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Ministry Of Finance, RIS And FICCI Thematic Seminar On Private Sector Participation and Innovation In Resource Mobilization Concludes

By Sachin Murdeshwar

Mumbai : The dynamic nature, coupled with the massive potential for growth in the infrastructure segment makes it an attractive avenue for investments. The Government of India is continuously focusing its efforts to enhance the investments in this sector from various platforms such as private players, sovereign funds and multilateral



institutions. The sessions in the latter half of today witnessed discourses on the impact of the regulatory climate for domestic and cross border projects, the social concerns involved for infrastructure funding, political stability and the risk reward ratio for private sector.

The renowned panelists gathered to discuss the multiple sources of infrastructure financing included Mr. R Venkatraman, Head-Infrastructure & Project Finance, India Ratings and Research, Mr. Saugata Bhattacharya, Senior VP, Axis Bank, Mr. Gavin McGillivray, Head- Department for International Development (DFID), UK Govt., Mr. Pushkar Kulkarni, Principal-Infrastructure Private investment, CPP Investment Board, Mr. Suvék Nambiar, MD, India Infradebt Limited, Mr. Donald Lambert, Principal Finance Specialist, SAPF, ADB, Mr. B Mehrotra, Investment Officer, International Finance Corporation.

Adding his views on this topic, Mr. Saugata Bhattacharya, Senior Vice President said, 'For PPPs, cash flow is a vital aspect in infrastructure. When financing the urban infrastructure spaces, such as sanitation, water, sewage and urban metros, where the cash flow models are not unified, newer models of cash flows need to be developed to attract larger investments.'

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Addressing the regulatory challenges for the domestic and cross border projects, Mr. Sanjay Chadha, Additional Secretary, Ministry of Commerce, Government of India, said, 'India is not the only country facing regulatory challenges. We have previously seen the water treatment contracts in Latin America, which had to be repeatedly cancelled, re-negotiated and finally declared unsuccessful. Over time, regulatory framework will develop and for successful cross border projects to work, regulations need to be harmonized'.

For the final session of the day, Mr. Najeeb Haider (Chief Strategy Officer, AIIB) expressed his gratitude towards all the experienced professionals who shared their views on topics including technology, infrastructure and regulatory risks. He further added that, 'While it is imperative to carefully allocate risks, it is also important to allocate the economies in the right manner. Moreover, when comparing the proportions of defaults, of emerging and developed economies, the performance of the emerging markets have been observed to be better than that of the developed nations'.

Sharing his views on how the public and private sector can collaborate, Mr. Rathin Roy, Member, PM's Economic Advisory Council, said that, 'We need to assess our capabilities and expertise and evaluate which are the sectors we lack. The growing awareness on political costs need to be factored in when looking at the risks involved and we need to identify and address the pricing problems and work on improving them'.

Dr. KV Pratap shared insights on the importance of having a regulatory system in place, expounding that it is a combination of institutions, laws and processes that allows the Government to exercise formal and informal control over the operating and investment decisions of infrastructure service providers. He also highlighted that in the road sector, there are 400 projects through PPP which are successful. Dr. Pratap further expanded on the regulation challenges such as tariff risks, arbitrary changes and aggressive bidding.

Among other distinguished members of the final panel discussion were Mr. Amitabh Jain, Principal Secretary, Finance, Government of Chhattisgarh and Mr. Agris Preimanis, Director, European Bank for Reconstruction and Development (EBRD)



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