

Workshop - The business for construction and furniture in India. Bologna, 10 June 2013

Infrastructural Development Plans in
India : analysis of sector and modes of
operation in India
- B.Ramaswamy -

Status - India

-  On PPP basis, world's 3rd largest economy since May 2013 – OECD assessment
-  Infrastructure & bldg construction worth Euro 1 Trillion will take place next 5-6 years
-  Advanced construction technologies in all sectors to be sourced from developed nations
-  69 rapidly growing Tier 2 cities need infra
-  Manufacturing sector modernising steadily

Major sectors under construction

-  Urban Development – over 24 cluster cities
-  Water Management – Euro 42 billion new cap
-  Waste Management - Euro 38 billion new cap
-  Roads – 18637 KM expressways in next 10 years
-  Railway–Euro 111 billion in new lines,rolling stock
-  Ports – 42 ports, 250 MT, Euro 2 billion
-  Aviation – 3 new Airports, Euro 84.4 billion investment, 24 cargo terminals
-  Renewable Energy – 22000 MW in 5 years

Urban Infrastructure




Policy Updates

- allows FDI up to 100 per cent under the automatic route in townships, housing, built-up infrastructure and construction development projects
- Budget 2013-14 Euro 800 million were given to Rural Housing Fund
- National Housing Bank plans to set up Urban Housing Fund. Euro 300 million will be provided to the fund in 2013-14
- New policy initiatives for setting up IT Park SEZ in cities.

Facts

- The Indian real estate market size is expected to touch Euro 130 billion by 2020.
- Construction development sector (including townships, housing, built-up infrastructure & construction-development projects) has attracted a cumulative FDI worth Euro 16 billion from April 2000 to January 2013
- FDI flows into the construction sector for the period April-January 2012-13 stood at Euro 870 million

Urban Infra opps

-  Urban population set to rise from 380 million to 600 million in next 17 years
-  400 new cities of one million population each planned to be created over the next 30 years with planned urban infrastructure
-  Mono rail, Metro rail, Parking systems, Smart grid, Surveillance, Traffic management, Water conservation, Air quality, Intermodal interchanges, waste management ,etc.

New Urban India

BY 2020

200 million
New water
connections needed



250 million
People will need
access to sewage



160 GW
Power generating
capacity needed



5 times
No. of vehicles today

BY 2030

40% of total
Population in
Urban areas



68 cities
To have population
more than 1 million



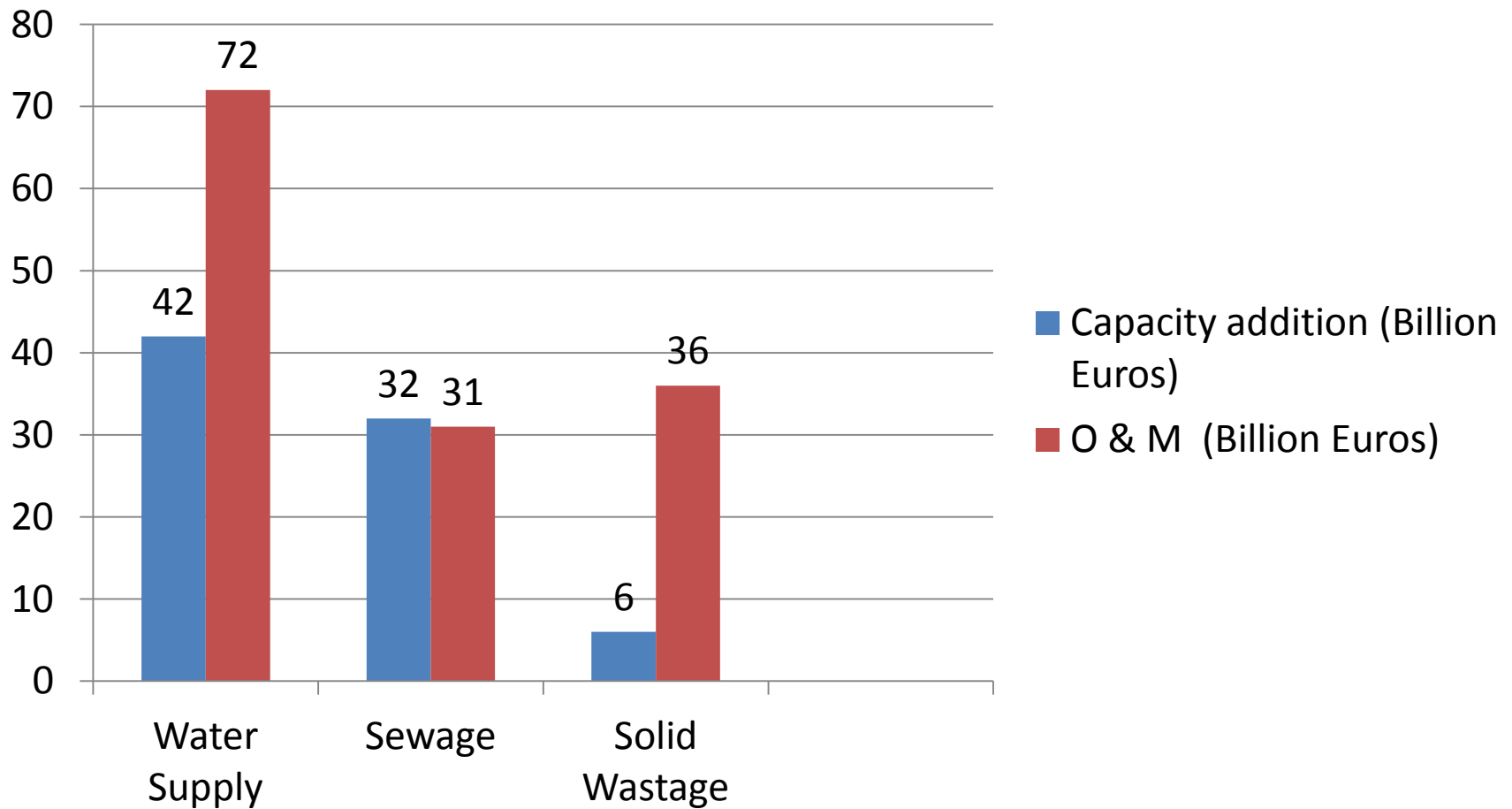
75%
Global economic
production to take
place in cities








70%
of new jobs will
be in cities








Market size WATSAN



WATSAN opportunities

-  River dredging to be prospected
-  Lake maintenance using modern technology
-  Tertiary treatment plants for sewerage
-  Industrial waste water recycling – advanced technologies - zero water discharge
-  Sea water desalination plants and O&M – team up with concessionaire

Solid Waste

-  Construction waste – 10-12 million TPA
-  Concrete & masonry waste – 50% of above
-  Construction waste not processed – Italy is known to have technology for processing
-  MSW ie Municipal Solid Waste very serious problem in Metro cities > 1500 TPD
-  Total MSW may be 100 million TPA, mostly go into landfill – serious socio-economic problem

Rail Sector Development

New Projects

- Investment in new lines, in rolling stock Euro 111 billion in 12th Five Year Plan
- Outlay of Euro 8.35 billion for 500 km new lines, 750 km doubling, 450 km gauge conversion targeted in 2013-14
- Setting up of 75 MW capacity windmill plants and energizing 1000 level crossings with solar power Installation of 179 escalators and 400 lifts at A-1 and other major stations

Key Info

- Technical cooperation agreement with the Société Nationale des Chemins de Fer Français (SNCF), for
- High speed and semi-high speed rail
- Station renovation and operations
- Modernisation of current operations and infrastructure
- Sub-urban trains
- The first phase mono rail 18.80 km in Mumbai in August 2013. The 2nd phase 10.74 km Aug..2014. The total project cost at fixed rate is estimated at Euro 395 million.
- Next-Gen e-ticketing system to be rolled out capable of handling 7200 tickets per minute against 2000 now & 120,000 users simultaneously against 40,000 now

Rail Sector Opportunities

- West Bengal-based PCM Group has acquired Germany-based Rail One GmbH, a leading international manufacturer of concrete railroad ties, railroad systems and railway track.
- Titagarh Wagons AFR S A (TWAFR), the French subsidiary of Titagarh Wagons Ltd (TWL) has won an order from French Railways for 400 hopper cereal wagons worth € 39 million.
- Indian Railways and Bharat Heavy Electricals Ltd (BHEL) have signed a MoU for setting up of greenfield mainline electric multiple unit (MEMU) coaches manufacturing facility by BHEL at Bhilwara, Rajasthan.
- Harsco Corporation, a US-based global industrial services company, is looking to form alliances and acquisitions in India. The company is in early stages of pursuing rail infrastructure business.
- Allcargo Global has decided to invest in setting up a rail terminal in Hyderabad



Port Sector – Policy Updates



GOI allows 100 per cent FDI under the automatic route for:

- Captive facilities for port based industries
- Leasing of equipment for port handling and leasing of floating crafts
- Leasing of existing assets of ports
- Construction/ creation and maintenance of assets such as-container terminals bulk/ break bulk/ multi-purpose and specialised cargo berths, warehousing, container freight stations, storage facilities and tank farms, handling equipment, setting up of captive power plants, dry docking and ship repair facilities



100 % IT exemption and 10 year tax holiday for investors



Key Players in Port Sector



Facts

- FDI worth Euro 1.2 billion between April 2000 to January 2013
- Iron ore traffic at major Indian ports increased by over 100 per cent in December 2012. A total of 1.89 MT iron ore was shipped out of 11 major Indian ports in December 2012
- Sector has crossed 1 billion tonnes mark in terms of cargo handling capacity

Key Players


- Social Logistics
- APSEZL
- Navayuga Engineering Company
- Reliance Industries
- JSW Group
- Gammon Infrastructure Projects
- ABG Infralogistics
- Larsen & Toubro
- SKIL Infrastructure
- JM Baxi & Company
- PSA International Pvt Ltd
- APM Terminals
- Essar Ports
- DP World
- Adani Group

Opportunities for Italian Service Providers in Port Sector





-  Opportunities to tie-up with the promoters – Construction, Equipment supply, O&M services
-  Project details :
 - **Projects under operation** (30 projects with approx. 200 MTPA capacity under BOT, BOOT, Captive use)
 - **Projects under implementation** (19 projects with approx 100 MTPA capacity)
 - **Projects under bidding** (23 projects with approx. 224 MTPA capacity and Euro 2.2 billion project cost)

Aviation Sector

Policy Updates








- 100 per cent FDI under the automatic route for greenfield airports.
- FDI up to 49 per cent is allowed in the domestic airlines sector including stake purchase.
- New policies for small, medium industry clusters to support aviation industry
- Concessions for MRO Business in budget 2013-14
 -  total number of airports as 2012 is 352
 -  9th largest aviation market handling 121 million domestic and 41 million international passengers
 -  Sector growth at 25.6 per cent
 -  FDI inflow into air transport (including air freight) stood at Euro 325 million from April 2000 to February 2013

Upcoming projects

-  EOI for **O&M** of refurbished Kolkata Intl Airport by Singapore's Changi Airport and Switzerland's Zurich International Airport
-  IndiGo, India's largest airline by market share, plans to set up a regional airline for connecting small towns using 70-80 seater **ATR aircraft**.
-  **3 New airports** being built at Navi Mumbai, Mopa in Goa and Kannur in Kerala are being directly monitored by the Prime Minister
-  **24 airports** have been identified **for establishment of Cargo Terminals** by carrying out minor modifications to the redundant Passenger Terminals. These airports are Srinagar, Amritsar, Varanasi, Lucknow, Jaipur, Ahmedabad, Surat, Chennai, Coimbatore, Trichy, Madurai, Trivandrum, Calicut, Mangalore, Pune, Aurangabad, Vizag, Kolkata, Bhubaneswar, Goa, Gaya, Ranchi, Raipur, Guwahati Airports

Opportunities for Italian Industry & Service Providers



-  Supply of executive jets – growing demand
-  Supply of 70 seater ATR aircrafts
-  Partner in development of minor airports
-  Setting up MRO facilities - direct or in JV,
estimated worth Euro 1100 million by 2020
-  Establishing Cargo Terminals – 24 airports
-  O &M services for airports – 6 Metro cities
-  JV with Indian mfrs in aerospace parks

Power Sector growth

Facts

- 10,431 MW of capacity was added from renewable energy sources during the last three years
- FDI inflows into the power sector from April 2000 to February 2013 stood at Euro 5.7 billion
- FDI inflows from non-conventional energy sources during the period April 2000 to February 2013 stood at Euro 1,8 billion
- The petroleum and natural gas sector has attracted cumulative FDI worth Euro 3.9 billion from April 2000 to February 2013

Key Players






- Reliance
- Tata Power
- Jindal
- JSW Energy
- Essar
- GMR
- GVK
- IVRCL

Renewable Energy – Targets 2012 - 17








-  Wind power - 15000 MW
-  Solar power - 9000 MW
-  Hydel projects - 2500 MW
-  Rooftop solar
 - 150 MW Bihar
 - 250 MW Karnataka
 - each state has own target










Energy efficiency market

-  Estimated to be Euro 107 billion market
-  Buildings consume 35% of energy, growing@8%
-  Saving potential estimated at 25000MW in electricity sector alone
-  Energy efficient pumpsets for agriculture getting special priority
-  2988 MW savings possible in new constructions and through retrofits

Opportunities for Italy

-  JVs with Energy efficient product Manufacturers (**HVAC, LED & other light, paints, insulation, construction material, façade material**)
-  Product specific technology offers
-  Environment Management Solutions
-  Tie-ups with Utilities for Energy Efficiency programmes
-  Supply of Energy Efficient pump sets for agriculture sector (liaison with BEE)
-  Work with BEE for various energy efficiency programmes with ULB
-  Work with State Departments, real estate developers for Energy Efficiency implementation in new constructions

Methods of market entry

-  MoU / JV for specific tenders –Use CII&IICCI
-  JV with Indian Companies – esp MSME units
-  Use a consortium approach to provide complete technological solution to a requirement
-  DBFOT – projects (most popular model now)
-  Through sponsored G to G programs/projects
-  Through Swiss challenge model in MoU with Indian partner – good consulting cos can help
-  Partnering other foreign concessionaires

BENE GRAZIE !