

Sooraj Se Rozgari gets PM Nod

When Prime Minister Narendra Modi announced the Pradhanmantri Suryodaya Yojana with the target of installing rooftop solar on one crore houses, it was the highest recognition for The Infravision Foundation (TIF).



Editor's Note

It's been a month of gratitude for The Infravision Foundation. TIF opened the year with detailed discussions in print and social media on its two reports on urban mobility. The report suggesting that surety bonds should be used as an alternative to bank guarantees for infrastructure projects gathered steam. But the real validation was Prime Minister Narendra Modi's announcement of the solar rooftop scheme, TIF's very first research paper which suggested using it as a poverty alleviation tool. This is exactly what TIF had set out to do: to influence policies and conversations around infrastructure. Making a difference in people's lives is TIF's ultimate objective and it's on its way to doing just that.

In 2023, TIF had presented the findings of an indepth report to the Economic Advisory Council to the Prime Minister on the potential of rooftop solar to alleviate poverty. The Prime Minister endorsed the findings when he tweeted that the scheme will not only reduce the electricity bill of the poor and middle class but will also make India self-reliant in the field of energy. TIF's first report has met with success. Here's to many more.

What's Cooking

#The validation exercise through a field survey, carried out by TIF, of the first Water Bodies Census (WBC) by the Ministry of Jal Shakti is complete. Analysis of survey data indicates there is considerable congruence of the study findings with WBC. It also highlights important changes in the landscape over the last few years, including additional areas that can add value in future editions of WBC. A presentation was made to Debashree Mukherjee, Secretary of the Department of Water Resources, River Development and Ganga Rejuvenation, Ministry of Jal Shakti, and it was very well received.

#TIF has commissioned a report on high speed rail (HSR) by consultant and public policy advisor Ramakrishnan TS to make an informed decision on the rationale for HSR development during the next term of the government. Developing 2,000 km of HSR will require significant resources and time. Therefore, the time to get started is now.

#The report on road safety commissioned to Prof Geetam Tiwari at IIT Delhi is underway. Despite several measures taken by the National and State governments, the number of fatalities has not reduced. Road safety issues in India must be addressed at two levels urgently. First, the known standards for high-speed roads must be implemented correctly to ensure reduced risk for four wheeled vehicles. Second, road standards that can ensure VRU safety on highways have to evolve through continuous monitoring and evaluation of traffic crash patterns. We hope to make a difference.

#TIF is planning a roundtable on sustainability ratings for infrastructure projects with CII. The roundtable will address the larger question of monitoring project performance as well as the methodology for ratings, with a view to enhancing sustainable investment in infrastructure.

InfraShakti Awards on NDTV

The TIF's InfraShakti Awards inched closer to becoming a reality, with NDTV coming on board as broadcast partner. The awards, recognising individual or institutional achievement in infrastructure, will be the first of their kind in the mainstream media. The idea behind this is to amplify the work being done in infrastructure across the spectrum, whether in transport, in renewable energy or even water conservation/renewal. The awardees will be chosen by a select jury of experts and telecast on NDTV 24X7 and NDTV Profit.

TIF Goes Places

#TIF Co-Founder Rumjhum Chatterjee was on the jury of the BRICS Chamber of Commerce and Industry Annual Recognition Awards, a leading organization dedicated to promoting economic cooperation, trade, and investment among the member nations of the BRICS alliance – Brazil, Russia, India, China, and South Africa.

#Chatterjee, who is also chairperson of the CII National Council on Women's Empowerment and Inclusion, also spoke to Republic Business on expectations from the Union Budget 2024 on diversity and inclusion. She said the Budget could be a good time to take stock of existing policies and ensuring that all policies in place for the last five years are effective. She called for gender pay parity in both the rural and industrial economies and said the successful wave of rural entrepreneurship should be supported through mentoring to create a demonstration effect for other women.



#TIF CEO Jagan Shah was invited to speak at the Better Air Quality Conference in Manila, Philippines, organised by Clean Air Asia. Sustainable transportation requires integrated multi-modal systems that pose a twin challenge for cities; first because it requires the integration of mobility and land use planning, and second because it requires lumpy investments for multiple modes at the same time, he said. "Cities lack the capacity to meet this challenge and thus suffer the consequences of incremental development. It is therefore critical that cities anticipate growth and future-proof their transportation plans," he added.

#Shah also wrote an article in Mint on the importance of finding appropriate urban mobility solutions, and a second article in The Print, talking of the need for a coastal network as a speedy way to "build capacity among coastal communities, sharing tried and tested solutions and fostering partnerships to address common challenges".



#TIF COO Nitin Zamre was on a podcast conducted by the Oxford Institute for Energy Studies, based on his paper, Gas sector reforms in India: How will it change the market outlook? Among other things, the podcast addressed the issue of whether India is likely to hit its target of a 15 per cent market share for gas by 2030. The answer is that although it is unlikely by that date, this does not mean that gas cannot play a more important role in India in the 2030s and beyond.



Congratulations!

Soumya Kanti Ghosh

Group Chief Economic Advisor, State Bank of India, has been appointed to the sixteenth Finance Commission.

Ghosh is a well-known economist; Distinguished Fellow, TIF; and previously held positions at Tata AIA, American Express, and ICRA. We are delighted and wish him all the best.

TIF@TheMedia

#TIF Founder Vinayak Chatterjee wrote in Business Standard about how the need for a new rigorous framework and architecture for capturing and tracking the nation's logistics cost could not have come at a better time. He noted that India's thrust on logistics is happening at a time when a large portion of the transportation backbone has been put in place — from greenfield expressways to dedicated freight corridors. The goods and services tax and e-way bill system have transformed the nature of transport documentation; as has on-line tracking of movements. Moreover, India's development story is not only about coastal zones, but embracing vast swathes of the hinterland as well, wherein the Gati Shakti platform seeks to build the necessary connectivity.

#Chatterjee also spoke to Money Control about how private infrastructure companies have been reluctant to invest in public infrastructure, especially in roads and railways. He believes the only way to resurrect private investment is to revamp the PPP model.



#G. Raghuram, member of the TIF Council of Advisors, and former director IIM Bangalore, wrote for Money Control on the six areas of focus for the Union Budget: road and railway safety, metro multimodal integration, streamlining operations at railway nodes, passenger train cleanliness, and urban goods movement.

Getting to grips with logistics cost

In 2018, a logistics performance index prepared by the World Bank ranked India at 44. The top five were Germany, Sweden, Belgium, Austria and Japan. China held the 26th spot. It is around that time that serious discussions began in India about addressing the debilitating impact of logistics on its global competitiveness. This led to the announcement of a National Logistics Policy (NLP) in September 2022.

The NLP aims to reduce logistics cost through the implementation of a five-pronged strategy. One, the share of the railways is to be pushed up from the current 28 per cent to 40 per cent. Two, multi-modal logistics parks are to be set up. Three, special emphasis is to be given to inland water transportation, coastal shipping, and moving liquid bulk cargo via pipelines. Four, specific plans are to be drawn up for 15 industries that constitute the majority of bulk cargo movement. Five, digital integration is to be achieved for tracking and monitoring.

However, the key question revolves around the level of logistics cost at present, and to what extent the NLP seeks to reduce it.

Well, the NLP starts from the base assumption that India's logistics cost stands at 13 per cent of gross domestic product (GDP), with a target to reduce it to 8 per cent by 2030. This 13 per cent is quite high when compared to economies such as South Korea and Singapore, where logistics costs are estimated to be 7-10 per cent. In an article in *Business Line*, Sanjib Pohit of the National Council of Applied Economic Research (NCAER) questioned the accuracy of this 13 per cent estimate. He posited that this figure from consulting firm Armstrong & Associates was arrived at using a model suited for developed economies. Professor Pohit argued that India's current figure was already in single digits.

This point of view from one of India's leading think-tanks led to a flutter in the logistics dovecote, and to the

logical conclusion that India should build a model aligned with the characteristics of its own economy. And who better than the NCAER itself to undertake a base-line study to determine this cost? So, in mid-December 2023, NCAER came out with an interim white-paper titled: "Logistics Cost in India—Assessment and Long-term Framework."

The NCAER study found that the logistics cost as a percentage of GDP has been a single-digit number since 2011-12, and advanced the argument that for India, "total logistics cost is less likely to exceed 8-9 per cent of GDP". This preliminary finding does raise two fundamental issues.

One, does this mean that India already meets global benchmarks, and logistics costs were never really a competitive disadvantage? Clearly, the non-believers would exceed believers by a wide margin!

Two, the NLP had targeted to bring down logistics costs through a variety of interventions (see *Infratalk*, *Business Standard*, November 2, 2022) from the presumed 13 per cent to 8 per cent. Now with the NCAER saying that it is already at 8 per cent, what would be India's fresh target? Is it plausible to argue that the target should be revised to match the 5-6 per cent for the US?

Well, there are a whole lot of inter-related issues that need to be examined before a final verdict is out and accepted. The first is the practice of expressing logistics cost as a percentage of GDP. It is not ideal for an agricultural and service-driven economy, as Poonam Munjal and Sanjib Pohit of NCAER point out. They also emphasise that an economy dependent predominantly on road transport is expected to have higher logistics costs. This perspective leads to the percentage of sale of goods as a better indicator than the percentage of GDP.

The second issue is that if India is to have its own framework for measuring and tracking logistics cost

then a far more in-depth and rigorous exercise needs to be undertaken by including a mass of real-time and Big Data, and in building consensus about this econometric model.

The third is that even one macroeconomic number expressed as a per cent of GDP or sales may not achieve much by way of targeted policy reforms. It may be better to have a set of industry-specific indicators to reflect the situation across various product groups or industries. It is this kind of disaggregated data that would be most useful.

Commenting on this subject, Bibek Debroy, chairman of the Economic Advisory Council to the Prime Minister, in a recent article observed that "while logistics performance may have improved over time, that's not true of every state. Some have slipped". Thus, there is also a case for disaggregating the data geographically.

This current debate on logistics costs comes at a time when seminal changes are being seen in the way goods are being transported worldwide. With global supply chains being the new normal, manufacturing is beginning to look like sophisticated integration of just-in-time components from all over. The value-weight ratio is on the rise. And technical advances, from drone deliveries to seamless multi-modalism, signal the immensity of changes still waiting to happen.

For India, this thrust on logistics is happening at a time when a large portion of the transportation backbone has been put in place — from greenfield expressways to dedicated freight corridors. The goods and services tax and e-way bill system have transformed the nature of transport documentation; as has on-line tracking of movements. Moreover, India's development story is not about coastal zones, but embracing vast swathes of the hinterland as well, wherein the Gati Shakti platform seeks to build the necessary connectivity. With all this, the requirement of a new rigorous framework and architecture for capturing and tracking the nation's logistics cost could not have come a day sooner.

The writer is an infrastructure expert. He is also the founder and managing trustee of The Infravision Foundation



INFRATALK
VINAYAK CHATTERJEE

Event Alert

TIF's fourth quarterly meeting takes place on February 17. It's that time of the year where TIF takes stock of its progress and plans its forthcoming projects after indepth discussions with its Council of Advisors and Distinguished Fellows.

Nights so long that even the dead get bored

True Detective: Night Country, JioCinema

Showrunner: Issa Lopez

Cast: Jodie Foster. Kali Reis

It's the end of the world, where there are nights without end and temperatures that can go down to -40 degrees. Yet people live, love, and laugh in Ennis, a fictional town in Alaska, in the fourth edition of the iconic mini-series True Detective. Trouble begins when a team of scientists working long term in a station on the ice go missing. They've been in Ennis investigating microorganisms under the ice that may well

have the answer to several diseases and scientific mysteries. Spoiler alert: The scientists are found but in a condition that is more than horrifying. It's a mystery two harried women police officers must resolve while also dealing with their domestic crises and with a town on the cusp of environmental apocalypse. Its citizens are protesting against the local mine which has poisoned their water and air, causing stillborn babies and animal deaths. Their demands are simple: clean water, clear skies, and healthy animals. They want the mine to close because they were "here before". The rights of indigenous people, the mixed blessings of modern convenience, and the dangers of losing an entire way of life. These are concerns that are global today. As one of the wise women in Ennis says: "The world is getting old, and Ennis is where the fabric of all things is coming apart at the seams."



How much do you know about infrastructure?

1. What is the name of the organisation which partnered with India in the construction of Atal Setu in Mumbai.
2. How many Vande Bharat trains are in operation currently and up to what speed do they run?
3. How many kilometers of coastline does India have?
4. Which famous 16th century fort, a UNESCO World Heritage Site, was the backdrop for Waheeda Rahman's dancing to Aaj phir jeene ki tamanna hai in Guide (1965)?
5. What is the name of the airport at Ayodhya?



1. JICA, the Japan International Cooperation Agency, the implementing agency of the Japanese official development aid
2. 41, and 160 km per hour 3. 7,500 km
4. Chittorgarh Fort, Rajasthan 5. Maharishi Valmiki International Airport, Ayodhya Dham.

