

# Naya Bharat Modinomics 2.0

## Business Opportunities In India During & After Covid-19

### FY 2020-24 Reformal Schemes Enablers For Atmanirbhar Make in India (Enablement - Employment - Economic Growth)

Dr E S RAO  
MD & CEO, IFCI LTD  
Chairman BOG - MDI  
25<sup>th</sup> July 2020



## BROAD ELEMENTS

Dynamic Bharat Economic Environment – Leading Emerging Economy

Good Federalism leading to Good Governance & Growth

Naya Bharat Outlook – Vision for \$5 Trillion Economy

Capital Formation & Infrastructure Creation for Economic Growth

Sector Wise Investment & Credit to Boost Growth & Employment

Re-alignment in Banking & Finance Credit Market Functioning

New Role for IFCI to be a part of \$5 Trillion Bharat

# DYNAMIC BHARAT ECONOMIC ENVIRONMENT

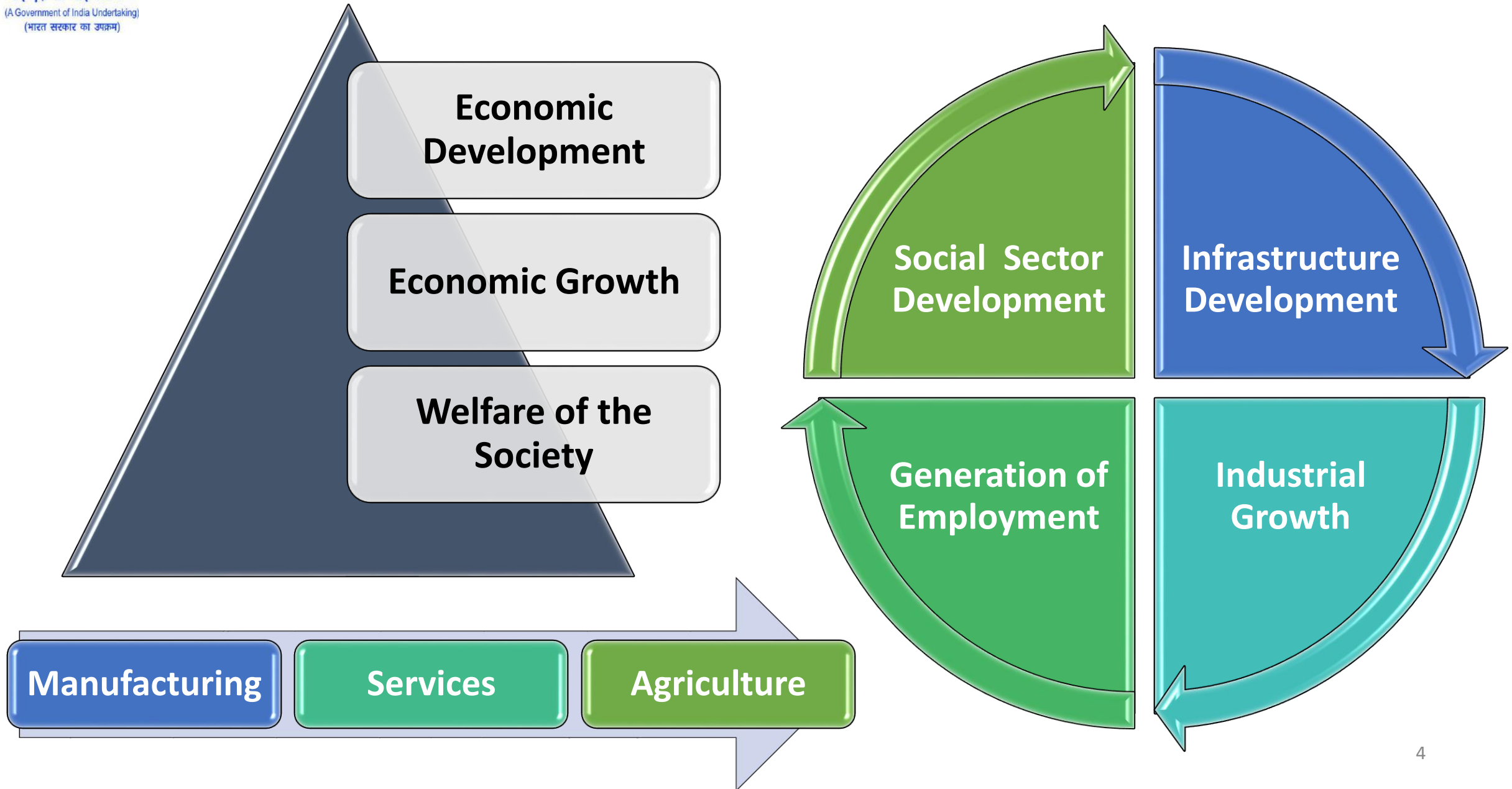
With symptoms of slowdown in some of the Developed Economies, there is a visible shift in the world economic order – **A Great Opportunity for India's gaining prominence in World Economic Growth.**

World's Growth is just around 3%, India continues to **grow at over 7% plus**. Government Expenditure, Consumption, Investment & Capital Formation and Net Exports likely to drive growth in the next 5 years.

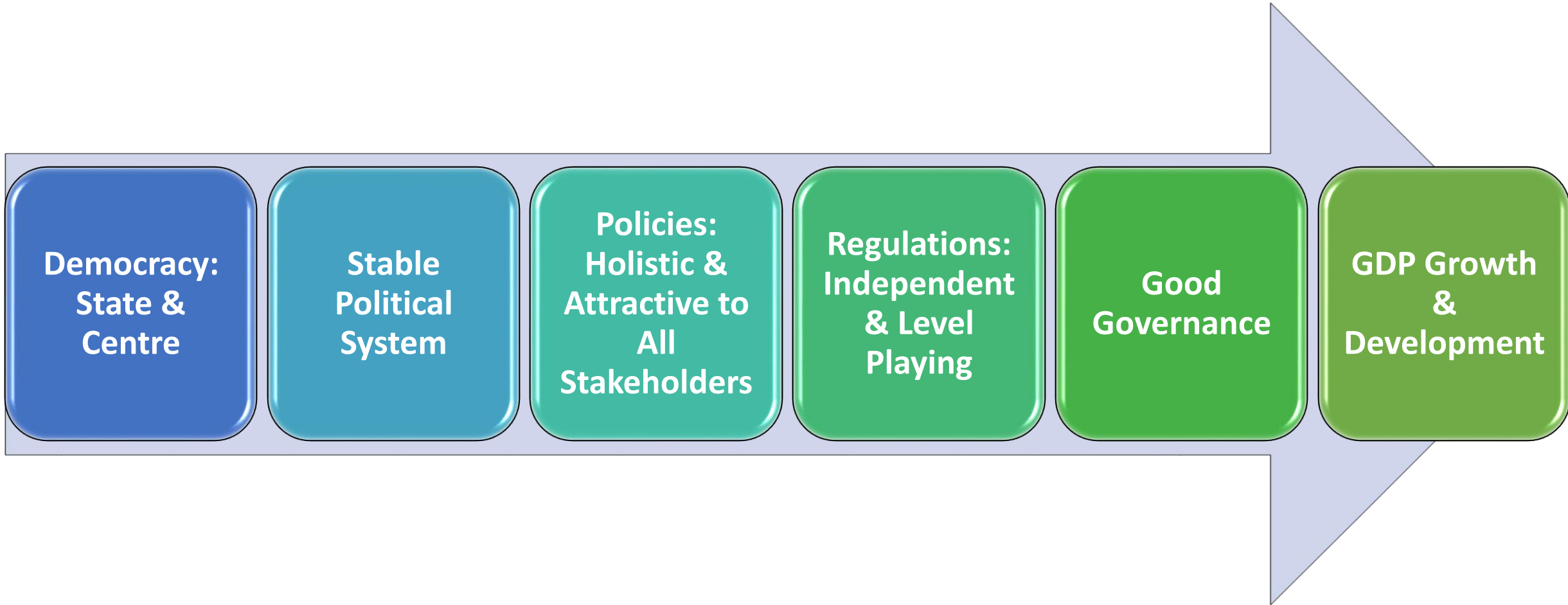
The Break Through & Strategic Policy measures of **Demonetisation and GST implementation** have created a **Transparent Financial & Trade Eco-system.**

Good Policy initiatives such as **IBBI/NCLT, Recapitalisation of Banking, Make in India, RERA** and others are likely to propel Economic Growth & Development with strong Macro-Economic Indices

# BHARAT – THE LEADING & EMERGING ECONOMY

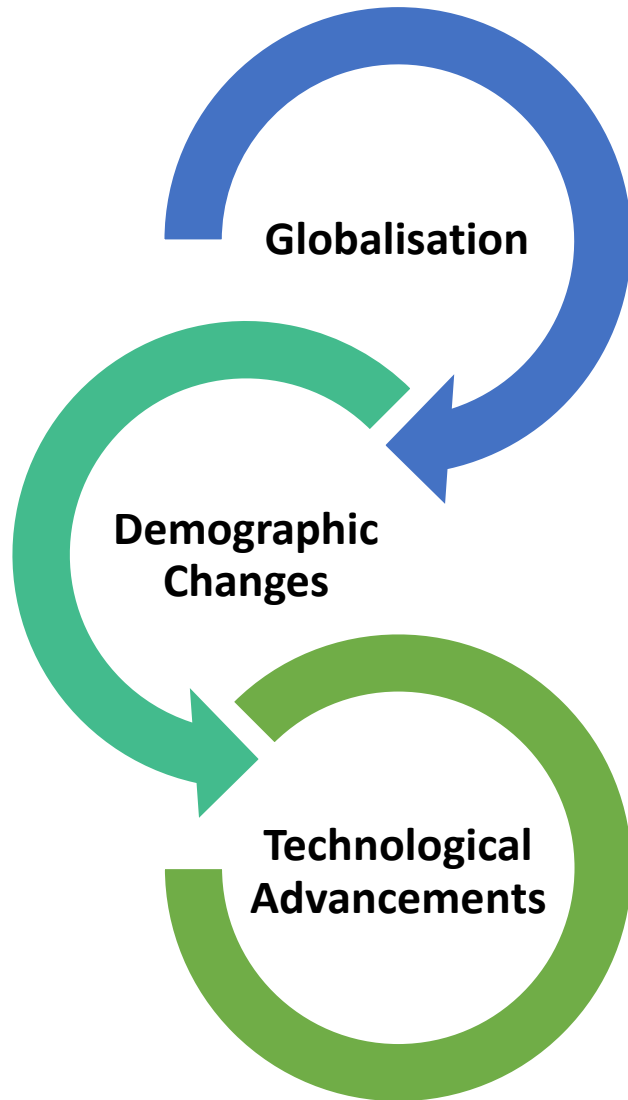


# GOOD FEDERALISM LEADING TO GOOD GOVERNANCE & GROWTH





# NAYA BHARAT OUTLOOK - THE VISION OF \$5 TRILLION ECONOMY



**NEW  
JOBS**

Effective & Implementable Policies & Regulations to catalyse GDP and Employment for creation of New Variety of Low and Middle income jobs in Tier II, Tier III and Rural towns



**SKILLS**

LOADING ...

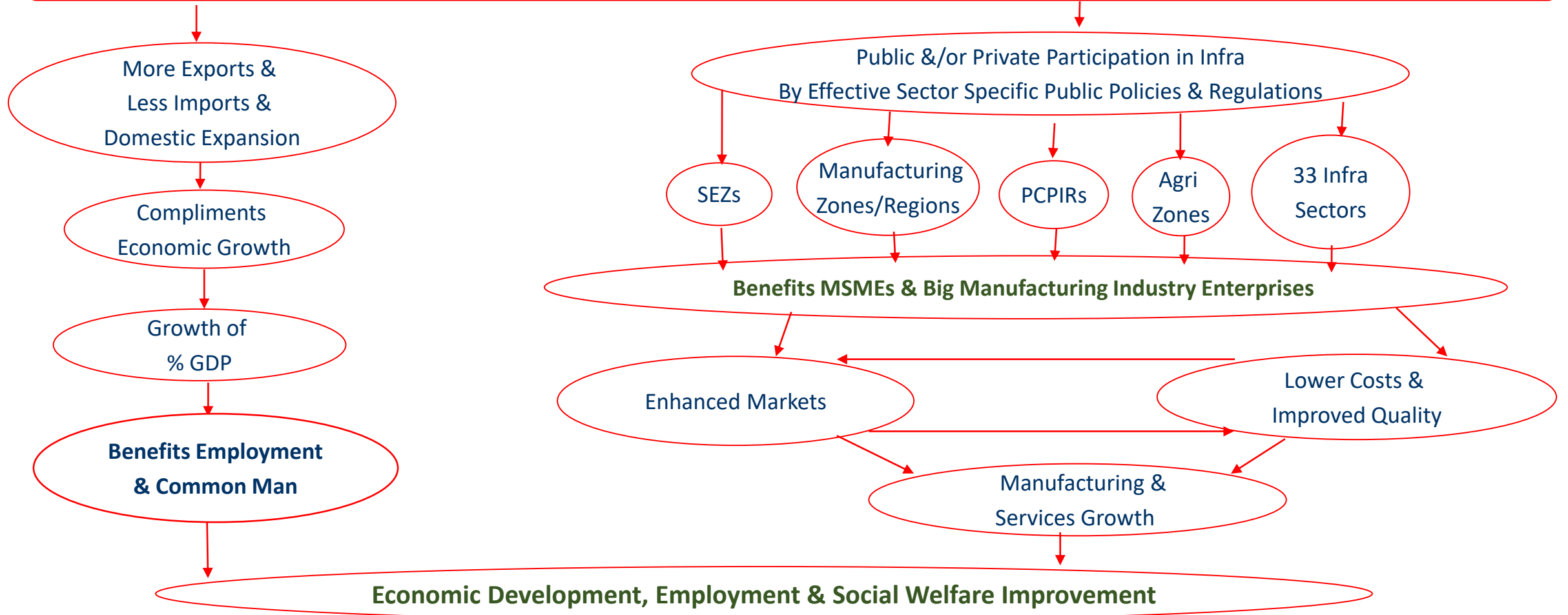
Enhanced focus on Skill Development needed in areas of Automobiles, Textiles, Real Estate, E-commerce & Retail, Healthcare, Electronics, Logistics, Agri & Food Processing , IT, Data Analytics & Artificial Intelligence Sectors to strengthen the MSME & Agri industry



Opportunities to be tapped by laying thrust on Sustainable & Viable Infrastructure to Grow - Manufacturing, MSME, Agriculture & Food Processing, E-Commerce leading to new Low & Middle income jobs with above skill development

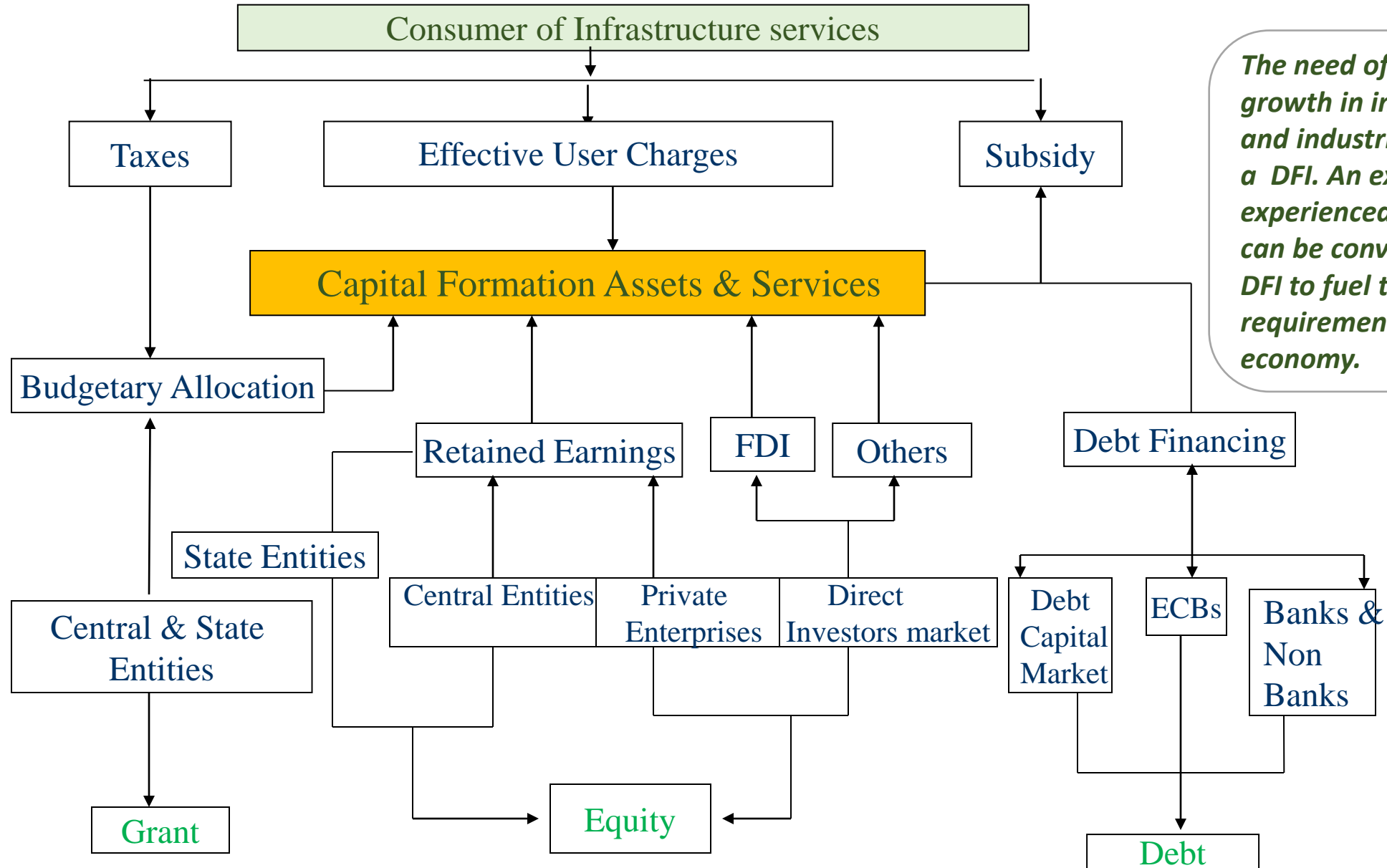
# INDIAN INFRASTRUCTURE & INDUSTRY ECOSYSTEM NETWORK

## INTEGRATED INDIAN INFRA & INDUSTRY ECO-SYSTEM FOR DEVELOPMENT & GROWTH



**IMPACT : Lower CAD, Employment Creation, Capital Formation, Cheaper & Quality Products & Services , Boosting Consumption**

# CAPITAL FORMATION AND INFRASTRUCTURE FINANCING NETWORK FOR ECONOMIC GROWTH & EMPLOYMENT GENERATION



*The need of the hour is growth in infrastructure and industries – we need a DFI. An existing, experienced FI like IFCI can be converted into a DFI to fuel the requirements of the economy.*



# PUBLIC & PRIVATE INVESTMENT & CREDIT CHANNELISATION TO BOOST ECONOMY & EMPLOYMENT

S. No	SECTOR	CAPACITY	SUPPORT NEEDED	LIKELY POSITIVE IMPACT
1	<b>INLAND WATERWAYS</b>	116 Waterways by Act	<ul style="list-style-type: none"> <li>➤ Quick Formation of various SPVs (PPP &amp; non PPP) needed</li> <li>➤ Timely Funds Channelization by FI's &amp; Banks</li> </ul>	<ul style="list-style-type: none"> <li>➤ Cheap Transport, Hazard &amp; Heavy items transport, pollution control</li> <li>➤ Water Tourism</li> <li>➤ Employment – Semi skilled &amp; Skilled</li> </ul>
2	<b>PORTS</b>	12 Major, over 200 Minor – Coastline of over 7500 km	<ul style="list-style-type: none"> <li>➤ Good &amp; Level Playing regulations are needed between Major and Minor Ports for supporting the Maritime &amp; Hinterland Economic Growth</li> </ul>	<ul style="list-style-type: none"> <li>➤ More Warehouses and Dry ports</li> <li>➤ Employment -Semi skilled &amp; skilled</li> </ul>
3	<b>ROADS</b>	4.3 Million Km Road Network	<ul style="list-style-type: none"> <li>➤ More Long Term Finance from NIIF, IIFCL,IFCI, IDF's and AIF's needed to infuse long term Debt, Sub Debt and Structured Debt</li> </ul>	<ul style="list-style-type: none"> <li>➤ Low End Job Employment Creation,</li> <li>➤ IT employment</li> <li>➤ Tourism</li> </ul>
4	<b>SMART Cities &amp; Urban Local Bodies</b>	100 cities	<ul style="list-style-type: none"> <li>➤ Quick formation of viable specialised SPVs to give Smart City Services to citizens</li> <li>➤ Finance by Municipal Bonds, Special Funds, Support of State Government and Rating Agencies</li> <li>➤ A Separate Urban Development &amp; Smart City Fund (like PMDO ) may be created to support the SMART Cities Mission &amp; ULB's Services</li> </ul>	<ul style="list-style-type: none"> <li>➤ 8 Sub Sectors of ULBs: Water, Roads Mgmt, Communication, Sewerage, electricity, waste management, IT &amp; G-C ecommerce services,</li> <li>➤ Employment creation in Smart Cities &amp; ULB's</li> <li>➤ Reduce Citizens Migration from Tier II &amp; III and Rural towns and cities</li> </ul>

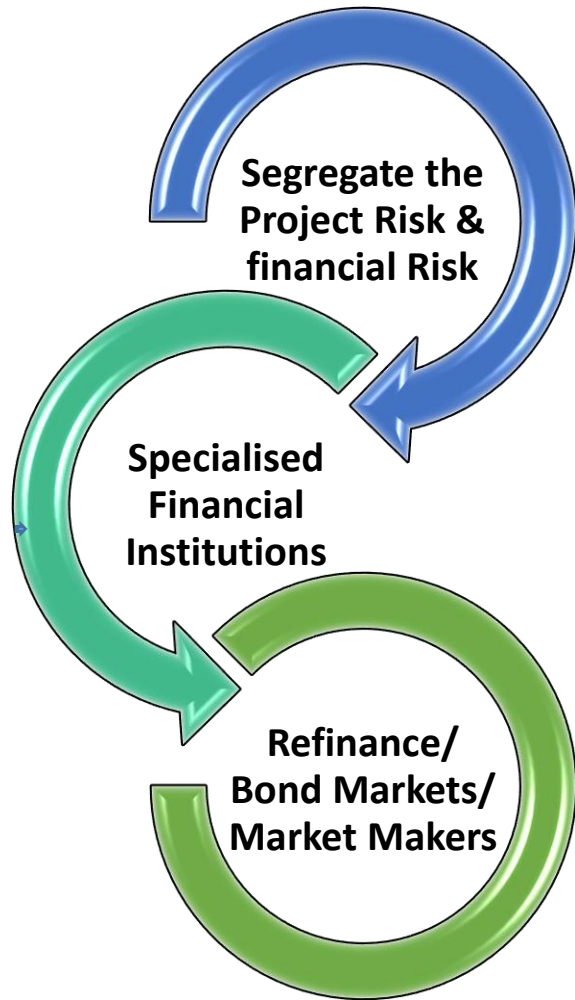
# PUBLIC & PRIVATE INVESTMENT & CREDIT CHANNELISATION TO BOOST ECONOMY & EMPLOYMENT

S. No.	SECTOR	CAPACITY	SUPPORT NEEDED	LIKELY IMPACT
5	<b>Logistics, Retail and e-commerce</b>	Around 5-10 million tonnes of storage space for perishable and non-perishable goods and food	<ul style="list-style-type: none"> <li>➤ Quick approvals and consents needed to enhance the Storage and Logistics Services</li> <li>➤ Identification of Warehousing Services – PPP and non PPP mode</li> <li>➤ To enhance the Ware house and other Infrastructure to reduce the Food &amp; Horticulture Wastage and Prices</li> </ul>	<ul style="list-style-type: none"> <li>➤ Cheaper Services &amp; Products</li> <li>➤ Reduced Food, horticulture &amp; Agricultural wastage to be reduced to single digit</li> <li>➤ Food inflation can be controlled</li> <li>➤ Low, Medium and High end employment will be created</li> <li>➤ More cold storage, warehousing – providing support to E&amp;M commerce</li> <li>➤ Local Transport Services improvement</li> </ul>
6	<b>Agri &amp; Food Processing</b>	Food Parks	<ul style="list-style-type: none"> <li>➤ Growth of Food Parks Infrastructure to create more Food Processing Units</li> <li>➤ Sustainability of the Food Parks with both State &amp; Centre Cooperation</li> </ul>	<ul style="list-style-type: none"> <li>➤ Tier II, &amp; III towns &amp; Rural Employment</li> <li>➤ Support for Farmers prices</li> <li>➤ Minimisation wastage of Food and Perishable Horticulture</li> </ul>
7	<b>Steel &amp; Cement</b>	Steel 110 Mn Tonne and Cement 450 Mn Tonne	<ul style="list-style-type: none"> <li>➤ Major push is needed for Steel for Integrated and Non Integrated Plants by providing adequate Working Capital by Banks to support and make them sustainable</li> </ul>	<ul style="list-style-type: none"> <li>➤ In Infrastructure projects, 40-60% of BOP is Construction and use of Steel &amp; Cement for growth</li> <li>➤ Low middle level employment will grow</li> </ul>

# PUBLIC & PRIVATE INVESTMENT & CREDIT CHANNELISATION TO BOOST ECONOMY & EMPLOYMENT

S. No.	SECTOR	CAPACITY	SUPPORT NEEDED	LIKELY IMPACT
8	<b>Telecom , Broadband and Media</b>	<ul style="list-style-type: none"> <li>➤ 1100 Mn Mobiles</li> <li>➤ 25 Mn Wireline</li> <li>➤ 400 Mn Broadband and</li> <li>➤ 120 Mn CTV &amp; DTH</li> </ul>	<ul style="list-style-type: none"> <li>➤ Holistic Public Policy design needed for the <b>Spectrum Pricing to have Sustainable Services at Affordable Prices</b></li> <li>➤ Level Playing Regulation for operators for offering triple play services along with <b>3<sup>rd</sup> party Service and Content providers</b></li> <li>➤ <b>Minimisation of overall Taxation &amp; Levies</b> to Telecom Operators to provide affordable services to the common man</li> <li>➤ More Long Term Finance from NIIF, IIFCL, IFCI, IDF's and AIF's needed to <b>infuse long term Debt, Sub Debt and Structured Debt</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ Unification of all Digital Services on a single wire or on a single wave</li> <li>➤ Growth of Electronics, IT &amp; Cyber Security</li> <li>➤ <b>Another 1 lakh towers to be added to meet the requirements of 4G &amp; 5G</b></li> <li>➤ More OFCs connectivity to Towers and IOT devices</li> <li>➤ With 4G &amp; 5G huge Job Employment will come at Middle and Upper Levels in <b>Health, Sports, Media and other Industries</b></li> <li>➤ <b>Data Analytics and AI Jobs will be created</b></li> </ul>
9	<b>Electronics , Solar &amp; LEDs</b>	<ul style="list-style-type: none"> <li>➤ Current Capacity has to be augmented for Manufacturing and R&amp;D Capacities Solar, LED's and Li Battery and Inverters.</li> <li>➤ Indigenisation and capacity ramp up</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Technological and Funding Support needed for LED &amp; Micro LED</b> for indigenous lighting and entertainment purposes</li> <li>➤ <b>EV's, Lithium Batteries, BMS manufacturing capacity to be created</b></li> <li>➤ <b>Atleast 5 big units with 20 GW capacity each for lithium batteries manufacturing capacity needed in India</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ Medium and High income Employment</li> <li>➤ Demand side Power consumption reduction and <b>electricity generation optimised in the country</b></li> <li>➤ Increases <b>exports of BMS and Li batteries, Micro LEDs and likely capture 30% market share of the world</b></li> <li>➤ <b>Reduction in oil imports and low CAD</b></li> </ul>
10	<b>Airports</b>	100 airports	<ul style="list-style-type: none"> <li>➤ Need for Airport Logistic &amp; Aeropolis (mini-industrial township) Development</li> <li>➤ More Long Term Finance from NIIF, IIFCL, IFCI, IDF's and AIF's needed to <b>infuse long term Debt, Sub Debt and Structured Debt</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ Creation of employment – all levels</li> <li>➤ Support to other growing sectors - logistics, tourism, Convention Centres and Hotels</li> </ul>

# NEED FOR RE-ALIGNMENT OF BANKING & FINANCE CREDIT MARKET TO MEET THE \$5 TRILLION ECONOMY



1. Infra & Industry Project Funding a major source of NPA for banks
2. Encourage Banks to take exposure in Operational Projects & provide working capital during Construction



Infra & industry Project Funding through Specialised Financial Institutions like IFCI, IDFs, AIFs, NIIF, IIFCL, EXIM Bank - Exit through Bond Market



Development of Bond Market & Equity Market for Refinancing  
Market Making of Bond Market – To grow depth and breadth of the market through a dedicated FI

Transition towards Sustainable Banking & Finance System



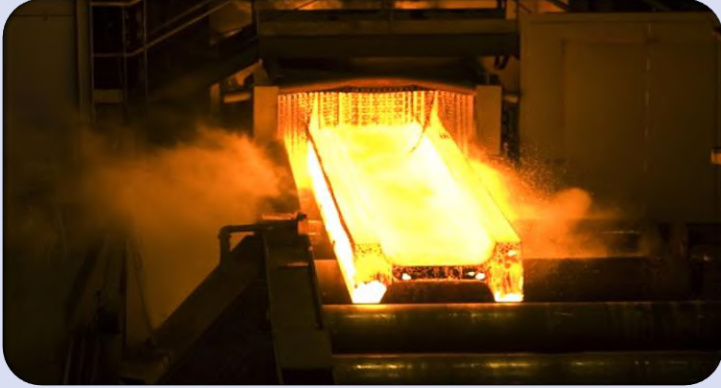
***IN DEVELOPMENT OF THE NATION SINCE 1948***

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# Partnered in Indian Economic Growth Story – Industry & Infrastructure

(Followed 60 years of 12 Five Year Economic Plans of India and following the Present Economic Plans)



**Core Manufacturing**

- Steel & Alloys
- Petrochemical
- Cement
- Capital Goods
- Light & Heavy Engineering
- Electrical Machines
- Electronics



**Agriculture & Other Traditional**

- Textiles
- Sugar
- Paper
- Fertilizer
- Food Processing
- Chemical
- Pharma



**Infrastructure & Service**

- Power Sector
- Road Sector
- Port Sector
- Telecom Sector
- Shipping & Airports
- Hospitals
- Tourism & Hospitality

# **NAYA BHARAT NEEDS A DFI**

**DFI A BRIDGE FOR SUSTAINABLE DEVELOPMENT FINANCING OF INFRASTRUCTURE  
(A KEY ENABLER OF NIP FOR ATMANIRBHAR MAKE IN INDIA & ECONOMIC GROWTH)**



**Dr E S Rao**

**MD & CEO, IFCI Limited**

**July 2020**

# HON'BLE PRIME MINISTER'S VISION – 5 PILLARS

## DFI & FI'S ROLE

### ECONOMY

- A DFI along with FI's to be a partner & catalyst for Inclusive (Rural & Urban) Economic Growth by enhancing 3 components of GDP - Industry, Services and Agri Sectors

### INFRASTRUCTURE

- A strong DFI with capabilities to Design, Develop and Financing of Infrastructure & Core Industry Sectors from Physical to Digital 5G with sector specific conducive Infra Policies & Regulations

### SYSTEMS

- Along with DFI and other FI's an Institutional Framework Mechanism & Management System to be laid down in line with the Regulations

### VIBRANT DEMOGRAPHY

- DFI & FI's to facilitate for provision & provide the Infra services with inclusiveness across the country

### DEMAND

- To ensure a Affordable, Accessible and Quality of Service to create Elasticity of Demand is created for the Infra services and shall be used by citizens of India



As a series of measures to revive the economic growth Union Finance Minister Smt Nirmala Sitharaman announced to establish a DFI for addressing the country's infrastructure financing needs.

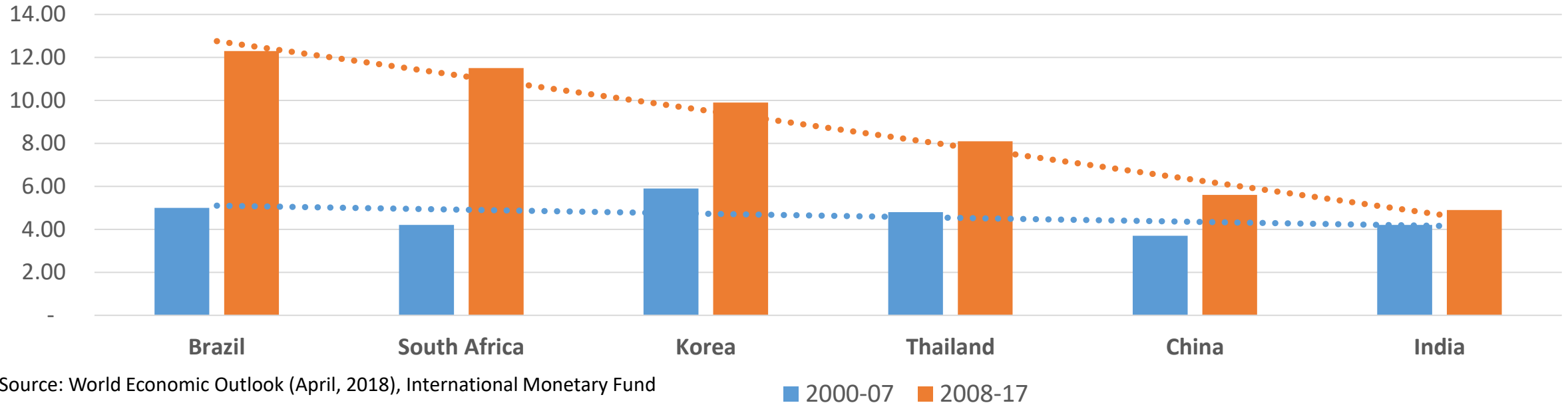
She said,

*“In order to improve access to long-term finance, it is proposed to establish an organization to provide credit enhancement for infrastructure and housing project, particularly in the context of India now not having a **Development Bank** and also for the need for us to have a institutional mechanism. So this will enhance debt flow towards such projects “*

Subsequently in Dec 2019 GoI announced Five year estimation of Rs 102 Lakh Crores NIP and revised NIP estimated at Rs 111 Lakh Crores

# INDIA v/s OTHER EMERGING ECONOMIES - CAPITAL to GROWTH

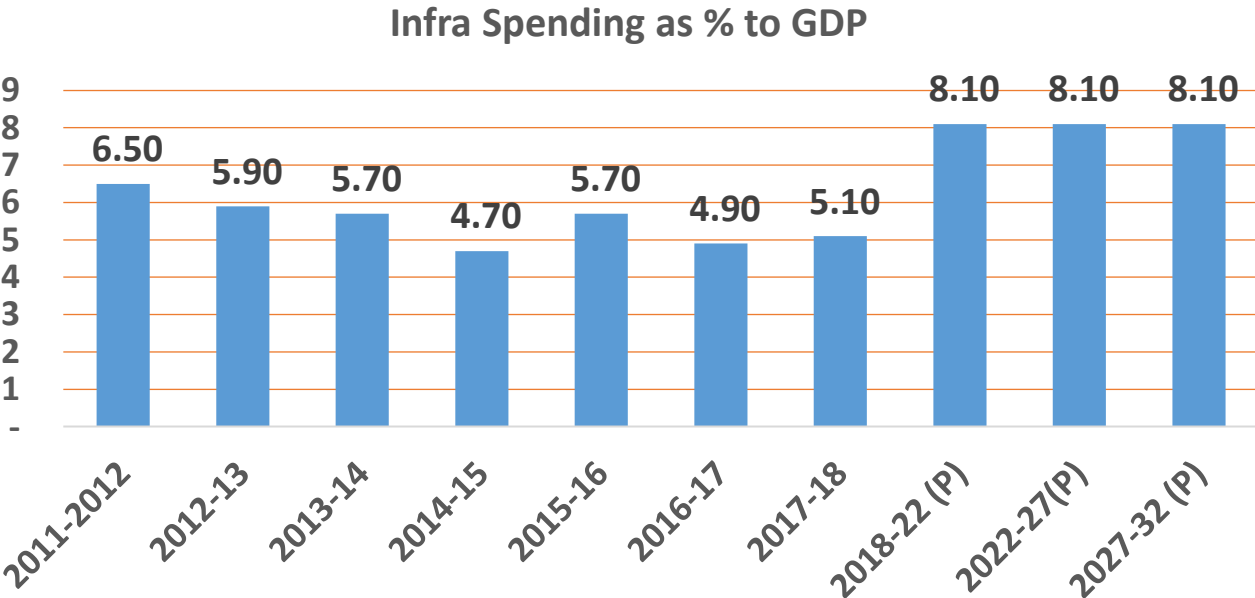
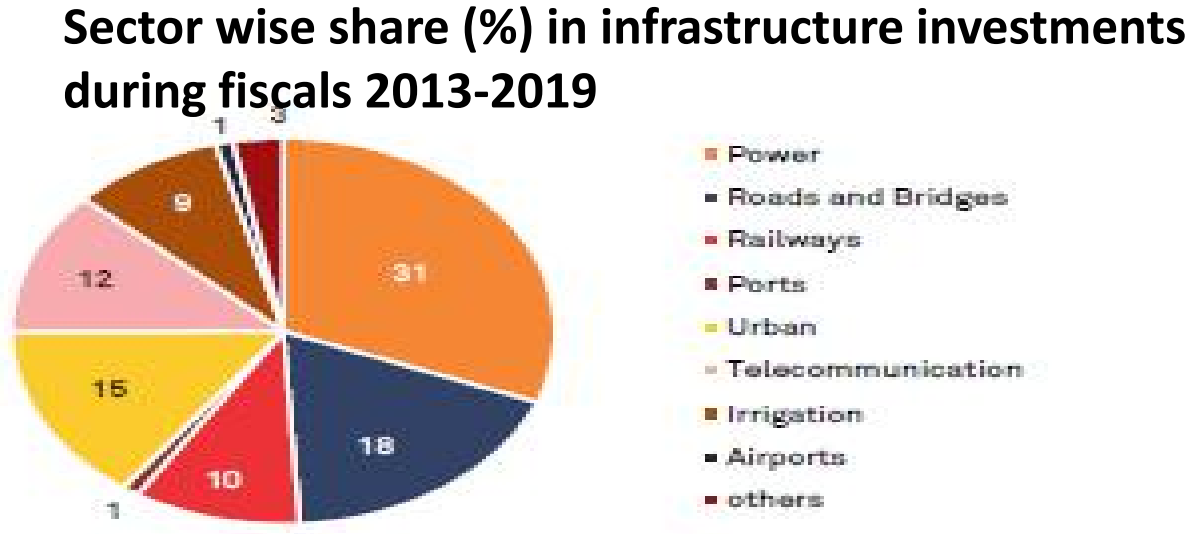
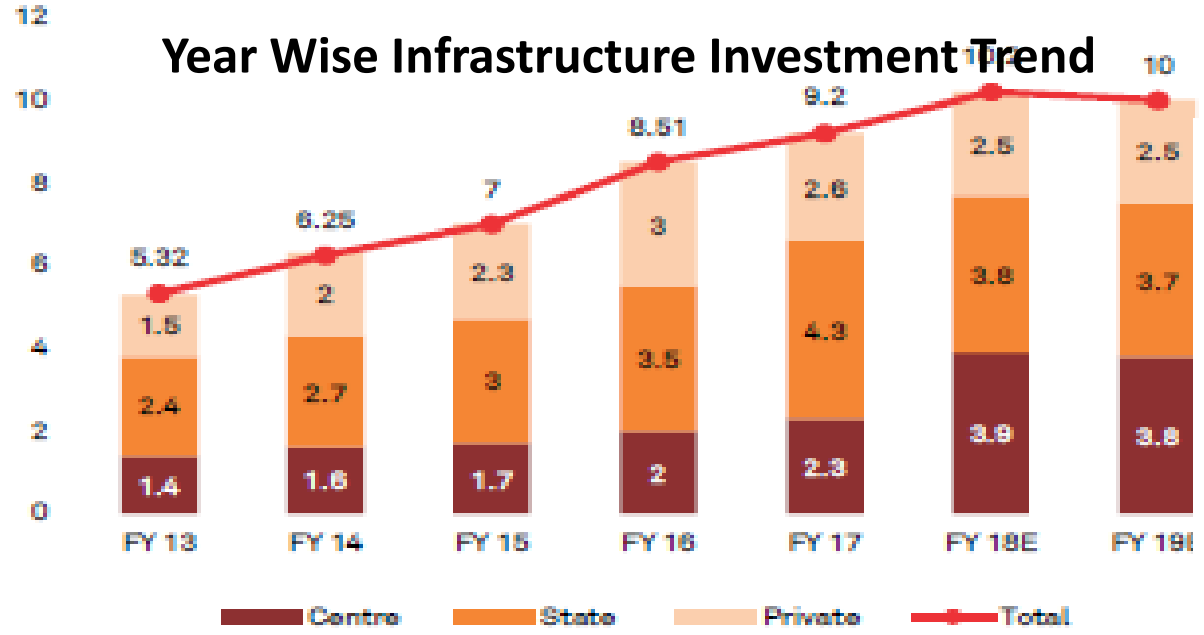
Incremental Capital to Output Ratio (ICOR)



- ❑ The Indian economy has witnessed low capital infusion in comparison to other emerging economies. The Incremental Capital to Output Ratio is on the lower side and also rate of growth of ICOR is lowest amongst the emerging economies under comparison.
- ❑ A DFI can successfully channelize the investments and household savings to propel the **‘investment driven growth’** conceptualised in the **Economic Survey, 2019**.



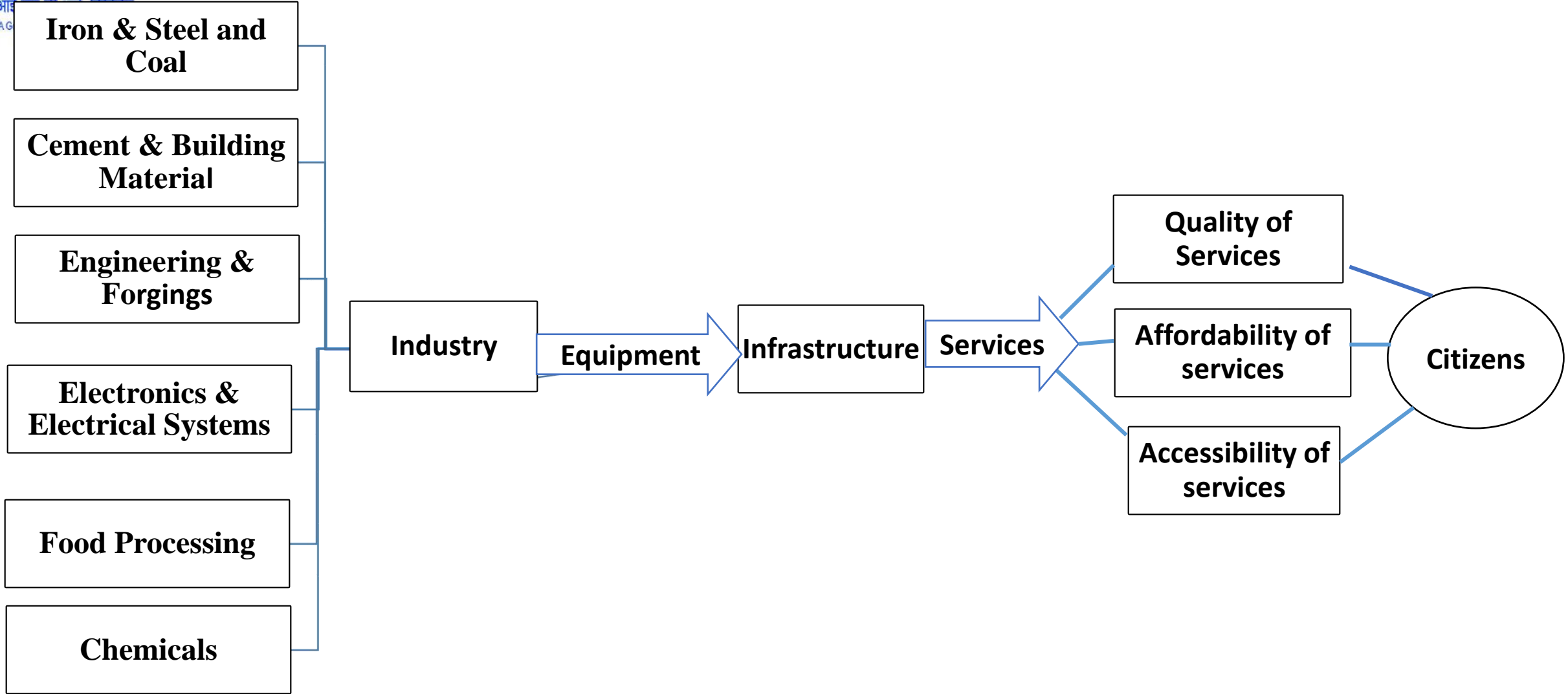
# FCI INFRASTRUCTURE INVESTMENT PATTERN & SEGMENTS IN INDIA



Source: Appraisal documents for five-year plans, CRIS estimates (Investments mentioned are at current prices)

- Power, roads and bridges, telecommunications, railways, irrigation and urban accounted for ~85% of the infrastructure investment in India during FY 2013-2019.
- The Centre and states are the major funding sources for sectors such as power and roads and bridges, with moderate participation from the private sector.

Source: National Accounts Statistics, 2018; National Transport Development Policy Committee (2014)



**KEY FOR ACHIEVING  
US\$ 5 TRILLION ECONOMY AND MAKE IN INDIA**

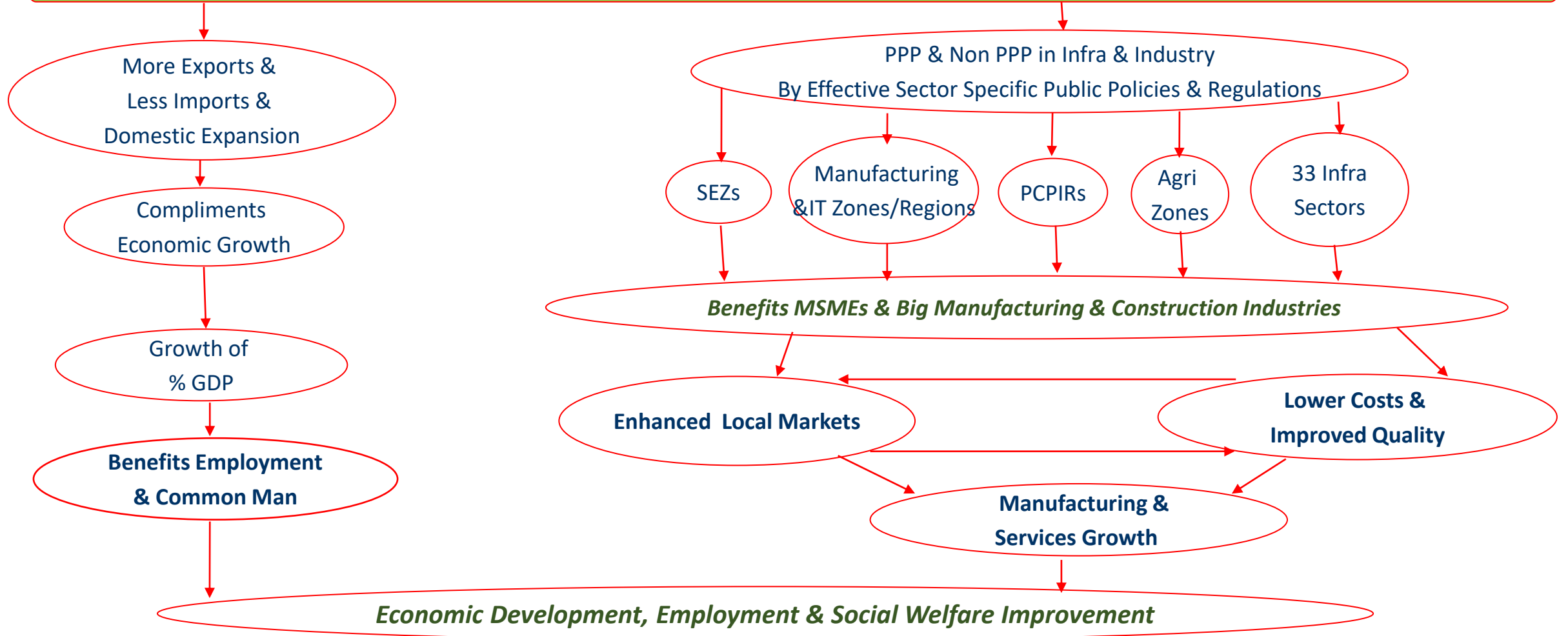


**DEVELOPMENT & FINANCING OF INTEGRATED  
INFRA & CORE INDUSTRY SECTORS**



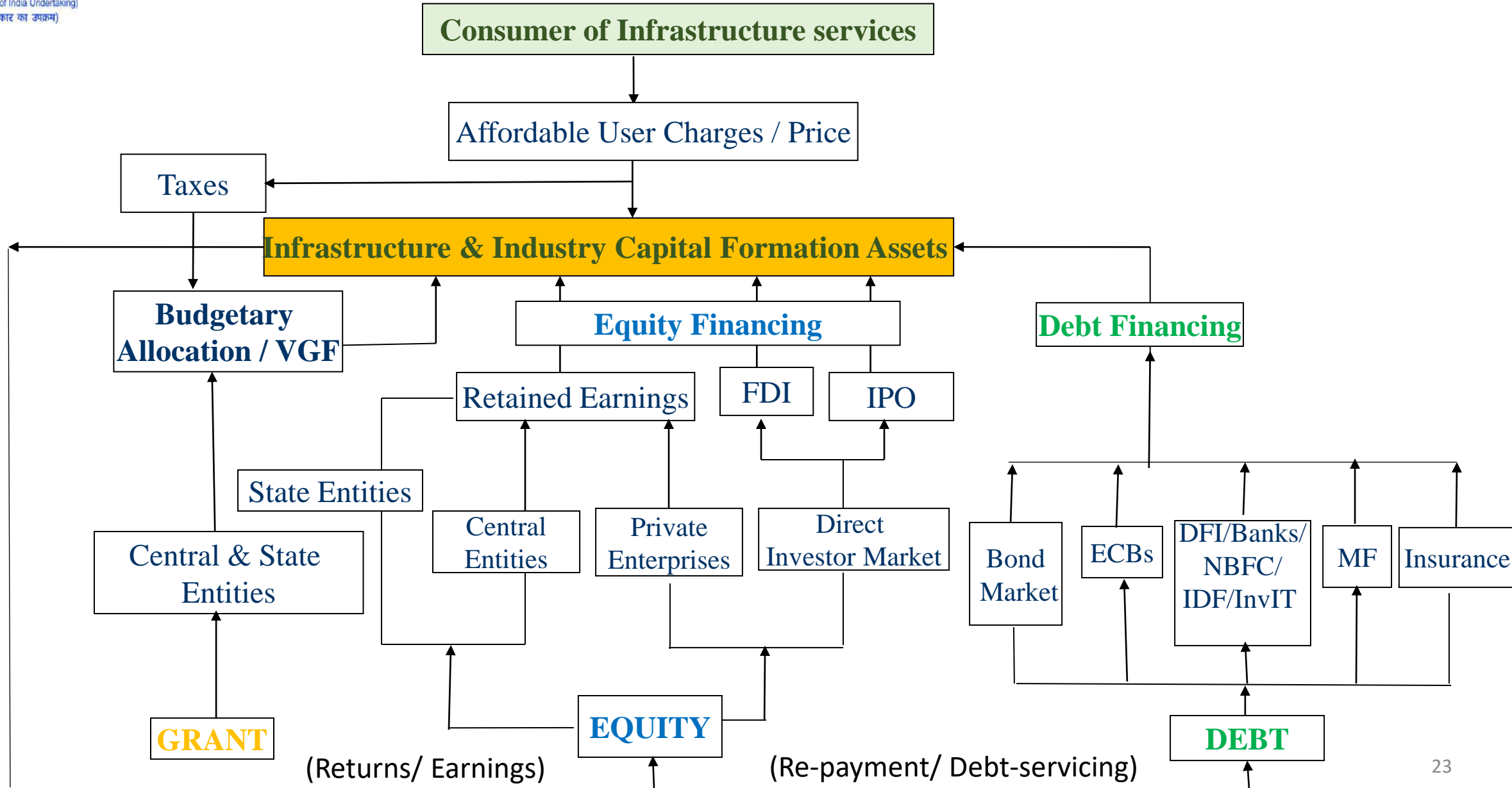
**A NEED FOR REVIVAL OF  
DEVELOPMENT FINANCIAL INSTITUTIONS**

## INTEGRATED INDIAN INFRA & INDUSTRY ECO-SYSTEM FOR DEVELOPMENT & GROWTH



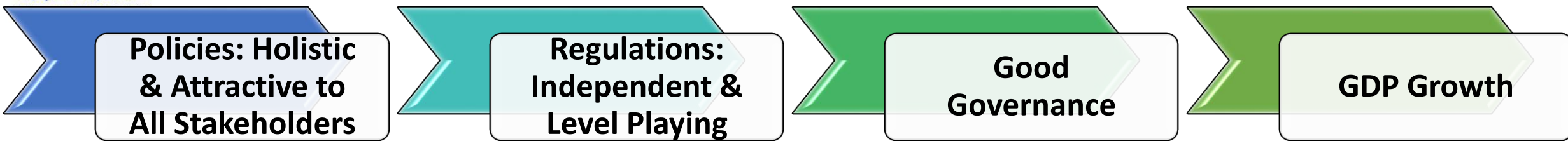
**IMPACT : Capital Formation, Employment Creation, Cheaper & Quality Products & Services , Boosting Consumption, Lowers CAD**

# INFRASTRUCTURE & INDUSTRY FINANCING NETWORK = CAPITAL FORMATION





# SECTOR SPECIFIC POLICIES & REGULATIONS FOR SUSTAINABLE GROWTH



**Effective Infrastructure Policies & Regulations = Leading To Sustainable DFI**

	E-Commerce & Logistics	Telecom	Ports	Roads	Airlines	Airports	Power	Urban Infra	Social Infra
<b>Competition</b>	●	●	●	●	●	●	●	●	◐
<b>Private Participation</b>	●	●	●	●	●	◐	●	◐	◐
<b>Effective Regulation</b>	◐	◐	◐	●	◐	◐	◐	◐	◐
<b>Policy</b>	◐	●	◐	●	●	◐	◐	●	◐
<b>Taxation</b>	◐	◐	◐	◐	◐	◐	◐	◐	◐
<b>Legal</b>	◐	◐	◐	◐	◐	◐	◐	◐	◐

● HIGH  
○ LOW

# 21<sup>ST</sup> CENTURY SKILLED HUMAN RESOURCES & TECHNOLOGY FOR VISION & MISSION OF MAKE IN INDIA : POST COVID-19

## TECHNOLOGY

- Use Effectively the Digital Technologies to provide the Citizens with all Infra Services and Industry Products at affordable prices and accessibility of health care and other urban & rural infra services.
- Make use of **2/3/4 G** digital communication with **IOT** devices eco-system to connect services & products to enhance productivity and quality of services
- Effective IT platforms & applications using **AI & Deep Machine Learning** for making the good policies & regulations
- Digital Technology & AI to be used to enhance the Services & Products productivity but **not to REPLACE** Human Resources

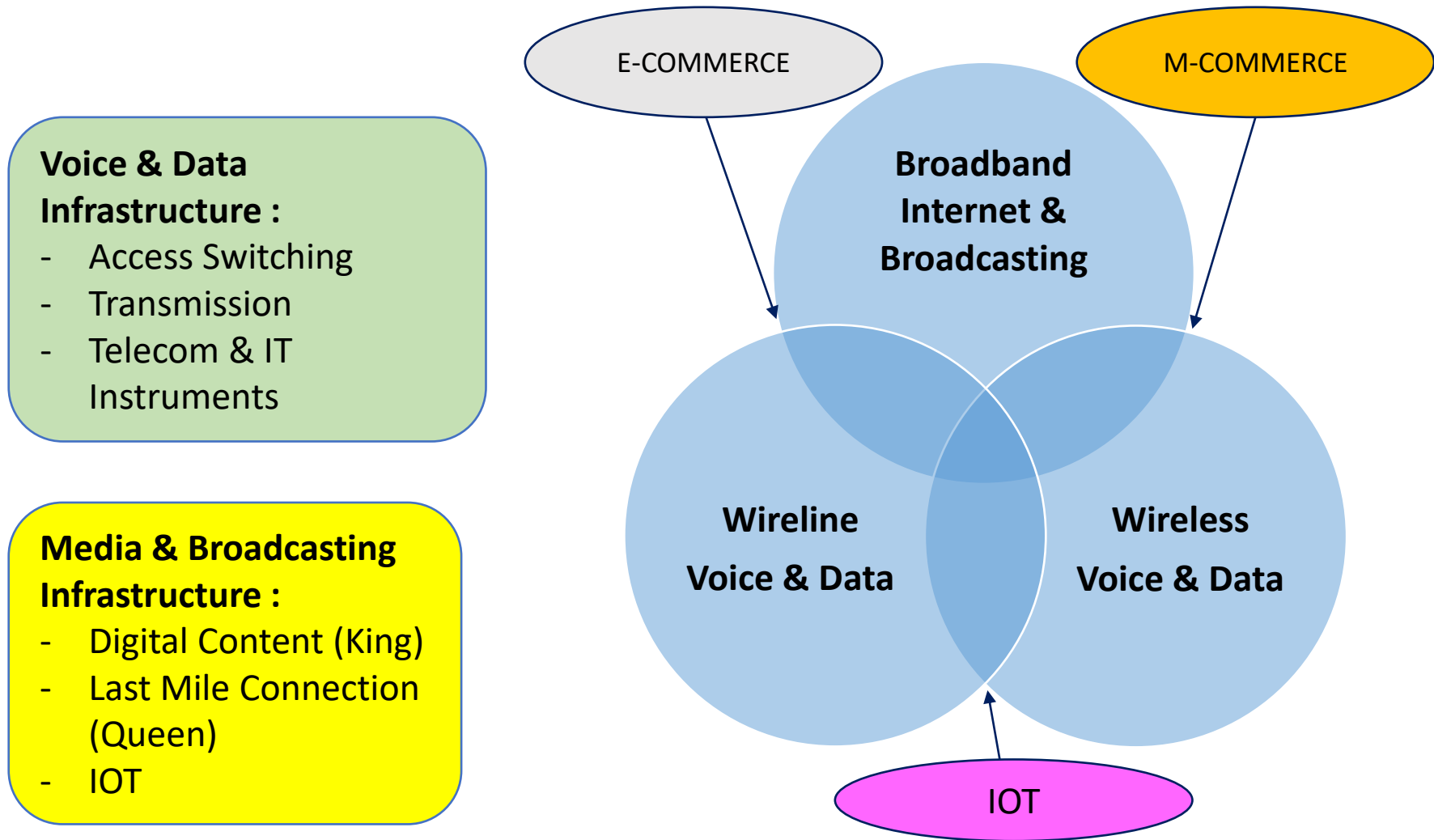
## SKILLS & TALENT

- Re-imaging & Re-engineering of **Skill Development programmes for men and women** to meet the new mixed public & private participated economy. More woman to be encouraged & trained in the rural and primary level of economy.
- Skill Development & Talent programmes re-designed to meet the Post Covid-19 Make In India new order of life
- Have more Skill Development Centres in Rural and Sub-Urban areas to have more inclusive participation by all

## STANDARDS

- Move fast to implement **Industry 4.0** standards to effectively use Digital Technologies for Smart Infra and Industry
- The New Industry 4.0 Standards with 4&5G, IoT's with AI and Machine Learning enhances the exports & domestic requirements with given effective policies and regulations

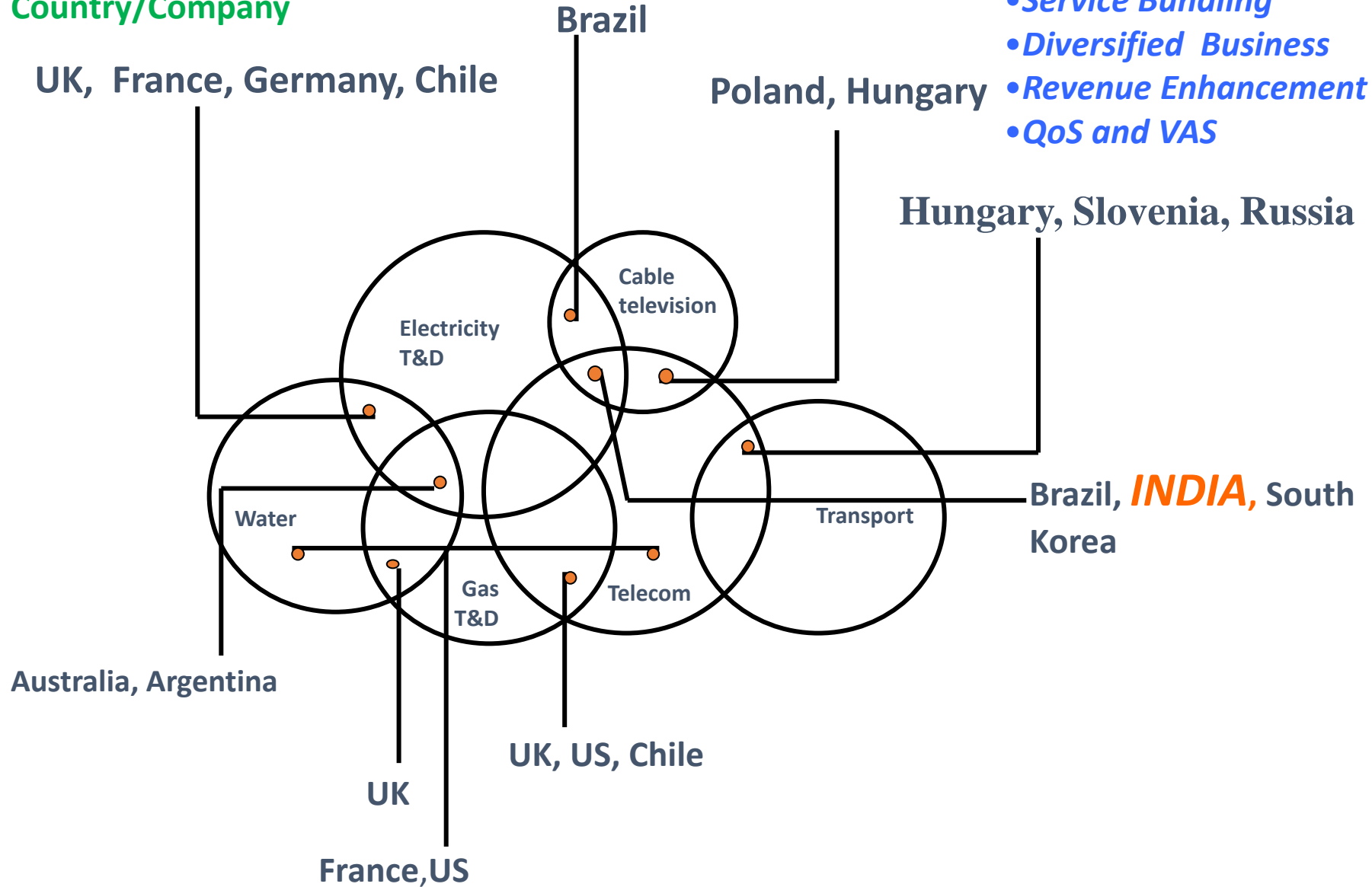
## TELECOM SERVICES CONVERGENCE & NEW DIGITAL BUSINESSES



The Telecom will compliment businesses opportunities in E&M-Commerce, Media, Logistics, Banking and AI in a big way in the next 5 years in India

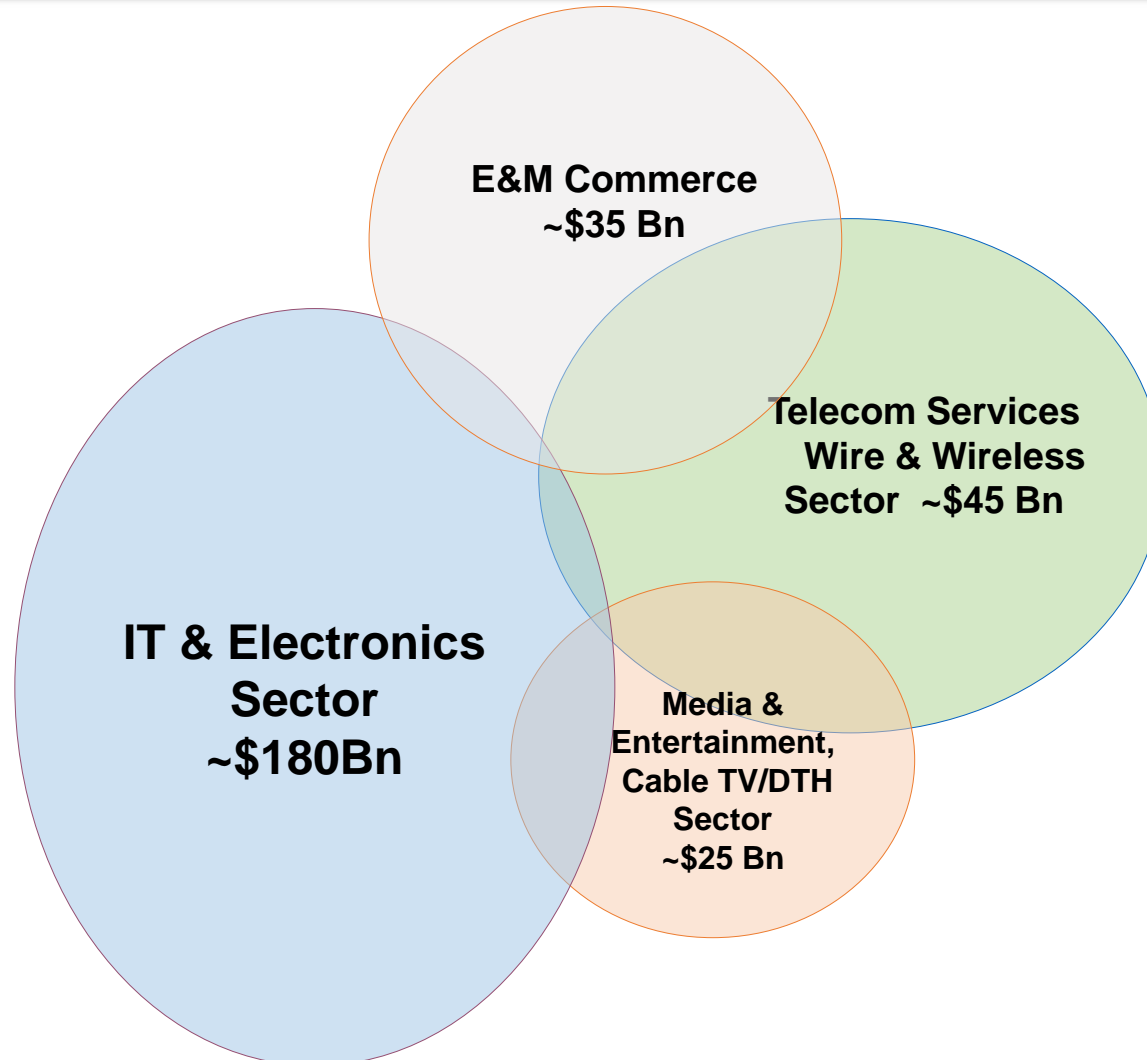
# M&A LEADING TO HOMOGENEOUS & HETEROGENEOUS CONVERGENCE

## Country/Company



- *Service Bundling*
- *Diversified Business*
- *Revenue Enhancement*
- *QoS and VAS*

## RELATED INDUSTRY CONVERGENCE IN 2018



***Convergence Leading the World to a Global Village***



# INDIA'S LEADERS ON DIGITAL INDIA



**Shri Narendra Modi**  
*Hon'ble Prime Minister of India*

*“Digital India is an enterprise for India’s transformation on a scale that is perhaps unmatched in human history.”*

*“Digital India is more for the poor and the underprivileged. It aims to bridge the gap between the digital haves and have-nots by using technology for the citizen.”*



**Shri Ravi Shankar Prasad**  
*Hon'ble Union Minister for Electronics and IT  
& Law and Justice*

# INDUSTRY LEADERS ON DIGITAL INDIA



*“The new trifecta of a bank account, digital identity and smartphone for everyone will drive economic change.”*

**Nandan Nilekani**  
*Co-founder of Infosys &  
First Chairman of UIDAI*



**Satya Nadella**  
*CEO, Microsoft*

*“Everything that’s happening in marketing is digitised. Everything that’s happening in finance is digitised. So Pretty much every function in every industry, has a huge element that’s driven by information technology. Its no longer discreet.”*



*“We’ve learned that that when we solve for a place like India, we solve for everyone around the world. #DigitalUnlocked”*

**Sundar Pichai**  
*CEO, Google*