



# INFRASTRUCTURE NEWSLETTER

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## In – Focus

### ***“World Bank to play a crucial role for developing investment strategy for climate and development finance”***

– Smt. Nirmala Sitharaman

The joint World Bank-International Monetary Fund (WB-IMF) development committee meeting for FY 2022 was conducted during the annual meetings 2022 in Washington DC. Key agenda for the meeting included tackling of food and energy crisis and the financing question to achieve climate and development goals. Sharing her views about the food and energy crisis, Hon’ble Finance Minister Smt. Nirmala Sitharaman emphasized that energy efficiency must be considered as the first fuel of choice.



*Smt. Nirmala Sitharaman speaking at the joint WB-IMF Development Committee meeting at Washington, DC*

Smt. Sitharaman highlighted that the World Bank Group (WBG) is uniquely placed in bringing together all stakeholders for developing an investment strategy for climate and development finance. She indicated that one-size fit-all approach must be avoided while adopting basic principle of common but differentiated responsibilities and stated that risks associated with crowding of private capital can be better mitigated with support from World Bank by extending the share of grants to cover projects with huge climate impact beyond national borders. She also recommended that an independent review of the Multilateral Development Banks (MDB) Capital Adequacy Frameworks commissioned by the G20 is essential to achieve sustained financing.

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KEY INFRASTRUCTURE INDICATORS



**Capital Expenditure**

Up to October 2022 – Rs. 4,09,014 Crore

*61% higher than capex in corresponding period (up to October 2021)*

Source: CGA



**Deployment of Gross Bank Credit in Infrastructure**

Period	Y-o-Y Growth (%)
November 2021	5.8%
November 2022	10.9%

Source: RBI



**Infrastructure project progress update**

NIP Status	Nov 2021	Nov 2022
Overall Projects	8,502	8,953
Completed	995	1,022

Source: IIG

# INFRASTRUCTURE POLICY ENABLEMENT

## MNRE notifies National Bio Energy Programme

The ministry has been promoting use of surplus biomass, cattle dung, industrial and urban biowaste by providing Central Financial Assistance for setting up of Bioenergy projects such as Biogas, BioCNG, Power from urban, Industrial and Agricultural Waste / Residues for reducing their capital cost/ interest on loan thus enhancing project viability. The programme comprises of the following sub-schemes:

- Waste to Energy Programme
- Biomass Programme
- Biogas Programme

The Programme has been recommended for implementation in two Phases, with Rs. 858 crore budget outlay approved for Phase-I.

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## Railway Station Redevelopment Work ongoing at 40 Railway Stations

Redevelopment of Railway Stations envisages provision of spacious roof plaza including facilities such as food court, waiting lounge, children play area, designated space for local products, etc. The development will integrate various modes of transport with Railway Station viz. Metro, Bus, etc. and will also integrate both sides of city with station.

The construction of station infrastructure will adopt green building technology and facilities for 'Divyangjans'. Stations will be developed on the concept of intelligent building, having state-of-the-art facilities to create a 'City Centre' like space at the station for the railway commuters as well as general public. 14 Railway Stations are currently under tendering stage for redevelopment and are likely to be awarded in next 5 months.

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## Coal India Ltd signs MoUs with BHEL, IOCL and GAIL (India) Ltd for Setting up Coal Gasification Projects

Government has proposed setting up of four large scale coal-to-chemical projects through surface coal gasification (SCG) route with an aggregated estimated cost of Rs. 35,000 crores in West Bengal, Odisha, Chattisgarh, Maharashtra and Tamil Nadu.

The Ministry of Coal, on a mission to fast-track utilization of coal, has targeted coal gasification up to 100 million ton (MT) by 2030. Incentives to the tune of Rs. 6,000 crores have been provided to CPSEs for implementation of five coal gasification plants. The synergy and partnership of all the four corporate giants will enable a perfect launch of the complex SCG projects.

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## New Highway projects worth Rs 1.6 lakh crore announced for the North-East

Projects envisaged would include Roads, Ropeways, Railway over Bridges (ROBs) and Major Bridges across River Brahmaputra and other water bodies. The projects would help in bridging the connectivity gap in North-East India and giving momentum to transport infrastructure in the region.

Additionally, around 50 Way-Side Amenities and 50 View-Points are also being developed which would give significant boost to the Tourism sector and economy in North-Eastern region.

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## Railways accomplishes electrification of 82% of the total BG network

Indian Railways has achieved electrification of 53,470 Route KMs of its broad-gauge network out of the total 65,141 Route KMs (including KRCL) as of October 2022.

In FY'22-23, electrification of 1,223 Route KMs has been achieved till Oct 2022, which is 37% more than that achieved in the corresponding period of FY'21-22. Electrification will result in a better fuel energy usage, reduce fuel expenditure and also help in saving precious foreign exchange.

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## Cabinet approves development of Multipurpose Cargo Berth Off Tuna Tekra at Gulf of Kutch at Kandla on BOT under PPP Mode

Project, with a total estimated cost of Rs. 2,251Cr, aims to cater to the future growth in multipurpose cargo (other than container/ liquid) traffic. The development will give strategic advantage to the port by being the closest container terminal serving States of Jammu & Kashmir, Uttar Pradesh, Madhya Pradesh and Rajasthan, besides increasing business potential of Kandla.

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## INFRASTRUCTURE POLICY ENABLEMENT

### 'PPP GRIEVANCE REDRESSAL FORUM' organized to resolve pending grievances at all major seaports

Under the Special Campaign for Disposal of Pending Matters (SCDPM) 2.0, Ministry of Ports, Shipping and Waterways organized workshops with PPP stakeholders to resolve issues between stakeholders and quicken the pace of executing PPP projects to enhance better and more efficient port services.

Individual workshops were organized by authorities of many major ports across India including Paradip Port, Kandla Port, Jawaharlal Nehru Port, Mormugao Port, New Mangalore Port and Syama Prasad Mookerjee Port. The workshops witnessed active participation from concessionaire/captive berth operators and various other stakeholders.

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### Road projects worth Rs 573.13 Crore approved for Telangana and Andhra Pradesh

Rehabilitation and upgradation of NH-167K to 2/4 lane with paved shoulders has been approved at the total cost of Rs. 436.91 Crore on EPC mode. The project would reduce the distance between Hyderabad/Kalwakurthy & important destinations like Tirupati, Nandyala/ Chennai by about 80 Km. The project will also include development of approaches of Iconic Bridge across river Krishna at Kolhapur which would be the gateway for promotion of tourism between states of Telangana and Andhra Pradesh.

Another project, worth Rs. 136.22 crores, involves widening of NH-163 from existing 2-lane road to 2-lane with Paved shoulders from Hyderabad-Bhupalapatnam section of in Mulugu district in Telangana. The project will improve the interstate connectivity between Telangana and Chhattisgarh.

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### Power Ministry amends guidelines of Charging Infrastructure for Electric Vehicles (EV)

The revised consolidated Guidelines & Standards for Charging Infrastructure for Electric Vehicles were issued by Ministry of Power in January 2022. Following amendments have been made to guidelines:

- Public charging stations shall have the feature of prepaid collection of service charges with time of the day rates and discount for solar hours
- A Committee under Central Electricity Authority (CEA) to recommend to the State Government the ceiling limit of service charges to be levied
- time of the day rate " for service charges as well as the discount to be given for charging during solar hours

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### Mega Campaign Launched to Transform Public and Community Toilets in all Urban Areas

*The campaign aims to change the face of public and community toilets in urban India through collective action involving citizens and Urban Local Bodies.*

*The campaign is based on five thematic areas focusing on adoption, cleaning and maintenance of public toilets, design related challenges, promotion of user feedback to improve public services.*

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### REC & PFC ink MoA with STPL for financing Buxar Thermal Power Plant

*The Memorandum of Loan Agreement aims to finance 2x660 MW coal based thermal power plant which has been designed on supercritical technology with the objective to improve reliability of India's Eastern Electricity region and provide power to the state of Bihar. The total debt requirement of the project is Rs. 8,521 Crore.*

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### MoRTH approves 4-Laning of Bhiwani - Hansi road section of NH - 148B under Bharatmala Pariyojana in Haryana

*The proposed project between Bhiwani and Hisar districts of Haryana has been approved on HAM basis with a budget outlay of Rs. 1,322 Crore. The project would give a boost to basic infrastructure and overall economic development of the region.*

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### Coal India to set up 1190 MW Solar Power Project in Rajasthan

*The proposed project will boost Coal India's pursuit of solar power generation as part of its diversification programme for clean coal energy. The project would be implemented in a phased manner.*

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# INITIATIVES BY INFRASTRUCTURE FINANCE SECRETARIAT (IFS)

## Preparations for the 2<sup>nd</sup> National Conference of Chief Secretary planned in January 2023

The second National conference of Chief Secretaries is planned to be held in January 2023. The overarching theme of the conference is 'Viksit Bharat – Reaching the Last Mile'. The theme has two pillars, with each pillar having three sub-themes, which are further organized into specific areas, each to be deliberated by a working group of about 12 States & UTs.

Infrastructure Finance Secretariat (IFS) is acting as a nodal department for coordination with States/ UTs on deliberations to chart out roadmap for the CS conference planned with the Hon'ble Prime Minister in January 2023.

IFS participated in workshops organized by the Lead State of respective working group and prepared the draft agenda notes on both the tracks of the sub-theme Infrastructure and Investments under Pillar 1 – 'Growth and Job Creation'.



*Secretary, Economic Affairs deliberating with the States/ UTs during the stakeholder workshop as run-up to 2<sup>nd</sup> CS Conference*

## IFS organized meeting with Insurance Companies & Pension Funds to boost infra investments

Infrastructure Finance Secretariat (IFS) has been deliberating with key stakeholders to discuss issues related to infrastructure financing, policy enablement and leveraging private sector participation in the sector.

Amongst all the infrastructure financing sources prevalent in India, insurance companies and pension funds are the most suitable for funding long term infrastructure assets, however their participation has not picked up in recent years.

To understand the overall investment exposure of insurance companies and domestic pension funds into the infrastructure sector, IFS organized a focused discussion with Chief Risk Officers (CRO)/ Chief Investment Officers (CIO) of insurance companies, domestic pension funds and regulators in October 2022.



*JS(IPP) conducting meeting with CRO/ CIO of insurance companies, pension funds and regulators*

## IFS conducted stakeholder discussions on issuance of India's first SrGBs

Sovereign Green Bonds (SrGBs) were introduced by the Hon'ble Finance Minister in the Budget announcement for FY 2022-23 to mobilize financial resources in green infrastructure projects. The proceeds from these bonds were envisaged to be deployed in public sector projects.

To further this initiative, Infrastructure Finance Secretariat has been involved in the process of formulating India's first Sovereign Green Bonds Framework through deliberation with the World Bank group, RBI, and other relevant ministries.

A Second Party Opinion has also been sought from CICERO, a Norway based reviewer of green bonds framework, to establish its credibility and alignment with ICMA's Green Bonds principles.

## IFS notifies IIPDF Scheme for Financial Support of Development Expenses in PPP Projects

IIPDF is a central sector scheme which will aid in development of quality PPP projects by providing necessary funding support to the project sponsoring authorities, both in the Central and State Governments, for creating a shelf of bankable and viable PPP projects to help achieve the vision of modern infrastructure for the country.

A key step in structuring quality PPP projects is to provide quality advisory/ consultancy services to the Project Sponsoring Authorities (PSAs). However, procurement of such services is a time consuming and difficult which results into delay in onboarding of appropriate Transaction Advisers (TAs) or non-optimal structuring of PPP projects.

IIPDF scheme has been notified in Nov 2022 in addition to the VGF scheme notified in Dec 2020. [Read More](#)

# INITIATIVES BY INFRASTRUCTURE FINANCE SECRETARIAT (IFS)

## IFS organized Workshop on Credit Worthiness Academy in collaboration with the World Bank Group

IFS, MoHUA and the World Bank Group jointly organized a 5-day focused workshop on creditworthiness of cities and municipal corporations with a view to create an enabling ecosystem for financing future cities of India.

Over 150 senior officials from the Central Government, State Governments and Municipal Corporations representing urban infrastructure departments participated in the workshop to deliberate on key concern areas such as policy and regulatory issues, access to capital markets, Municipal Finance management, municipal investment planning and creditworthiness improvement action planning, etc.



*JS (ISD), Infrastructure Finance Secretariat in a Panel discussion during the workshop*

## IFS organized Capacity Building workshops in collaboration with premier institutes

IFS has been organizing trainings programmes for nominated officers from Central and State government agencies in coordination with several premier institutes. The workshops, spanning over 5 days covered topics such as Project Cash Flow Modeling & Discount Rates, PPP Concepts, Project Evaluation, Project Financing, Lenders' Perspective, Developing Bidding Strategies & Viability-gap funding, amongst others. Training partners include IIMs, AJNIFM, NITIE, SP Jain, ICAI, XLRI, IIBF and NLSIU which trained more than 380 participants.



*Group photo of Participants from IIM Lucknow*



*Group photo of Participants from IIM Shillong*

## Infra Capacity Building Workshops organized with States to develop PPP ecosystem in India

IFS has been involved in providing handholding support to project sponsoring authorities both at the level of Central & State Govts. by organizing focused workshops on effective adoption of PPPs for project development.

The workshops aim at sensitizing project sponsoring authorities about provision of financial support under the VGF scheme, availability of funding to cover PPP transactions cost under the IIPDF scheme and open access to expertise of 12 Transaction Advisors, empaneled with IFS, for facilitating infrastructure project development.

IFS organized similar workshops with states of Andhra Pradesh, Telangana, Tamil Nadu, & Bihar in Nov'22.

## IFS set to participate in the 1<sup>st</sup> BRICS taskforce meeting for year 2023 under SA Presidency

The BRICS Task Force on Infrastructure and Public Private Partnerships (PPPs) was proposed during South Africa's Presidency in 2018 and since then it has been effectively providing technical reports and inputs to promote adoption of PPPs for sustainable development.

The chair of the taskforce is rotational with a tenure of one year. India chaired the BRICS taskforce in year 2021. South Africa (SA) will chair the BRICS presidency for year 2023 and IFS will be representing India in the meeting of taskforce on Infrastructure and PPPs.

The taskforce will deliberate on adoption of PPPs and other blended finance solutions, promotion of green finance and advocacy of a programmatic approach to accelerate public infrastructure development & delivery.

## STATE IN FOCUS

### Case Study on Implementation of One-City One-Operator model in Sewerage Sector



Image Sourced from Project Authority Website

<b>Project Name</b>	<b>Mathura Integrated Sewerage Infrastructure Project</b>
<b>Project Authority</b>	Uttar Pradesh Jal Nigam
<b>Project Structure</b>	Hybrid Annuity Mode – One City-One Operator
<b>Concession Period</b>	17 years (Construction: 2 years; O&M: 15 years)
<b>Project Capex</b>	INR 437.95 crore

### Project Highlights

In order to enhance sewerage treatment and management in the city of Mathura, Uttar Pradesh, the Uttar Pradesh Jal Nigam is developing an integrated sewerage management system which involves construction of new STPs and maintenance of existing infrastructure under one operator for the whole city. The project will also ensure reuse of treated sewage to reduce discharge of untreated sewage into the Ganga River. The key features of the project will include:

- Construction, operation, and maintenance of a 30-mld STP in Masani
- Development and rehabilitation of Masani Sewerage Infrastructure, upgradation and rehabilitation of the existing 6.8 mld Masani STP
- Upgradation and rehabilitation of two existing STPs (14.5 mld and 16 mld) in the Trans-Yamuna region of Mathura
- Setting up of a 20 MLD Tertiary Treatment Plant (TTP) for the supply of treated wastewater to Mathura refinery of IOCL

### Case Study for implementation of PPP model in Water Supply Improvement Project



Image Sourced from Authority's Website

<b>Project Name</b>	<b>Nangloi Water Supply Improvement Project</b>
<b>Project Type</b>	PPP – DBFOT Mode
<b>Concession Period</b>	15 (4 years for rehabilitation + 11 years of O&M)
<b>Authority</b>	Delhi Jal Board
<b>Project Cost</b>	INR 6,640 million
<b>Total Grant</b>	INR 4,180 million

### Project Highlights

The project involves improvement and revamping of the existing water supply, transmission, and distribution network under the command area of Nangloi water treatment plant to reduce losses arising from theft and gaps in existing infrastructure. Veolia Water India Pvt Ltd (51% share) and Swach Environment Private Limited (49% share) have been engaged as private sector experts for rehabilitation, operations, and maintenance of the Nangloi water supply network. The project scope includes metering, billing, and collection of monthly payments towards water usage from customers.