



## THEMATIC CONFERENCE ON "PRIVATE SECTOR PARTICIPATION AND INNOVATION IN RESOURCE MOBILIZATION" IN MUMBAI AS A LEAD-UP EVENT TO 3RD AIIB<sup>1</sup>

### *Experts call for a holistic approach on Private Sector Participation and Risk Mitigation*

The infrastructure segment is a key propeller for the Indian markets, contributing significantly to the growth of the national economy. Consequently, the Government of India lays special emphasis on this industry, initiating and establishing several regulatory structures to ensure the advancement of this sector. With this backdrop, the Thematic conference on "Private Sector Participation and Innovation in Resource Mobilization" in Mumbai as a lead-up event to 3rd AIIB, hosted by Ministry of Finance, in collaboration with Research and Information System for Developing Countries (RIS) as knowledge partner in partnership with Federation of Indian Chambers of Commerce (FICCI), aims to address the critical dimensions of infrastructure project funding and underline the need for financial support, from private sector players.

During the Inaugural Session, several eminent personalities, including Sujoy Bose, CEO, National Investment and Infrastructure Fund, Shailesh Pathak, CEO, L&T Infrastructure Development Projects Limited and Dr. Kumar V. Pratap, Joint Secretary, (IPF), Ministry of Finance, Government of India, shared their expert perspectives of the investment landscape in the infrastructure sector.

Speaking, on the occasion, Dr. Kumar V. Pratap says, 'Developing at an extremely fast pace, India's Infrastructure Sector has received an investment of about \$1 trillion in the period from 2007 to 2017, of which, more than a third of this capital was contributed by the private sector. India aims to invest about \$200 billion annually; has been able to do only approximately \$110bn. To encourage private participation, the Government of India has launched several initiatives. Schemes such as the Brownfield Asset Mobilization for Infra Investments (BAMII), Credit Enhancement Fund for raising bond ratings issued by infra companies and the New Credit Rating scale for infrastructure projects creates opportunities for private investors, thereby promoting a steady flow of financial resources into this sector'.

Sharing his thoughts on this subject, Sujoy Bose said, 'India is a preferred destination for investments, with an improving economy, government led infrastructure projects and an increase in the flow of foreign direct investments. To ensure financial investments in the infrastructure sector, the Government of India has financed various projects under National Investment and Infrastructure Fund (NIIF), Infrastructure Investment Trusts (InvITs) and Build Operate and Transfer (BOT) to bridge the gap in the funding space.'

Earlier delivering the Welcome Address by Jaspal Bindra, Chairman, FICCI - Maharashtra State Council and Executive Chairman, Centrum Group welcomed the panel and spoke about the opportunities in the infrastructure sector relating to private financing. He added, "The global population will witness a growth of about 2bn people by 2040. The Global Infrastructure Hub Report states that, investment worth \$97 trillion is needed in the global infrastructure sector of which 50% is required by Asia. India needs around \$4.5 Trillion investments in the Infrastructure sector by 2040." Subhomoy Bhattacharjee, Consultant, RIS noted the paradigm shift in the definition of infrastructure in the 21<sup>st</sup> century and highlights the need for private sector participation and innovation in resource

<sup>1</sup> Available at: <http://www.pib.nic.in/PressReleaseDetail.aspx?PRID=1535069>

mobilization in Government projects. Further to laying the framework for today's Sessions, he stated the importance of understanding the current infrastructure scenario and the financial, institutional and regulatory operations, when investing in this segment.

The Session on Risk Management was chaired by eminent panelists like Sajjid Z Chinoy, Chief India Economist, JP Morgan, Sudip Sural, Senior Director, Infra and Public Finance, CRISIL Infrastructure Advisory, Praveen Gupta, Managing Director and Chief Executive Officer, Raheja QBE General Insurance, Suneet Maheshwari, Founder and Managing Partner, Udvik Infrastructure Advisors, Raghwendra Pande, Head Infrastructure and Real Estate sector, Investment banking, ICICI Securities Limited and Soumyajit Neogi, Associate Director, India Ratings deliberated on various risks that one foresees once a project is bagged, right from Regulatory Risks, Political risk, market risk, sponsoring risk, judicial risk, etc. The risks determine the payoffs that private companies will want to negotiate before contracting any projects. The contract needs to be viewed holistically.

***Team ICSI***

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