

InfraInsights

Blueprints for Tomorrow

Prime Minister Modi flags off nine new Vande Bharat trains

In a boost to India's rail network, Prime Minister Narendra Modi launched nine Vande Bharat trains on September 24 to enhance connectivity across 11 states, facilitating smooth and faster rail service. The nine trains will provide faster connectivity across 11 states - Rajasthan, Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Bihar, West Bengal, Kerala, Odisha, Jharkhand and Gujarat. "This infrastructural development has matched aspirations of 140 crore Indians and this is what the country wants now," the prime minister said. The new trains flagged off will help to reduce the travel time between the cities of Udaipur - Jaipur, Tirunelveli - Madurai - Chennai, Hyderabad - Bengaluru, Vijayawada - Chennai (via Renigunta), Patna - Howrah, Kasaragod - Thiruvananthapuram, Rourkela - Bhubaneswar - Puri, Ranchi - Howrah and Jamnagar-Ahmedabad.

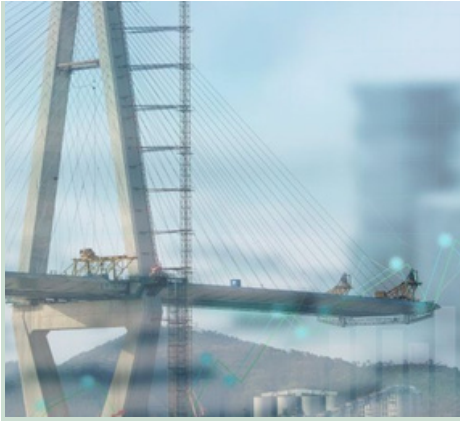
Faridabad to get adequate infrastructure by 2031

Chief Minister of Haryana, Manohar Lal Khattar announced on September 23 that Faridabad would undergo a comprehensive Master Development Plan to ensure sufficient infrastructure by 2031 and allocated a budget of Rs 878.23 crore for the Faridabad Metropolitan Development Authority (FMDA) for the upcoming year. Under the Development Plan 2031, the FMDA has prepared a master plan for increasing the drinking water supply to the city, aiming to raise it from 330 MLD to 450 MLD through the construction of 12 Ranney wells.

Other plans include enhancing the water supply to 700 MLD for an estimated population of 39.5 lakh in 2031, for which 22 additional Ranney wells, 70 tube wells and boosting stations has been proposed. The setting up of sewage treatment plants at a cost of Rs 1,550 crore to boost the capacity to 630 MLD has also been approved. The expansion of the existing 20-km road along the Agra canal in Greater Faridabad to four lane was also approved to provide improved access to Delhi, Noida, Meerut, Bulandshahar and the Yamuna Expressway.

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Capital expenditure on road infrastructure and renewable energy in India is set to surge by approximately 35% in the current and upcoming fiscal years, reaching ₹13 lakh crore. This growth is driven by a favorable policy environment, robust execution, healthy leverage, and investor interest, with a projected 25% increase in road construction and a 33% rise in renewable energy capacity expansion.



\$64tn sustainable infrastructure gap revealed by new report

The world needs to deliver \$139tn of sustainable infrastructure by 2050 to meet net zero. Current policies have addressed \$75tn with a further requirements of \$64tn . The world needs investors, engineers, constructors, technologists, legal and risk experts, clients and policy to all come together to find sustainable and bankable solutions.



India and UN launch global capacity building initiative

India and the United Nations have launched a joint capacity-building initiative that will operationalize development-relevant deliverables of India's G20 Presidency and aims to share the country's best practices with partner countries in the Global South. This Initiative will also operationalize the development-relevant deliverables of G20.

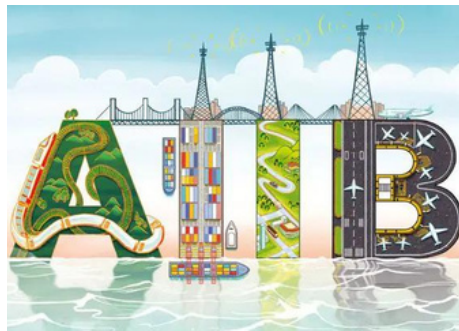


Port of Bujumbura renovation begins

The works involve acquiring equipment for port operations, developing access roads and building staff capacity to manage the port. It will support regional trade by simplifying port activities with the ultimate objective of transforming the port into a hub linking the main road corridors from the north, center and south of the country.

AIIB issues first climate adaptation bond

The Asian Infrastructure Investment Bank (AIIB) has successfully priced its first Climate Adaptation Bond, a thematic bond issued under the AIIB Sustainable Development Bond Framework. The proceeds will be allocated to projects that have an estimated climate adaptation finance portion of 20% or greater of the total project financing. In 2015, the Paris Agreement established the global goal of adaptation and the AIIB has committed to be fully aligned with the Paris Agreement by 1 July 2023. Climate adaptation financing is about investing now to make infrastructure assets more resilient so that as the effects of



climate change intensify, infrastructure is able to protect vulnerable communities. Asia is already experiencing the effects of climate change. In the past 20 years, Asia has six of the worst affected ten countries for climate-related disasters.

Increasingly, AIIB's members are paying more attention to the impact of climate change and the need for resilient infrastructure. Sir Danny Alexander, AIIB vice president for strategy and policy, said: "AIIB is committed to fund infrastructure investments that promote climate adaptation. This can be seen in our growing pipeline of climate adaptation projects, currently estimated to be approximately \$1.5bn. This bond contributes to AIIB's targets of increasing financing for adaptation from capital markets delivers on our commitment made at COP27 to promote climate-resilient solutions through issuance of bonds."

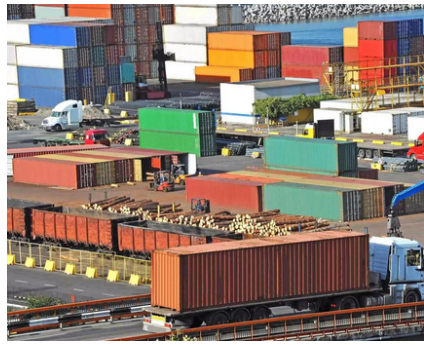
Oil prices rise as tight supply outlook offsets demand woes



Oil prices rose on 19th Sept. after flirting with \$95 a barrel earlier in the session, as expectations of a supply deficit stemming from extended output cuts by Saudi Arabia and Russia as well as weak shale production outweighed concerns about demand. Global oil benchmark Brent crude futures settled 50 cents higher at \$94.43 a barrel after rising as high as \$94.45. U.S. West Texas Intermediate crude futures rose 71 cents to \$91.48. Saudi Arabia and Russia in Sept extended a combined 1.3 million barrels per day (bpd) of supply cuts to the end of the year. Meanwhile, U.S. oil output from top shale-producing regions is also expected to fall for a third month in a row in October to its lowest level since May 2023, the U.S. Energy Information Administration said.

NHA subsidiary to develop multi-modal logistics park in Bengaluru

National Highways Logistics Management Limited (NHLML) has signed an agreement for the development of multi-modal logistics park (MMLP) in Bengaluru. It is proposed to be developed under the public-private partnership model at an estimated cost of Rs 1,770 crore. NHLML is a subsidiary of the National Highway Authority of India (NHA). The agreement has been signed between the government special purpose vehicle (SPV), Bengaluru MMLP and concessionaire SPV PATH Bengaluru Logistics Park. The MMLP is being developed in an area of 400 acre at rural



district of Muddelinganahalli in Bengaluru in Karnataka. The project is poised to become the first and largest MMLP ever implemented in the country under the PM Gati Shakti

National Master Plan. Bengaluru MMLP is located at a distance of 58 km from Bengaluru Airport and 48 km from Bengaluru city railway station. The MMLP will be developed in three phases. The first phase is expected to be completed in two years. MMLP will cater to about 30 MMT cargo by the end of concession period of 45 years and will give huge boost to the industrial zones in the catchment region such as Bengaluru and Tumkur. A government SPV is incorporated between National Highways Logistics Management Limited, RVNL and Karnataka Industrial Area Development Board (KIADB).

Railway Ministry begins land survey for Delhi-Amritsar bullet train

The Union Ministry of Railways launched a socio-economic survey in Punjab to facilitate the construction of the Delhi-Chandigarh-Amritsar high-speed railway corridor. Once the socio-economic survey is completed, the acquisition of land for the corridor will commence. The high-speed rail will have a dedicated corridor and feature a dedicated 55-foot wide railway track for bullet trains travelling at a speed of 320 km per hour. To carry out the survey, 12 teams were deployed in Fatehgarh Sahib and Mohali districts earlier this week. These teams will engage with the residents whose land is likely to be acquired for the project. The survey also aimed to assess if the residents, whose land was to be acquired, relied on this piece of land for their livelihood. The primary focus of the acquisition was agricultural land, and the final decision would take all these factors into consideration. This rail corridor is part of India's proposed network of high-speed rail network connecting major cities, including Mumbai, Ahmedabad, New Delhi, Chennai, and Kolkata.



Govt to soon launch an online logistics portal

National Logistics Policy (NLP) is a necessity if we want to make India a developed economy by 2047. Even as India is the fastest-growing economy in the world, its logistics costs are quite high. The government may soon launch an online logistics marketplace, which will seamlessly connect transporters, warehousing facilities, freight forwarders, customs, regulatory bodies, and other stakeholders to have an efficient supply-chain network that will reduce average logistics costs and make essential commodities cheaper for consumers. Efficiency could reduce logistics costs for bulk items, such as agricultural produce significantly.

Tata Steel: Sailing towards sustainable supply chain

Less than 10% of India's nearly 7,500 km of coastline and inland waterways are currently used for cargo movement, with the majority of transportation relying on the road network. However, challenges remain including the need for a uniform draft and the lack of night-time navigation. Peeyush Gupta, Vice-President of the Group Strategic Procurement and Supply Chain at Tata Steel, believes that the percentage of cargo moved by road will decrease over time, to be replaced by waterways. Tata Steel plans to greatly increase its use of coastal transport and inland waterways. The government is also taking steps to boost cargo movement along the country's extensive coastline.

BRO's initiatives on building infra along Indo-China Border

India has made significant progress in constructing infrastructure along its border with China over the past 3 years. The Indian government has increased budget allocations and adopted new technologies and innovative techniques such as the use of steel slag and plastic in road construction, which have contributed to the Border Roads Organization's (BRO) initiatives. A total of 295 road projects, bridges, tunnels, and airfields have been completed during the last 3 years and an additional 60 projects are in the pipeline. The BRO is currently working on ten tunnels set to be completed next year which are crucial for connecting high-altitude regions.



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Investments in Smart Ports: A Game-Changer for India's Economy

India, as a vast peninsula, boasts an extensive 7516-kilometer coastline that spans nine coastal states, and four Union territories and encompasses 12 major and 200 minor ports. This maritime expanse underpins India's blue economy, playing a pivotal role in supporting 95% of the nation's business activities through efficient transportation networks. It also contributes significantly to India's Gross Domestic Product (GDP), with an estimated 4% share. Undeniably, the development of ports and marine resources is intrinsic to the growth of the Indian economy.

In the fiscal year 2021-22, India's 12 major ports handled an impressive 721 million tonnes (MT) of cargo, with a forecasted Compound Annual Growth Rate (CAGR) of 6.46% from FY23 to FY29. This aligns with India's vision to become a global manufacturing hub, backed by substantial investments totaling \$82 billion in transformative port projects scheduled for completion by 2035.

India actively participates in the Indian Ocean Rim Association's sustainable development initiatives, covering renewable ocean energy, seaports, shipping, offshore hydrocarbons, seabed minerals, marine biotechnology, fisheries, aquaculture, and tourism. The Sagarmala Project, led by the Ministry of Ports, Shipping, and Waterways, focuses on modernizing existing ports and establishing new ones, backed by an investment of Rs. 6 lakh crore (US\$81 billion). This endeavor is set to create 10 lakh jobs, boost economic growth by 2%, and reduce logistics costs by 15%.

Smart technologies, including IoT, big data analytics, AI, virtual reality, and augmented reality, are revolutionizing port operations. Modernizing ports like Mumbai, Chennai, Kolkata, and Haldia and establishing new ones in Kandla, Paradip, Ennore and Vizhinjam will profoundly impact India's economic landscape and development.

Investments in smart ports aim to elevate India toward its five trillion-dollar economy goal. These investments promise enhanced efficiency, cost reductions, and increased trade volumes. Automation, better visibility, and data-driven decisions will lead to faster turnaround times, reduced transportation costs, and increased cargo throughput. This fosters trade, attracts investments, and fuels India's economic growth and global prominence.

Bengaluru-Chennai express highway to start by January next year

Union Minister Nitin Gadkari discussed advancements in India's national highway projects, emphasizing the Bengaluru-Chennai Express Highway's initiation by year-end or early 2024. He outlined plans for 36 green express highways, aiming to enhance connectivity and reduce travel costs. Progress on tunnels and roads, particularly the Zoji-la Tunnel, reflects ongoing infrastructure developments. Gadkari highlighted the expansion of the national highway network, showcasing the government's commitment to quality construction materials and substantial progress in road infrastructure, marking a 59% growth in the past nine years.

Infrastructure Funds: Why should you invest in them?

India has set itself an ambitious goal of being a developed economy by 2047. To achieve this goal, a world-class infrastructure is a prerequisite and not an outcome. India's investment rate as measured by Gross Fixed Capital Formation (GFCF) to GDP was 29 percent of GDP in FY23 as compared to China's 42 percent. Global experience suggests that in the high growth phase, this ratio has been 35-45 percent for emerging economies during their transition to higher-income economies. Thus, investment rates in India need to go up materially for it to improve its infrastructure and achieve its economic objectives. The good news is that due to a combination of various factors, building blocks for a take-off in the investment cycle and hence a large-scale infrastructure build-out in India are finally in place.

Panama Canal to further reduce daily transits if drought continues

The Panama Canal may cut daily vessel transits further due to an ongoing drought, limiting them to 32 from the typical 36 and reducing the maximum vessel draft to 44 feet from 50 feet. This is prompted by a shipping backlog caused by the drought, for which they've adjusted the reservation system. Ricaurte Vasquez, head of the Panama Canal Authority, underlines the potential for more transit reductions in the upcoming fiscal year due to severe El Niño-induced drought and high temperatures. While passage restrictions aren't set in September, they foresee a possible decrease to 30-31 daily transits in the next fiscal year, preparing for challenging months ahead without substantial rainfall.



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