakh Crore National Infrastructure Pipeline envisages having coordinated planning and execution of infrastructure projects to bring down logistics costs.

The idea behind PM Gati Shakti is that the government is aiming to create a digital platform for integrated planning and coordinated project execution with sustained monitoring of infrastructure projects consisting of several ministries and their respective departments. Through

this digital platform, about 16 different ministries will be able to access information about the on-going and upcoming projects for a balanced and synchronised approach. It will also help to bring under one ambit the government departments like railways, roads and highways and several others. With the implementation of this scheme, we expect that there should be a visible change in the way infrastructure projects are planned, awarded and executed in India.

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To ensure integrated planning and implementation of infrastructure projects in the next four years, expediting works on the ground, saving costs and creating jobs will be in focus," believes, Subhash Sethi, Chairman, SPML Infra Limited.

gaps that led to such delays and cost overrun could be avoided.

Besides cutting unnecessary hurdles, the scheme is also aimed at increasing cargo handling capacity and reducing the turnaround time at the ports to boost trade and reduce logistics costs. It also aims to have 11 industrial corridors and 2 new defence corridors along with over 17,000 kilometres of gas pipeline network while also extending 4G connectivity to all villages to make them connected through digital network.

This scheme is definitely going to change the way infrastructure projects are planned and executed while supporting the ambitious target of having robust physical and digital infrastructure, reaching to \$5 trillion economy with sustained growth set by the government to achieve by 2024-25.

Why this project is considered important for the city and state? What positive impact will it have on the overall infrastructure of place?

The Ministry of Statistics and Programme Implementation that monitor infrastructure development projects in the country worth INR 150 Crore and above; has reported cost overruns of a massive INR 4.4 Lakh Crore with 445 delayed projects. A total of 1,673 such projects analysed, 445 projects reported cost overruns and 557 projects were delayed.

Out of the 557 delayed projects, 97 projects have overall delay in the range of 1-12 months, 127 projects have been delayed for 13-24 months, 217 projects for 25-60 months and 116 projects have delays of 61 months and above. The average time overrun in these 557 delayed projects is 45.69 months. Total original cost of implementation of the 1,673 projects was INR 22.23 Lakh Crore and their

anticipated completion cost is likely to be INR 26.64 Lakh Crore, which reflects overall cost overruns of INR 4.40 Lakh Crore, almost 20% additional upon the original cost of projects.

All the above projects are development projects ranging from roads & highways, railways, urban infrastructure, energy, metro-rail, water supply, irrigation etc. These development projects if completed on time would have helped states and cities with better infrastructure facilities, have helped in providing essential services to the citizen while making a positive impact on the economy as well.

Reasons for time overruns as reported by various project implementing agencies include delay in land acquisition, delay in obtaining forest and environment clearances, and lack of infrastructure support and linkages between central, state and district authorities. With PM Gati Shakti, all the projects being implemented in any state or district will be properly monitored and reviewed regularly so that the progress of the projects does not hamper due to any avoidable reasons. The benefits of such close monitoring will also help the developers getting statutory clearances on time, land acquisition will be easier and any local hindrance would be tackled properly and effectively making the projects move forward as per their schedule.

Geographically what challenges are encountered during the execution of a project?

It is a well-accepted fact that the creation of quality infrastructure gives rise to many economic activities, creates large scale employment opportunities and



is a proven way of sustainable development. As the large projects has complexities including geographical spread, the most significant is the inevitable changes that generally occur in the business environment at state level, which sometime forces the project to stop or necessitate adjustments to virtually all elements of the project. The inter-dependencies between several systems and subsystems have the consequential impact of a decision making process that delays the execution of a project. Geographical intricacies can also be in the form of a number of stake holders in a project and interrelated activities between these will make the integration of project, connectivity, coordination, communication, and control actually challenging and demanding.

PM Gati Shakti will be helpful in addressing such challenges appropriately with the help of technology, geo-satellite imagery, collected data, environmental clearance, land and competent logistics plans etc. in an efficient manner on the ground to realise the idea of the infrastructure development.

Technically speaking what advanced technology is used in the projects, how will it impact the overall construction of the project?

The infrastructure development projects was least digitalized among other sectors till the global disruptions happened with the outbreak of coronavirus pandemic that forced the authorities and developers to take action in digitization of process and execution. Large number of companies in the construction field has recognized the importance of technology and how non-digitization of processes is affecting every part of their businesses. We now see good integration of digital technologies including Internet of Things (IoT), Cloud Computing, BIM, Machine Learning, 3D Printing and Robotics in project planning and on ground execution. In today's highly competitive world, companies are increasingly being expected to deliver high quality construction projects on time and provide world class solutions for the requirement. In construction projects, the technological intervention is helpful right from the tendering stage with e-tendering that ensures contract award process is more transparent and efficient. The e-procurement solution is

helping material suppliers to contribute their products via digital channels that are a critical success factor and digital platforms are growing in significance for all construction projects procurement. Digitization plays an important role to improve productivity with connected devices from reporting, document sharing, construction management, auto-archiving, data collection, integrated response trackers, mobile devices with automated alerts and notifications, online and virtual meeting, and GPS tracking. These advances can help increase real-time communication and collaboration among stakeholders, decreasing downtime and errors.

With intelligent modelling methods, changes can be seen in real time with impact assessment while considering the costs and time constraints. Technology also eliminates paperwork and streamlines the timesheet-approval process seamlessly integrating with company's main system that decreases the errors and inefficiencies significantly improving accuracy and reducing costs. At every stage of project execution, technology provides a big support in streamlining operation and improves the efficiency of workflows on the job site. Improved safety is another benefit of technological advances in construction.

Your take on FDI in this sector and how it can impact on the project completion?

The construction industry is a leading contributor to the GDP growth of India and acts as a gateway for more opportunities. Investment in the construction industry directly leads to the country's economic development. The construction market will emerge to be the 3rd most significant market globally by the year 2025. The investment in construction industry will directly affect other sectors as well as lifting the economy towards a higher growth trajectory.





100% FDI in the construction development sector under automatic route is permitted in completed projects for operations and management of urban infrastructures such as urban transport, water supply, sewerage network, sewage treatment, townships, malls/shopping complexes, schools, healthcare and business constructions. FDI have a positive impact on construction projects with inflow of financial resources that helps in supplementing project capital, enhancing technology and skills as well as corporate governance and competition. In FY21, infrastructure activities accounted for 13% share of the total FDI inflows of US\$ 81.72 billion in India.

How has been government support for the overall development and progress of infrastructure projects?

Government of India has recognised the importance of infrastructure development as a key driver for growth of Indian economy. The sector is undoubtedly propelling India's overall development and enjoys strong focus from the Government. The last year Union Budget has substantiated a massive push by the government to infrastructure sector by allocating dedicated funds for roads & highways, water supply, sanitation, power, renewable energy, transportation system and other rural and urban infrastructure development. The government expanded the scope of 'National Infrastructure Pipeline (NIP)' to 7,400 projects. 217 projects worth INR 1.10 Lakh Crore were completed as of 2020. Through the NIP, the government invested US\$ 1.4 trillion in infrastructure development as of July 2021.

In October 2021, the Union Cabinet has approved the PM Gati Shakti National Master Plan including implementation, monitoring and support mechanism or

providing multi-modal connectivity. In November 2021, India, United States, Israel and UAE established a new quadrilateral economic forum to focus on infrastructure development projects in the region and India also secured a US\$ 250 million loan (out of US\$ 500 million) from Asian Development Bank (ADB) for National Industrial Corridor Development Programme to build 11 industrial corridors bridging 17 states.

Would like to know more about the increased private sector involvement in the infrastructure projects?

The government is focusing on infrastructure development as a precursor to achieve the economic target leading upto 2024. Projects such as roads & highways, metro rail network, high speed train, rural and urban water supply, sanitation, industrial corridors, dedicated freight corridor, Bharatmala, Sagarmala and UDAN schemes will continue to improve connectivity and urban infrastructure in the country.

With the aim to attract foreign investment and private participation, government is placing proper mechanism in place. The planned investment in infrastructure sector and moves to attract private investment in large infrastructure development will have a positive cascading effect in the economic activity across sectors. Private investment into building a robust physical and social infrastructure is a key to putting India in a high growth trajectory with good economic benefits.

It is estimated that more than 50% of infrastructure projects are privately funded in developed economies whereas private investments in developing economies and emerging markets are still limited. Nearly 70% of infrastructure projects in such nations are financed by the government budgets, 10% by multi-development banks, and the remaining 20% by private investors. To improve private participation, several remedial steps have been taken to address the issues and challenges to attract infrastructure investment. The changes in the hybrid annuity model (HAM), enhanced public private partnership (PPP), fast paced asset monetization, infrastructure investment trusts (InvITs) etc. is being employed to modernize existing and develop new infrastructure. ■