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**India's Five-Year Plan - 2012-17 – Challenges and opportunities of a
trillion dollars for infrastructure.**

Ladies & Gentlemen,

I am very pleased to be here today at the Session on '**Challenges and Opportunities of building Infrastructure in India**'.

Friends, our Nation's mind is stretched by new ideas and breath-taking opportunities. India is a fascinating story that is evolving by the milisecond. The only way it knows is – forward. And, that's why we stand before you and with you, here and now, to unfold the face of a changing vibrant India that moves reality with imagination.

Exploring business opportunities is not our sole agenda on this trip or in the Summit, for, back home, we believe, that special friendships, the kind that India and Japan share, ought to be kept in constant repair. So, here we are, to build new bridges and to strengthen existing ones. We have our brush, we have our colours and we have our palette to paint our paradise. We know that we can do it but we won't do it alone and we can't do it alone. We seek your cooperation, the cooperation of friends who believe in our dreams with us.

So, as we embark on this journey, rich in dream, we are conscious we don't want to remain with it, with the intention, with the being-in-the-mode-to-leap. Instead, we want to go right ahead and take the plunge. We know it's not bereft of challenges but we also believe that these arise from the profusion of all that is struggling to attain form.

India's economic performance during past few years – particularly in the last three years – has been astounding on many counts. As India braved its worst drought in last 30 years and the onslaught of global recession was beating the world economies down, a resilient country like ours kept pace with economic growth and averaged an annual growth rate of 8.2%.

India's 12th Five-Year Plan - 2012-17 - targets a GDP growth rate of at least 9–9.5%. Herein lies our challenge. This challenge provides opportunity to create gigantic infrastructure, immense wealth, offer colossal possibilities and a chance to be a partner of the world's largest democracy. This fundamental change in Indian economy has fuelled the demand for extensive infrastructure creation including energy, transportation, telecom, urban infrastructure, ports and IT/ITES services.

THE INDIAN INFRASTRUCTURE STORY

Investment in infrastructure in India has increased from 4.9% of Gross Domestic Product (GDP) in 2002-03 to 8% in 2010-11 and is likely to increase to 10% in the 12th Five-Year Plan i.e. 2012-17. The contribution of private sector in total infrastructure investment is slated to increase to 50% of total in this 12th Five-Year Plan. India's budget for 2010-11 itself allocated USD 37 billion for infrastructure upgradation in rural and urban areas equaling 46% of total planned allocation in the country. This reflects our commitment. By the end of 2012, it is estimated that

USD 475 billion worth of investment is to flow into India's infrastructure i.e. roads, highways, electricity, ports, airports, railways etc. making it the largest country in the world to absorb this level of funds in the infrastructure sector. The Planning Commission of India itself envisages investment of Indian rupees 40.99 lakh crore or USD 1025 billion between 2012-17 to achieve a share of 10% as a proportion of GDP for infrastructure.

POLICY FRAMEWORK – TURNING A NEW LEAF

The Government of India and its partner States have played a pivotal role in opening of India's infrastructure sector and making it an effective investment destination for domestic and foreign players by opening different sector to private players, liberalizing FDI norms, undertaking huge spending projects like National Highway Development Projects (NHDP), National Maritime Development Program (NMDP) etc.

I wish to take this opportunity to provide you a peek into the gigantic possibility of infrastructure creation in some core sectors laced with liberal governmental policies:-

(A) Roads

India has world's second largest road network aggregating over 3.34 million KMs. The Government of India has allowed 100% FDI under the Automatic Route for all road development projects in addition to offering 100% income tax exemption for a period of 10 years.

Till March 31, 2011, India has completed 15,450 KMs of National Highways under National Highway Development Program. We built 1800 KMs of roads in the just concluded fiscal year 2010-11

alone. In same year, 50 new road projects with a length of 5060 KMs have been awarded. In the current year i.e. 2011-12, India is expected to award additional 7300 KMs of road building contracts worth USD 12 billion.

In fact, the Government of India has announced construction of 35000 KMs of Highways by 2014 with an investment of over USD 67 billion. A major chunk of this is to come from the private sector.

(B) Ports

The Indian coastline is dotted with 12 major ports and 187 minor ports with an average growth rate of 10.7% per year. The Government of India has permitted 100% FDI under the Automatic Route for Port Development Projects besides extending 100% income tax exemption for a period of 10 years for such projects. The Government of India has also opened all areas of port operation for private sector participation. The Planning Commission of India sees an investment opportunity of around USD 25 billion in building and expanding ports and shipping centres as the country proposes to double its ports capacity.

(C) Airports

India has a total of 454 airports (including grass airports) including 16 International Airports with the Airport Authority of India running 97 airports. Passenger traffic (National and International) is expected to cross 21 million by March, 2012 and cargo traffic is expected to cross 2.6 million tons during the same period seeing a healthy increase of nearly 15% in passenger traffic and 12% in cargo traffic.

The two biggest private-sector success stories are Mumbai and Delhi Airports with an investment of USD 4 billion approximately. Bangalore and Hyderabad Airports are similar success stories of private investment.

The Government of India has permitted 100% FDI for existing airports with 'Foreign Investment Promotion Board's' approval required for FDI beyond 74%. 100% FDI under Automatic Route is available for green field airports. 49% FDI is permissible in domestic airlines, while 100% equity ownership by Non-Resident Indians is permitted. 100% tax exemption for airport projects is also allowed for a period of 10 years.

(D) Energy

India has increased its installed power capacity from 132,000 MW in March, 2007 to 181,000 MW in July, 2011. In 11th Five-Year Plan 2007-11 alone, India has added about 55,000 MW of power, out of which nearly 40% has come from private sector. In 12th Five-Year Plan 2012-17, India needs to add nearly 100,000 MW of power to keep pace with 9% growth rate for demand of power. Besides coal based thermal and nuclear power projects, India has a bouquet of big and small hydro projects, wind projects, bio-mass and solar projects and other non-renewable energy projects waiting to be explored.

Government of India has permitted 100% FDI in generation, transmission and distribution. There is complete delicensing of power sector. An investment of over USD 6.5 billion is being made in rural electrification. Extensive distribution sector reforms have been undertaken, besides making an elaborate statutory

framework for fixation of tariff. Electricity Act of 2003 permits developers to set up merchant power plants with market driven tariffs decided in the power exchange. This is the biggest evolving story for private sector investment in these varied areas of energy.

WAY AHEAD

Given India's track record of a blooming democracy; a range of statutorily constituted independent institutions and quest for transparency sets it apart in the league of nations. A vast talent pool with 52% population below 40 years of age and a sound justice delivery system ensures stability of investment and persistent growth. In the end, may I say that the cornerstone of all economic growth is the quest of humanity to find ideal equilibrium of ethics, fair play, equitability and justice. India – world's largest democracy with 125 billion people – stands apart in this line with all its inherent strengths – moral and institutional. We call upon you – with our rich traditions of mutual historical bonding and an unfathomable quest for a better future for humanity---to become our partners in peace, prosperity and preservation.

Thank you and Jai Hind !