Rapporteur's Report

Session I: Addressing the Infrastructure Deficit

- Today, India's expenditure on infrastructure is 4.5 % of GDP, compared to 10% in China. This should reach at least 8% by 2010, which is a big challenge.
- There is a larger role of Public-Private Partnerships. Involvement of private sector is a success, as seen in telecom, road, airport and power sectors so far.
- Loss of momentum in implementing projects such as NHDP and heavy T&D losses (40%, mostly thefts) in power are issues of concern for infrastructure. Best practice methods should be followed in each infrastructure sector.
- *Financial intermediation:* We require new channels such as expansion, broadening and widening of debt capital market, overseas equity and greater liquidity; Patil Committee recommendations with respect to development of market for securitized assets and encouragement of infrastructure focused NBFCs.
- Efforts for infrastructure financing would also be through budgetary support based on FRBM laws, and at different levels of government (for example, local government: Local Benefit Tax).
- Governance is the fundamental issue in Indian infrastructure, with the major aspects being inter-departmental issues, centre-state tension, rural-urban divide and public-private competition. Complementary changes in governance are important for effective reforms.
- Greater autonomy and accountability of NHAI and port Trusts are needed. Urban transportation solutions need appropriate technologies.
- Power deficit is growing despite policy framework, with little progress in open access because of politico-economic reasons. This should be incentivised.
- Privatisation of power sector requires setting systems better and a focus on commercial sustainability, like China.
- While it is widely considered that infrastructure enhances productivity, there has been industrial success even without good infrastructure because of innovative solutions by the firms, such as Maruti Auto for power generation.
- Maruti has achieved low cost, high quality, low pollution (using gas) and high plant load factor (70%) by captive generation and has been supplying power to its auto-component suppliers and Haryana State Electricity Board.
- By supply chain effect, Maruti has been able to achieve high and uniform quality, lower losses in material and time, because of this.
- Government, in addition to its traditional roles as an investor, planner and regulator, should also play the role of enabler, deal-maker and partner for private initiatives in infrastructure and should work on a broader set of possible solutions.
- More transparent and balanced partnerships between public and private at large scales are required, rather than mere negotiations of contracts.
- More independent (without any vested interests) research and debate is required on India's infrastructure.
- Beneficiaries interest should be on the center-stage: 26 textile clusters comprising 2500 SMEs in India used Rs. 650 Crores of budgetary support to invest Rs. 12000

Crore on infrastructure and modernization (doubled shuttleless loom capacity) in 8 months. We need *infrastructure businesses* and not just infrastructure projects.

- For infrastructure development, there is an acute shortage of all levels of personnel and the costs arte very high. More training and HRD is needed.
- Technology plays a key role in promoting infrastructure, more than institutional set-up, government, etc. We do not need huge MW of power generation capacity anymore, but the wide range of fuels available for power generation facilitates efficient generation at far lower scales as well.
- SEZs may not solve the existing infrastructure deficit, because that may lead to islands of excellence outside cities, while we require excellent infrastructure in the cities.