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Executive summary

1 HIGH BUDGETARY ALLOCATION FOR INFRASTRUCTURE
- In Union Budget 2020-21, the Government has given a massive push to the infrastructure sector by allocating Rs. 1,69,637 crore (US$ 24.27 billion) to enhance the transport infrastructure.
- Government of India allocated Rs. 111 lakh crore (US$1.4 trillion) under the National Infrastructure Pipeline (NIP) for FY2019-25. Sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) amount to ~71% of the projected infrastructure investments in India.

2 INCREASING PRIVATE SECTOR INVOLVEMENT
- Private sector is emerging as a key player across various infrastructure segments, ranging from roads and communications to power and airports.
- Private investment into physical and social infrastructure is key to putting India in a high growth trajectory, which will make it a US$ 5 trillion economy by 2024-25.
- Yearly private equity (PE) and venture capital (VC) investment in India is expected to surpass US$ 65 billion in 2025.

3 IMPROVEMENT IN LOGISTICS
- The logistics sector in India is growing 10.5% annually and is expected to reach US$ 215 billion in 2020.
- India was ranked second* in the 2019 Agility Emerging Markets Logistics Index.

4 RISING FOREIGN DIRECT INVESTMENT (FDI) IN THE SECTOR
- FDIs in the construction development sector (townships, housing, built up infrastructure and construction development projects) and construction (infrastructure) activities stood at US$ 25.78 billion and US$ 17.22 billion, respectively, between April 2000 and September 2020.

Note: * prepared by Agility for ranking emerging countries in terms of their logistics performance
Source: Media sources, DPIIT, Equiirius Capital, EY, National Infrastructure Pipeline
Advantage India
2 ATTRACTIVE OPPORTUNITIES

- Favourable valuation and earnings outlook makes this sector an attractive opportunity.
- Only 24% of the national highway network in India is four-lane, therefore there is an immense scope for improvement.
- The Regional Connectivity Scheme (RCS) gives opportunity for development of airports.

1 ROBUST DEMAND

- India is expected to become the third-largest construction market globally by 2022.
- India has a requirement of investment worth Rs. 50 trillion (US$ 777.73 billion) across infrastructure by 2022 for a sustainable development in the country.

3 POLICY SUPPORT

- With initiatives like ‘Housing for All’ and ‘Smart Cities Mission’, the Government of India is working on reducing bottlenecks and impeding growth in the infrastructure sector. Rs. 2.05 lakh crore (US$ 31.81 billion) will be invested in the smart cities mission.
- 100% FDI is permitted under the automatic route across various infrastructure sectors.
- The ‘North Eastern Region for Social and Infrastructure Development Fund (SIDF)’ projects worth Rs. 586.20 crore (US$ 80 million) were sanctioned.

4 INCREASING INVESTMENT

- Huge investments in infrastructure (e.g., Reliance Digital Fibre Infrastructure Trust Investment of US$ 1 billion) have provided momentum to overall PE/VC investments in India.
- Construction development sector and infrastructure activities sector received FDI inflows amounting to US$ 25.78 billion and US$ 17.22 billion, respectively, between April 2000 and September 2020.

Note: UDAY - Ujjwala Discom Assurance Yojana
Source: Media Sources, DPIIT, PricewaterhouseCoopers
The eight core infrastructure industries include coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity.

In November 2020, the combined index of eight core industries stood at 125.9.

On September 23, 2020, National Thermal Power Corporation Ltd. (NTPC) announced plans to establish industrial parks inside its power projects and has invited Expression of Interests (EOIs) from Indian firms.

In September 2020, Andhra Pradesh government stated that it is conducting a comprehensive survey to provide required infrastructure to the industries in the state.

In October 2020, NITI Aayog and Quality Council of India (QCI) launched the ‘National Program and Project Management Policy Framework’ (NPMPF), envisaged to bring radical reforms in the way infrastructure projects are executed in India.

**Note:** *- until November 2020

**Source:** Ministry of Commerce and Industry
Growth in infrastructure related activities during FY20 (in percent)

- Electricity Generation: +15.00%
- National Highway Construction: +15.00%
- Rail Freight Earnings: -10.95%
- Railway Earnings: -8.06%
- Cargo at Major Ports: +0.82%

- National highway construction recorded the highest increase of 15% in line with government’s increased focus on improving logistics.
- In March 2020, NHAI accomplished the highest ever highway construction of 3,979 km of national highways in FY20.
- Freight earnings in FY20 stood at Rs. 113,480.65 crore (US$ 16.10 billion), while its gross revenue stood at Rs. 174,660.52 crore (US$ 24.99 billion) during the same period.
- Cargo traffic handled stood at 707.4 million tonnes (MT) in FY20.
- Electricity production in India reached 1,252.61 BU in FY20.
- In December 2020, Prime Minister Mr. Narendra Modi inaugurated the 351-km ‘New Bhaupur- New Khurja section’ in the Eastern Dedicated Freight Corridor (EDFC), Uttar Pradesh.
- In December 2020, the Cabinet Committee on Economic Affairs (CCEA) approved three infrastructure proposals worth Rs. 7,725 crore (US$ 1.06 billion) to set up greenfield industrial cities to enhance connectivity to major transportation corridors such as the eastern and western dedicated freight corridors, expressways and national highways.

Note: Data is as per latest available information, P - Provisional
Source: Economic Survey, Ministry of Railways, Union Budget 2018-19, Indian Ports Association, Central Electricity Authority
Strong momentum in expansion of roadways

- Highway construction in India increased at a CAGR of 21.44 between FY16-FY19. In FY19, 10,855 km of highways were constructed. The Government of India aims to construct 65,000 km of national highways at a cost of Rs. 5.35 lakh crore (US$ 741.51 billion) by 2022.

- The Government will use plastic waste for the construction of roads. One of the roads has been recently constructed with plastic waste near Dhaula Kuan (New Delhi), while there are plans to construct Delhi-Meerut Expressway and Gurugram-Sohna road.

- In January 2021, the Government of India & NDB signed two loan agreements for US$ 646 million for upgrading state highway network and district road network in Andhra Pradesh.

- In December 2020, Mr. Nitin Gadkari, the Union Minister for Road Transport, Highways and MSMEs, inaugurated 33 highway projects worth Rs. 11,000 crore (US$ 1.50 billion) in Karnataka.

- In December 2020, Mr. Nitin Gadkari, the Union Minister for Road Transport, Highways and MSMEs, inaugurated and laid the foundation stones for 15 Nagaland National Highway (NH) projects. These NH projects have a length of ~266 kms, including costs of ~Rs. 4127 crore (US$ 560.45 million).

**Diagram:**

**Highway construction in India (kms)**

- FY14: 4,260
- FY15: 4,410
- FY16: 6,061
- FY17: 8,231
- FY18: 9,829
- FY19: 10,855
- FY20 (till February 2020): 8,784

CAGR 21.44%

**Note:** E - Estimate, Figures are as per latest data available, CAGR until FY19

**Source:** Ministry of External Affairs, Economic Survey-2019-20
Revenue growth has been strong over the years. Indian Railways’ revenue increased at a CAGR of 2.57% during FY16-FY19 and reached US$ 27.71 billion in FY19. The gross revenue stood at Rs. 174,660.52 crore (US$ 24.99 billion) in FY20.

The Indian Railways received allocation under Union Budget 2020-21 at Rs. 72,216 crore (US$ 10.33 billion).

The Ministry of Railways is working on a plan to earn Rs. 15,000 crore (US$ 1.56 billion) over the next 10-20 years through rail display network (RDN), enabling real-time information to passengers.

Indian Railways will require investment of Rs. 35.3 trillion (US$ 545.26 billion) by 2032 for capacity addition and modernisation. The capital expenditure in the sector is expected to increase by 92% annually.

Railways is leading India’s fight against climate challenge and is taking significant steps towards meeting its ambitious goal of being a net zero carbon emissions organisation by 2030 and meeting India’s Intended Nationally Determined Contributions (INDC) targets.

In November 2020, RailTel announced its highest ever consolidated income of Rs 1,16,600.50 lakh (US$ 1.56 billion) for the 2019-2020 fiscal year in its 20th Annual General Meeting.

In November 2020, the National High Speed Rail Corporation Limited (NHSRCL) signed a contract with Larsen & Toubro (L&T) to design and construct a 237 kms long viaduct between Vapi (Maharashtra-Gujarat border village of Zaroli) and Vadodara (Gujarat). This high-speed rail corridor implementation agreement is the biggest infrastructure contract for construction and design in the country.

**Note:** CAGR - Compound Annual Growth Rate, E - Estimates, P-Provisional, FY - Indian Financial Year (April-March)

**Source:** Vision 2020, Ministry of Railways
Power generation capacity has increased at a healthy pace

- In November 2020, total thermal installed capacity in the country stood at 374.20 GW, while renewable, hydro and nuclear energy installed capacity totalled 90.39 GW, 45.69 GW and 6.78 GW, respectively.
- Indian energy sector is expected to offer investment opportunities worth US$ 300 billion over the next 10 years.
- On December 31, 2020, the Asian Development Bank (ADB) and the Government of India signed a US$ 100 million loan to modernise and upgrade the power distribution system to boost the quality and efficiency of electricity supply in Bengaluru, Karnataka.
- On December 30, 2020, the Asian Development Bank (ADB) and the Government of India signed a US$ 231 million loan to increase electricity generation capacity in Assam through the construction of a hydroelectric power plant of 120 megawatts (MW) that will boost availability of household electricity.
- In December 2020, Oil Minister, Mr. Dharmendra Pradhan stated that as the government pushes for increased use of cleaner fuels to reduce carbon emissions, India is likely to see a US$ 66 billion investment in the construction of gas infrastructure.
  - The government is planning to increase the share of natural gas in its energy portfolio from the existing 6.3% to 15% by 2030.

Note: GW - Gigawatt, ^ - CAGR until FY20, * - until November 2020
Source: CEA (Central Electricity Authority), News Article
## Key private players

<table>
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<tr>
<th></th>
<th>Major projects: Mumbai-Pune BOT Project, Pune-Nashik BOT Project, Bharuch-Surat BOT Project, Thane-Bhiwandi by-pass 4 Lane Project, Thane Ghodbunder BOT Project, Ahmedabad-Baroda NH-8, 6 laning of Agra - Etawah bypass, Gandeva-Ena section of Vadodara-Mumbai 8 lane expressway</th>
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<tr>
<td>1</td>
<td>IRB Infrastructure Developers Ltd</td>
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<td></td>
<td>Major projects: NH6 Dhankuni to Kharagpur, Sambalpur Baragarh, NH4 Belgaum Dharwad, NH-3 Pimpalgaon - Nashik - Gonde Road (JV with L&amp;T), Jaora - Nayagaon Road, Chennai Outer Ring Road, Modhul - Nippani Road, Indore Edalabad Road, Wainganga Bridge, Ahmednagar Aurangabad Road</td>
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<tr>
<td>2</td>
<td>Ashoka Buildcon Limited</td>
</tr>
<tr>
<td></td>
<td>Major projects: Bandra-Worli Sea Link, Badarpur Elevated Highway Project, Delhi Faridabad Elevated Expressway, Breakwater construction for new port at Ennore, Chennai, New Railway Line Project from Jiribam - Tupul, New Railway Line Project from Rishikesh-Karnaprayag</td>
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<td>Major Projects: Bandra-Worli Sea Link, Badarpur Elevated Highway Project, Delhi Faridabad Elevated Expressway, Breakwater construction for new port at Ennore, Chennai, New Railway Line Project from Jiribam - Tupul, New Railway Line Project from Rishikesh-Karnaprayag</td>
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<td>NCC</td>
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<td>Agra Lucknow Expressways—Uttar Pradesh, Outer Ring Road, Hyderabad Growth Corridor—Telangana, Nagpur Mumbai Express Way, Pune Metro Package 1 &amp; 2, Nagpur Metro, Chennai Metro, Delhi Metro, 4 Lane Elevated Highway Project on NH-7 in Bangalore City</td>
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<td>5</td>
<td>Larsen &amp; Toubro</td>
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<td></td>
<td>Major Projects: Hyderabad Metro Rail, Construction of a 6-lane bridge over the Ganges river, Mechanise Track Laying for India's first 626 km Dedicated Freight Corridor, Monorail in Mumbai, Railway electrification works and Rigid Overhead Contact System for the Delhi Metro, Kakrapar nuclear power project and Srinagar Hydel Power Project, Uttaranchal, Navi Mumbai Airport</td>
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**Source:** Company websites and News Article
Strategies adopted

- The company has secured strong infrastructure projects to ramp up its presence in the industry.
- In January 2021, the construction arm of L&T has secured orders from Metallurgical & Material Handling Business to construct a metallurgical plant in the domestic market.
- L&T’s Power Transmission & Distribution Business has secured an Engineering, Procurement, Construction and Commissioning (EPCC) Contract to construct a 500kV transmission line in Malaysia.
- In November 2020, L&T Construction’s transportation infrastructure firm, Larsen & Toubro’s construction arm, secured National High-Speed Rail Corporation Limited (NHSRCL)’s mega contract to build 87,569 kms of Mumbai-Ahmedabad High-Speed Rail (MAHSR) project.
- To expand nuclear energy portfolio, efforts to increase scope by offering products beyond conventional island in nuclear business is under way.
- BHEL’s collaborative initiatives to address the growing demand potential in Railway Transportation including Metro and Suburban Railways include initiative with Indian Railways for setting up a greenfield Mainline Electrical Multiple Unit (MEMU) Coach Factory in Rajasthan.
- In December 2020, the company secured orders worth Rs. 3,200 crore (US$ 437.31 million) for hydro projects in Andhra, Telangana.
- GMR Airports Limited (GAL) bagged the development and operation rights of the greenfield international airport proposed at Bhogapuram in Vizianagaram district from the state Government in April 2020.
- GMR Airport’s international partner, Groupe ADP of France, has raised US$ 2.47 billion in bonds in two-parts.
- Adani Ports and Special Economic Zone (APSEZ) Ltd. handled 27.2 million tonnes (MT) of cargo in December 2020 through its ten port network, reporting a 47% increase on a YoY basis. The port operating unit of the infrastructure conglomerate, Adani Group, announced that its flagship plant, the Gujarat Port of Mundra, handled 15.24 MT of freight, with an annual growth rate of 44%.

Source: Company websites, Media sources
GROWTH DRIVERS AND OPPORTUNITIES
Growth drivers for Infrastructure in India

1. Government initiatives
2. Infrastructure needs
3. Housing development
4. International investment
5. Public Private Partnerships (PPP)
2 ROADS AND AIRPORT

- 2,000 km of coastal connectivity roads have been identified for construction and development.
- The Government of India will construct 65,000 km of highways by 2022.
- Bharatmala phase II is going to be launched to develop the state road networks.
- The Government of India invited proposals to install charging infrastructure on major highways and expressways in the country.

3 TELECOM AND ENERGY

- Rs. 8,350 crore (US$ 1.16 billion) was allocated in Union Budget 2019-20 for creation and augmentation of telecom infrastructure in the country.
- In the second phase of Strategic Crude Oil reserves, reserve capacity will be increased to 15.33 MT.
- In the second phase of Solar Park Development, an additional capacity of 20,000 MW will be generated.

4 CONSTRUCTION

- In Union Budget 2020-21, the Government announced Rs. 91.82 billion (US$ 13.14 billion) for road transport and highway.
- As per Union Budget 2019-20, the investment of Rs. 50 lakh crore (US$ 750 billion) for railways infrastructure between 2018-2030 is needed.
- The Central Government awarded a total of 322 projects to construct 12,413 km roads under the ‘Bharatmala Pariyojana’.

1 RAILWAYS AND METRO RAIL

- For 2019-20, the total capital expenditure of railways was expected to be Rs.1.59 trillion (US$ 22.04 billion).
- As per Union Budget 2020-21, the Ministry of Railways have been allocated Rs. 72,216 crore (US$ 10.33 billion).

Source: Union Budget 2019-20, Media sources
Affordable Housing

- In Budget 2017-18, affordable housing was given infrastructure status. “Housing for All” programme was launched in June 2015 to build 20 million urban homes and 30 million rural houses by 2022.
- Homes in India are currently most affordable in nearly two decades with overall mortgage payment accounting for 22% of average post-tax income.
- As per Union Budget 2019-20, Government has finalised the model tendency law for promotion of rental housing.
- As per Union Budget 2020-21, the total expenditure for the Ministry of Housing and Urban Affairs is estimated at Rs. 50,040 crore (US$ 6.85 billion)
- In October 2020, the Ministry of Housing and Urban Affairs (MoHUA) launched an affordable rental housing complex portal.

Source: Bloomberg, Economic Times, JLL, Anarock
Infrastructure development in northeast India

- In December 2020, a US$ 4.21 million project readiness financing (PRF) facility was signed today by the Asian Development Bank (ADB) and the Government of India to plan infrastructure development projects to boost urban amenities and build tourism infrastructure in Tripura.

- The government sanctioned Rs. 586.20 crore (US$ 80 million) for the ‘North Eastern Region for Social and Infrastructure Development Fund (SIDF)’ projects.

- On October 27, 2020, Minister for Road Transport and Highways, Mr. Nitin Gadkari laid the foundation stones for nine National Highway projects in Tripura worth Rs. 2,752 crore (US$ 369.60 million).

- In August 2020, Union Road Transport and Highways Minister, Mr. Nitin Gadkari, laid foundation for 13 highway projects, with construction value worth Rs. 3,000 crore (US$ 409.52 million) , to improve connectivity in Manipur.

- For 2020-21, budgetary allocation for the Ministry of Development of Northeastern Region has been increased to Rs. 3,049 crore (US$ 432.54 million) from Rs. 2,629 crore (US$ 376.16 million) in 2018-19.

- Indian Prime Minister launched three transport links in February 2019 - a strategically important region abutting the Chinese border in the Northeast.

- The Civil Aviation Ministry launched UDAAN 3.1 in February 2019 as it invited bids for airlines to fly over 28 to 30 routes to cover northeast.

- Mr. Conrad K. Sangma, Chief Ministry of Meghalaya, inaugurated the First Swadesh Darshan Scheme in January 2019. Quality of infrastructure was aimed in the scheme.

- With an eye on China, India is working on a slew of road and bridge projects to improve connectivity with Bangladesh, Nepal and Myanmar.

- Government announced plans to invest US$ 6.98 billion across northeast states.

- Arunachal Pradesh was brought on the railway map of India with India’s longest rail-cum-road bridge — the 4.94-km long Bogibeel bridge over Brahmaputra.

- Government has also announced plans to convert all meter gauge tracks in northeast to broad gauge tracks.

- In FY20, Rs. 53,370 crore (US$ 7.64 billion) was provided for infrastructure and socio-economic development of northeast region.

Source: Media sources
Logistics and warehousing

- Logistics and warehousing play an important role in the industrial advancement of the country. They are a fundamental part of business infrastructure and one of the key enablers in the global supply chain.

- By 2022, market size of logistics sector is expected to reach US$ 215 billion.

- In 2017, the logistics sector was given infrastructure status in India. Logistics market in India stood at US$ 160 billion in 2017. The sector is expected to grow at a CAGR of 10.5% to reach US$ 215 billion by the end of 2020.

- Investment in the logistics sector is expected to reach US$ 500 billion annually by 2025. Warehousing in India is expected to get investment of Rs. 50,000 crore (US$ 7.12 billion) by the end of 2020.

- In July 2020, Amazon India announced its plan to establish 10 new fulfilment centres across Delhi, Mumbai, Bangalore, Patna, Lucknow, Kolkata, Hyderabad, Chennai, Ludhiana and Ahmedabad, to cater to the surge in demand for online shopping for the upcoming festive season.

- In October 2020, Flipkart acquired a 140-acre land at Rs. 432 crore (US$ 58.87 million) to establish their largest fulfilling centre in Asia, in Manesar, Gurgaon, in a bid to scale their fulfilment infrastructure to cater to increased demand post COVID-19.

**Source:** Economic Survey 2017-18, KPMG Report, News Articles
Airports infrastructure investment

**Metro airports**
- The Airports Authority of India (AAI) aims to bring around 250 airports under operation across the country by the end of 2020.
- AAI has developed and upgraded over 23 metro airports in the last 5 years.
- AAI plans to develop city-side infrastructure at 13 regional airports across India with help from private players for building of hotels, car parks and other facilities, and thereby boosting its non-aeronautical revenues.
- Airport housing will also have height restrictions to avoid interference with flight paths. They will also have to be far from the runway and 45m above a defined level of the airport, which will allow 4-5 floors to be built.
- The development of Navi Mumbai airport has been approved. The project will be developed on 74:26% partnership between Mumbai International Airport Limited (MIAL) and City & Industrial Development Corporation of Maharashtra (CIDCO) and airport’s phase I with annual handling capacity of 10 million passengers each year rephrasing it from the origin.

**Non-metro airports**
- AAI plans to spend over Rs. 21,000 crore (US$ 3.2 billion) between 2018-22 to build new terminal and expand capacity of existing ones.
- Upfront subsidy has been proposed through which non-metro airports would be funded by imposing 2% levy on both domestic and international airfares.
- About 22 airports will be connected under regional connectivity scheme of AAI.
- Over 30 airport development projects are under progress across various regions in northeast India.
- AAI plans to develop over 20 airports in tier II and tier III cities in the next 5 years.
- To boost air connectivity, 100 new airports will be developed in the country by 2024.
- In October 2020, the Airports Authority of India (AAI) announced a plan to upgrade runways at seven airports across the country by March 2022. The seven airports included are at Jammu (Jammu and Kashmir), Kolhapur (Maharashtra), Jabalpur (Madhya Pradesh), Barapani (Meghalaya), Kadapa (Andhra Pradesh), Tirupati (Andhra Pradesh) and Tuticorin (Tamil Nadu).

*Source: Media sources*
Metro rail

- At least 10 Indian cities are working on metro railway projects and the Government initiated a plan in 2012 to study the feasibility of such networks in all cities with a population of more than 2 million.
- Metro rail projects worth over Rs. 500 billion ($7.7 billion) is underway.
- Metro rail network reached 637.2 kms as of September 2020.
- A new Metro Rail Policy was announced in August 2017, to give boost to private investments by mandating PPP component in new projects. A new committee to lay down standards for metro rail systems was approved in June 2018.
- In June 2020, A&M Development Group, a European infrastructure development company, announced its plans to invest Rs. 100 crore (US$ 14.19 million) in Mumbai metro project along with RCC Infra Ventures through its recently formed Indian arm, Oberoi-A&M Infra-Consortium.
- In November 2020, Alstom announced that it has successfully completed production of its 500th metro car at its ‘SriCity’ factory in Andhra Pradesh that manufactures ‘Rolling Stock’ (metro trains) for urban metro projects.

Monorail

- Monorail has made its beginning in India with Mumbai being the first city in the country to have this transport system in place.
- It took more than six years from the date of inviting Request for Qualification for MMRDA (Mumbai Metropolitan Region Development Authority) to complete a part of the project, involving a stretch of 8.26 km.
- Monorail Projects are being developed in Chennai, Pune, Thiruvananthapuram, Bengaluru, Thane, Delhi, Port Blair, Dehradun, Chandigarh etc.

Source: Media sources
Increasing investments in Indian infrastructure

- In December 2020, the US International Development Finance Corporation (DFC) announced plan to invest US$ 54 million in equity for the National Investment and Infrastructure Fund (NIIF) in India to support the development of critical infrastructure projects.

- The government and New Development Bank (NDB) signed a loan agreement worth US$ 1 billion to support rural infrastructure-related activities, natural resource management (NRM) and rural employment generation under MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme). The loan agreement spans a contract period of 30 years, including a 5-year grace period.

- To build four transmission projects in the country, electricity transmission infrastructure company Sterlite Power formed a 50:50 partnership with global investment manager AMP Capital in December 2020. For constructing 1,800 km of transmission lines, AMP Capital and Sterlite Power will likely invest US$ 150 million each.

- In November 2020, Warburg Pincus-backed logistics real estate firm, ESR India signed an agreement with the Maharashtra government to invest Rs. 4,310 crore (US$ 578.88 million) to set up 11 industrial and logistics parks around Mumbai and Pune.

- In October 2020, Hughes India partnered with Bharat Broadband Nigam Limited (BBNL) and Telecommunications Consultants India Ltd.(TCIL) to provide high-speed satellite connectivity to 5,000 remote gram panchayats.

- In November 2020, the Union Cabinet approved Rs. 2,480 crore (US$ 337.35 million) foreign direct investments (FDIs) in ATC Telecom Infra Pvt. Ltd.

- Construction development sector and infrastructure activities sector received FDI inflows amounting to US$ 25.78 billion and US$ 17.22 billion, respectively, between April 2000 and September 2020.

- Under Pradhan Mantri Awas Yojana (PMAY-Urban), over 8.1 million houses with an investment of about Rs. 483,000 crore (US$ 69.10 bullion) were sanctioned, out of which, construction started on around 4.7 million houses. Over 2.6 million houses were completed, of which, nearly 2.4 million houses were delivered to respective beneficiaries.

- Brookfield’s US$ 1.9 billion acquisition of Pipeline Infrastructure India in first quarter of 2019 was the largest PE investment in the sector.

Note: FDI - Foreign Direct Investment,
Source: DPIIT, Media sources, Venture Intelligence & mint Research, EY
New investments in Indian infrastructure

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<tr>
<th>Sub-Sectors</th>
<th>New Investment (US$ billion)</th>
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<tbody>
<tr>
<td></td>
<td>FY16</td>
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<tr>
<td>Roads</td>
<td>37.7</td>
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<tr>
<td>Railways</td>
<td>23.9</td>
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<tr>
<td>Power Distribution</td>
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<tr>
<td>Mining</td>
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Source: Dolat Capital Construction and Infrastructure September 2020
Key highlights of union budget 2020-21

- The Government of India has given a massive push to the infrastructure sector by allocating Rs. 1.69 lakh crore (US$ 24.27 billion) for the transport sector.

- Communication sector allocated Rs. 38,637.46 crore (US$ 5.36 billion) to the development of post and telecommunications departments.

- Indian railways received Rs. 72,216 crore (US$ 10.33 billion), of which, Rs. 64.587 billion (US$ 8.95 billion) is capital expenditure.

- Rs. 91,823 crore (US$ 13.14 billion) has been allocated towards road transport and highway.

- Allocation of Rs. 888.00 crore (US$ 110.88 million) for the upgradation of state Government medical colleges (PG seats) at district hospitals and Rs. 1,361.00 crore (US$ 188.63 million) for Government medical colleges (UG seats) and Government health institutions.

- The Government has suggested the investment of Rs. 5,000,000 crore (US$ 750 billion) for railways infrastructure between 2018-2030.

- Metro rail network has reached 657 kms.

- To upgrade 1,25,000 km of road length over the next five years, the estimated cost of Rs. 80,250 crore (US$ 12.03 billion) is envisaged under Pradhan Mantri Gram Sadak Yojana 3 (PMGSY)

- 30,000 km of PMGSY roads have been built using Green Technology, Waste Plastic and Cold Mix Technology.

- Government has ensured power availability to states at affordable rates through model - One Nation, One Grid.

- Government has proposed to permit investments made by Foreign Institutional Investor’s (FIIs)/Foreign Portfolio Investments (FPIs) in debt securities issued by Infrastructure Debt Fund.

- Bharatmala phase 2 to be launched to develop state road networks.

- Government proposed National Mission on Quantum Technologies and Applications with an outlay of Rs. 8,000 crore (US$ 1.14 billion) over a period of five years.

Source: Union Budget 2020-21
Opportunities in Infrastructure

Urban Indian real estate

• With every sixth urban person globally being an Indian, the real estate and construction sector holds significant opportunity for both global and domestic companies engaged across the value chain.
• India will need to construct 43,000 houses every day until 2022 to achieve the vision of Housing for All by 2022. Hundreds of new cities need to be developed over the next decade.
• This has the potential for catapulting India to the third-largest construction market globally. The sector is expected to contribute 15% to the Indian economy by 2030.
• The recent policy reforms such as the Real Estate Act, GST and REITs are steps to reduce approval delays and are only going to strengthen the real estate and construction sector.

National Infrastructure Pipeline

• As of December 2020, out of Rs. 111 lakh crore (US$ 1.52 trillion), projects worth Rs. 44 lakh crore (US$ 601.31 billion), accounting for 40%, are under implementation and projects worth Rs. 22 lakh crore (US$ 300.65 billion) that account for NIP's 20% are under development stages.

Government initiatives

• India plans to spend US$ 1.4 trillion on infrastructure through ‘National Infrastructure Pipeline’ in the next five years.
• In December 2020, Prime Minister Mr. Narendra Modi laid the foundation stone of the All India Institute of Medical Science (AIIMS), Rajkot, to boost health infrastructure and medical education, and provide employment opportunities in Gujarat.
• In December 2020, the Ministry of Road Transport and Highways signed a Memorandum of Understanding (MoU) on Technology Cooperation in the Road Infrastructure Sector with the Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology of the Republic of Austria.
• In November 2020, the Union Cabinet approved investments of Rs. 6,000 crore (US$ 816.18 million) equity in the debt platform of National Infrastructure Investment Fund (NIIF) for the next two years to drive infrastructure growth in the country. This step would assist the organisation to collect Rs. 1.10 lakh crore (US$ 15 billion) for infrastructure project funding by 2025.

Source: Media sources, Ministry of Finance, M-SIPS - Modified Special Incentive Package Scheme, EDF - Electronics Development Funds
### Key industry contacts

<table>
<thead>
<tr>
<th>Agency</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Highways Authority of India (NHAI)</strong></td>
<td>Address: G 5 and 6, Sector 10, Dwarka New Delhi - 110 075  Phone: 91-11-25074100, 25074200  Fax: 91-11-25093507, 25093514</td>
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<td><strong>Airports Authority of India (AAI)</strong></td>
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</tr>
<tr>
<td><strong>Infrastructure Industry And Logistics Federation of India (ILFI)</strong></td>
<td>Address: P-95, South Extension Part - II  New Delhi - 110049  Phone: 91-11-41007091  Fax: 91-11-41007093  Email: <a href="mailto:dgoffice@ilfi.in">dgoffice@ilfi.in</a>, <a href="mailto:ilfi@ilfi.in">ilfi@ilfi.in</a>  Website: <a href="http://www.ilfi.in">www.ilfi.in</a></td>
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Glossary

- FY: Indian Financial Year (April to March) - So, FY11 implies April 2010 to March 2011
- FDI: Foreign Direct Investment
- CAGR: Compounded Annual Growth Rate
- GOI: Government of India
- R&D: Research and Development
- JV: Joint Venture
- SEZ: Special Economic Zone
- BOT: Build-Operate-Transfer
- IBEF: Indian Brand Equity Foundation
- NHAI: National Highways Authority of India
- PPP: Public-Private-Partnership
- Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange Rates

**Exchange Rates (Fiscal Year)**

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<th>Year</th>
<th>Rs. Equivalent of one US$</th>
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<td>2020-21</td>
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**Exchange Rates (Calendar Year)**

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<td>2020</td>
<td>74.18</td>
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<tr>
<td>2021*</td>
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</tr>
</tbody>
</table>

**Note:** As of January 2021  
**Source:** Reserve Bank of India, Average for the year
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