Editorial

The pandemic induced uncertainties have resulted in frequent changes in short-term growth projections of the Indian economy in the recent times. Nevertheless, outlook for medium-term growth prospects remains bright anchored on the clean-up of financial sector balance sheets, corporates start to leverage for funding capex, leading to growth along with gains from structural policy reforms such as Goods and Services Tax and Insolvency and Bankruptcy Code, 2016. Capacity utilisation is expected to catch up along with higher growth, resulting in an improvement in the investment cycle.

It is a no-brainer that infrastructure development is a critical factor for providing improved growth prospects. Therefore, creating new and upgrading existing infrastructure will be critical to improve India's global competitiveness. Infrastructure development being labour-intensive, leads to increase in employment opportunities. Furthermore, strong backward linkages of infrastructure development with other labour-intensive sectors of the economy such as steel and cement, fuels the domestic demand. All of this together could lead to a virtuous cycle of higher investments, growth and employment generation in the economy. The National Infrastructure Pipeline (NIP) is a step in that direction.

The NIP envisages investing Rs. 100 trillion on infrastructure projects across various States during the five years up to 2025. It promotes collaborations and joint ventures with strong global infrastructure developers. The *PM Gati-Shakti* initiative will provide the much needed administrative imperative on the infrastructure sector which is expected to hasten the pace of implementation. Nevertheless, financing infrastructure projects continues to remain the most difficult aspect to tackle with. Infrastructure projects under NIP will receive an equal share of contribution in terms of capital expenditure from the Centre and States of 39% each while Private Sector share being 22%.

Against this backdrop, the Government of India has recently launched a four-year National Monetisation Pipeline (NMP) worth an estimated Rs. 6 trillion, with an aim to unlock value in brownfield projects by engaging the private sector. The NMP will run co-terminus with the NIP and the estimated amount to be raised through monetization will be around 15% of the proposed outlay of the Central Government for NIP.

Broadly, asset monetization involves creation of new sources of revenue by unlocking of value of hitherto unutilized or underutilized public assets. Asset recycling and monetization serves two critical objectives: first, it unlocks value from public investment in Infrastructure and secondly, it taps private sector efficiencies in operations and management of infrastructure. The driver for asset monetisation is beyond its fiscal impact. It is not just a funding mechanism, but an overall paradigm shift in infrastructure operations, augmentation and maintenance. It is a widely accepted fact that the private sector has much greater resource efficiencies, when it comes to developing and managing of infrastructure. Increasingly, therefore, government looks to partner with the private sector. However, for effective co-working between the public and private sector, PPP models are now demanding a reboot.

In the roads sector, the Central Government has already monetised 1,400 km of national highways worth Rs. 17,000 crore and in the power sector, five assets have been monetized through a PowerGrid InvIT raising Rs. 7,700 crore. These successful examples of asset monetization in the infrastructure sector should encourage achieving the ambitious targets of NMP, going forward.

The NHAI has drawn up a list of 100 more operational highways with a total length of 7,000 km to be monetized through the toll-operate-transfer mechanism by 2024-25 with a target to raise Rs. 65,000 crore. The Indian Railway is looking at raising Rs. 1 trillion over 10 years through monetisation of the dedicated freight corridors, once these are commissioned. Another high-potential area of brownfield asset monetisation is gas and oil pipelines. IOCL itself is slated to raise Rs. 1 trillion from its crude oil pipeline, product pipeline and natural gas pipeline. Similarly, HPCL and GAIL are also exploring their asset monetisation plans.

This Issue of the Journal covers a wide range of topics of interest from both national and international perspectives. We are in the process of continuous value addition to the Journal. We would welcome constructive suggestions from the readers to further enhance the quality of the Journal.

Hope, the researchers and readers will enjoy this Issue as well.

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(Managing Editor)