



Focussed approach and targeted infrastructure development goals have started showing good results.

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How optimistic are you about the USD 5 trillion growth target? Tell us about the overall view on the construction and infrastructure sectors.

Economies across the world plunged into deep contractions since the beginning of 2020 as pandemic started spreading from China to other countries forcing them to take stringent lockdowns and safety measures. In India, the pandemic effect saw the GDP decline right from the April-June quarter of 2020 which continued the entire FY 21. Even before the pandemic, the economy was slowing down, with deficiencies evident in both consumption and investment pattern. Unlike some other countries, consumption and investment have been the main drivers of growth in India in recent times. The pandemic, as an external shock has finally contracted the economy.

It is a widely held view that every crisis also presents an opportunity. In order to control the damage and spurt growth, the Government of India initiated implementation of fiscal stimulus across sectors to lift the economy out of the blues. The green shoots are visible now with the sharp recovery in GDP growth in Q1 FY 2021-22 at 20.1% as compared to (-) 24.4% in Q1 FY 2020-21. The Q1 GDP could have been much better if the country was not impacted by the 2nd wave of coronavirus in the months of April and May 2021. Meaningful and proactive reforms undertaken by the Government in last few quarters has pulled the economy from the lows of Q1 FY 2020-21 and has resulted in the sharp recovery in Q1 FY 2021-22 despite the full and partial lockdowns in many parts of the country.

The core infrastructure growth stands at 9.4% in July 2021 as compared to -3.3% in February 2021. This is the fifth consecutive month of core sector growth after the contraction seen in February. The cumulative growth of core infrastructure during April-July 2021-22 stands at 21.2% as compared

to -19.8% in April-July 2020-21.

The gross GST revenue collected in the month of August 2021 is Rs. 1,12,020 crore which is 30% higher than the GST revenues in the same month last year. Even as compared to the pre-pandemic revenues in August 2019-20 of Rs. 98,202 crore, this is still a growth of 14%.

Rs 100 lakh crore Pradhan Mantri Gatishakti Bharat Master Plan for the integrated infrastructure growth is going to be a game changer in the construction sector. There will be opportunities in different sector of development as government knows it well that India needs infrastructure push to sustain economic growth. The Indian economy is showing good resilience beyond general expectations and estimations by the world economic agencies. We have to sustain the growth pattern without any further turbulence and if we are able to manage the annual growth in the range of 10-12 percent for the next few years, achieving USD 5 trillion growth target will not be too difficult.

Tell us about the opportunities available for players like you.

For a country with 1396 million residents, improving quality, access, services, reach and sustainability of infrastructure has been a ceaseless endeavour. The proactive measures taken by the government to develop robust infrastructure are showing positive results and the journey of economic progress. The focussed approach and targeted infrastructure development goals have started showing good results.

The smart cities mission that envisage to drive economic growth and improve quality of life of people with a proposed investment of Rs 2,05,018 crore has already sanctioned 6306 Projects worth Rs 183,147 crore out of which 3001 Projects worth Rs 51,726 crore has been completed.

The Sagarmala Programme that envisions

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reducing logistics cost of bulk commodities for domestic and international trade entails investing Rs. 8.5 lakh crore to set up new mega ports, modernizing existing ports, developing 14 Coastal Economic Zones (CEZs) and enhancing port connectivity via road, rail, multi-modal logistics parks, pipelines & waterways with the aim of boosting exports by USD 110 billion and generating around 10,000,000 direct and indirect jobs. So far more than 574 projects with an outlay of Rs 6.01 lakh crore have been identified for implementation during 2015-2035 periods. As per report from the ministry of ports, shipping and waterways, a total of 121 projects costing Rs 30,228 crore have been completed and 235 projects worth Rs 3,13,622 crore are under implementation.

The Bharatmala project with estimated cost of Rs 6,92,324 crore is an umbrella program for the highways sector in India that focuses on development of about 26,000 km length of economic corridors, which along with golden quadrilateral and north-south and east-west corridors are expected to carry majority of the freight traffic on roads.

The drinking water flagship scheme under Jal Jeevan Mission (JJM) with an allocation of Rs 3.6 lakh crore is progressing well.

Tell us about the challenges.

The heat of pandemic induced lockdowns, disruption and cases of delays has severely disturbed the infrastructure development projects. The sector is still facing the effects in terms of liquidity constraints, pressure on supply chains, shortage of labour, cost overruns and all these are going to affect the closer of the projects. The entire period after March 2020 has been very difficult as companies faced delays in project clearances, design approvals, financial closures etc.

I firmly believe the structural stability and strength of the Indian economy and the ability of the government to steer it back into the expansion zone. The stimulus packages announced by the Finance Ministry along with RBI taking several noticeable measures to help on the liquidity side and debt restructuring to support the corporates to ride over the crisis and to accelerate economy are showing results. The scenario is changing from the last year and things are improving as investor sentiments are becoming positive again.

There are some pain points remain that needs government attention and remedial actions. The delays in land acquisition for development projects, inordinate delays in settling construction claims and arbitration, statutory clearances, and inadequate funding are some of the issues require timely intervention and proper solution to move ahead from the declining curve.

Your take on project funding?

Infrastructure projects are backbone of economic development. While the largest funding for such projects comes from the government, but in recent years, significant investment by international agencies has happened in different sectors. Multilateral agencies such as the WB, ADB, and JICA have a long history of investing in various sectors in India. They provide low-cost loans to those projects that have the potential to catalyse large-scale development.

SPML Infra is executing 24x7 urban water supply projects in 6 cities in Karnataka being funded by the ADB, whereas our 16 power substation projects in Tripura is funded by the World Bank. India is a very large country and most of the projects are government funded except few by international



agencies. The private investors consider not only commercial viability of the project but also the prevailing business environment in their decision making. As the situation after Covid disruption is getting back to normal, there could be more interest by private investors but getting very high level of private investment in construction sector may take a longer time.

One Nation One Grid is one of the ambitious plans of the government. How far have we progressed in this space or is it still a long way to go?

The power system in India is divided into five regional grids for planning and operational purposes. The integration of regional grids and establishment of a national grid was conceptualised to ensure availability of power to all states at affordable rates and to improve India's connectivity infrastructure.

The national grid is planned to be the high-voltage electricity network connecting power stations and major substations across the country and ensuring that electricity generated anywhere in India can be used to satisfy demand elsewhere. It is going to be one of the largest operational synchronous grids in the world with 386.88 GW

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of installed power generation capacity as on 31 July 2021.

The proposed market-based economic dispatch (MBED) mechanism in one-nation one-grid aims to establish a uniform pricing framework that prioritizes the least cost and most efficient generators while backing down more expensive ones, thereby creating a national merit order. The MBED will help power generation companies to realize payments against the power sold on the same day given that power procurement will be conducted over an exchange on a day-ahead basis. This will help address one of the biggest conundrums of the PPA regime, in which discoms usually struggle to provide timely payments to the power generation companies (gencos), negatively impacting the finances of both entities.

Tell us about the initiatives taken at the states' level in improving urban infrastructure.

A number of central government initiated schemes are being implemented at states level with grants either from central government or bilateral funding. The Jal Jeevan Mission, Namami Gange, AMRUT, urban water supply and sanitation, irrigation projects, scheme for water resource management and road & highway development are some of the important urban infrastructure development projects being implemented. Several power transmission & distribution projects funded by World Bank are also under implementation in north eastern states.

Our plans for the future are to maximize our strength to be able to sail through in difficult situations.



Almost all these schemes are being executed under the EPC mode except a few projects on hybrid annuity, BOOT or PPP mode. For construction companies like SPML Infra which has significant experience in India's water, wastewater and power distribution segments having presence across all large states is indeed a trusted partner developing several projects under the above schemes. The company is currently executing several projects under Jal Jeevan Mission, Namami Gange, urban water supply projects funded by ADB and power projects having funded by World Bank. SPML Infra is quite hopeful for getting further new projects under the Jal Jeevan Mission and other water supply, wastewater and irrigation schemes in different states.

How has the pandemic affected the construction and infrastructure sector as a whole as well as the players?

The pandemic has hurt the economy in a big way and many sectors including construction and infrastructure have suffered significant losses. The unprecedented lockdown and restrictions on construction activities, migrating workforce and supply chain disruptions had a cascading effect on contractual obligations related to infrastructure projects.

SPML Infra which is executing a number of infrastructure development projects in water, wastewater and power transmission & distribution segments across the country have adopted strict safety protocol as per the government guidelines related to workers health and well-being. Thankfully, there was not much impact of labor migration to our projects as most of our work force remained at the site after the lock down was announced and our project and management teams have taken care of their requirements during the period.

In business terms, we deployed digital technology to control and monitor the work progress as well as facilitating remote working while monitoring the supply chain to ensure availability of material at our project sites. We are closely monitoring the business scenario due to liquidity crunch and mismatch cash flow for maintaining financial security and taking every possible step to mitigate the crisis.

Give us your outlook on the sector. Can you share your vision for the company by 2025 in terms of bidding for projects, investments, etc.?

SPML Infra is executing a number of infrastructure development projects in water, wastewater and power transmission & distribution segments across the country. We have adopted digital technologies as an important business tool to take control of end-to-end project delivery remotely for productivity growth and ease of operations and maintenance. We are organizing with pioneering approach and substantial investment in technological intervention to receive and execute large ticket projects with focus on creating sustainable solutions for water, power and sanitation as the future development will mostly be based on technology and innovation. We will certainly be bidding for all large and valuable water and wastewater projects throughout the country and would like to expand our presence in all states while looking for good opportunities beyond the borders as we have relatively good experience in executing water and irrigation projects on foreign soils as well. In essence, our plans for the future are to maximize our strength to be able to sail through in difficult situations.

