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Editorial Note

October 1, 2008

Dear Readers,

Infrastructure reflects a country's reliability, assurance, low-cost production and market competitiveness, especially in the emerging economies of the South Asian region. Almost every government, including the warring political parties in different jurisdictions, recognize this and have taken steps to support growth in the infrastructure sector.

At the time of going to press, India is poised to conclude the much talked-about Nuclear Deal with the United States of America, which is expected to ease India's severe power shortages. In the meantime, ongoing reforms, driven by the Government of India and focused on privatization, deregulation and competition, have helped boost infrastructure development, many with private sector participation and some controlled solely by the public sector. It is interesting to note that the telecommunication sector has both private and public sector participation propelling tremendous growth while the power sector, which is dominated by public sector entities, is unable to meet the national demand. The Government of India often involves the private sector in infrastructure development and marketing through agreements known as concessions that grant private entities the right to operate an infrastructure service and to receive revenues generated, through the ownership of assets that vest with the Government.¹

The Pakistan Government has proactively established a dedicated Privatization Commission,² which is entrusted with the privatization of government owned banks, industrial units, public utilities, oil and gas companies, transport companies and infrastructure service providers. The Privatization Commission in some circumstances also offers concessions or the right to operate publicly owned assets, without selling the assets themselves. In addition, the Infrastructure Project Development Facility under the Pakistan Ministry of Finance has been established to generate public-private-partnerships, which are also supported by the national Infrastructure Project Financing Fund if required.³

With a view to developing medium and large-scale infrastructure and renewable energy projects, the Government of Bangladesh has established the Infrastructure Development Company Limited. In less than a decade, the company has become the local market leader in private sector energy and infrastructure financing in Bangladesh.⁴ The government has been gradually reducing its involvement in the infrastructure sectors and promoting private sector participation.⁵

Countries like Nepal, Bhutan and Sri Lanka also have specific investment policies that include private and foreign investments in infrastructure projects.

This issue of the BLS newsletter is focused on infrastructure development in India and includes articles on, ports and airports, both of which are critical areas of infrastructure development in a growing economy. In addition to a legal perspective, in this issue we have included excerpts from my discussion with M.K. Sinha who heads a company that manages the India Infrastructure Fund that has been co-promoted by the Citi Bank.

Sincerely,

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¹<http://infrastructure.gov.in/> (Accessed on September 2, 2008)

²<http://www.privatisation.gov.pk/> (Accessed on September 24, 2008)

³<http://www.ipdf.gov.pk/tmpnew/index.php> (Accessed on September 24, 2008)

⁴<http://www.idcol.org/> (Accessed on September 24, 2008)

⁵http://www.bangladesh.gov.bd/index.php?option=com_content&task=view&id=82&Itemid=157 (Accessed on September 24, 2008)

Call for Authors

We invite authors to contribute articles on legal issues, practice insights or other matters pertaining to doing business in South Asia that members of NASABA and the legal fraternity would find beneficial and/or interesting. Articles should be forwarded to the Editor-in-Chief at poorvi@lawquestinternational.com and will be considered for publication by the Review Board on a rolling basis subject to certain criteria.

The Future of Airport Infrastructure Development in India

Marcia A. Wiss and Ashwini Chawla



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I. Introduction: The Indian Aviation Sector Then & Now

In 2003 the Indian Parliament amended the Airports Authority of India Act, 1994 to permit private participation in airport infrastructure, in all areas, except security and Air Traffic Control (ATC). This represented a significant shift in India's policy towards airport infrastructure, given that the right to build and operate airports, until 1994, was vested exclusively in the hands of the Government of India, and thereafter transferred to the Airports Authority of India (AAI), a statutory corporation.¹

However, this policy shift follows from the fact that India's air passenger traffic grew by 21.75% annually (2003-2007), and in the first nine months of last year, recorded an increase of 36.74%.² There are presently 14 airlines and 321 aircraft (scheduled for operation) carrying 95 million passengers annually across India's skies. However, airport infrastructure in India is still inadequate. India with a population of more than a billion people presently has only 126 airports. Of these, five international airports attract a bulk of the traffic, another six are also international airports, while another 35 are non-metro airports, and the remaining are airports outside the major cities and regional centers catering to only limited air traffic.³ On comparing this with the U.S., which has more than 5,000 airports serving 667 million domestic passengers, it is evident that India's airport infrastructure requires development.⁴

Most of India's air passenger traffic is concentrated in a handful of the airports in big cities. Delhi and Mumbai alone account for 52% of the total, and, along with the other larger cities, this figure stands at 77%. The Indian government proposes establishing five greenfield airports, and additionally modernizing or expanding 24 out of the total of 35 non-metro airports, and merely upgrading the remaining 11.⁵ In greenfield projects, 100% FDI is permitted through the Automatic Route under which no prior approval is required from the Government of India for foreign investment into the country, while in the non-metro airports, private participation is permitted in city-side development.⁶

According to official sources, in the next five years, passenger and cargo traffic are estimated to annually increase by 15% and 20% annually, respectively. By 2020, there will be an estimated 1,000 aircraft (scheduled to operate), carrying 280 million passengers, and this is expected to attract an estimated \$30 billion in India's airport infrastructure.⁷ This significant capital outlay will necessitate private participation in developing airport infrastructure, which should enable increased capacity, better technology and reduced aircraft and passenger wait times, as per the International Civil Aviation Organization (ICAO) notes.⁸

The most popular structure in India for privatizing airports is through concession agreements, either under the public-private participation (PPP) model, or in greenfield projects generally using the Build-Own-Operate-Transfer (BOOT) model. The general trend is that the Indian government establishes a joint venture, in which it, along with its controlled agencies, holds a 26% stake. However, in modernizing the Kolkata and Chennai airports, the government shifted from its previous practice and wholly owns both airports and funded them solely out of the AAI's internal resources and commercial borrowings.⁹

A greenfield airport is generally built if an existing airport is unable to meet air traffic requirements, or if there is sufficient business viability to support a new airport. The Indian government's policy stipulates that ordinarily

¹ See generally, Section 12(1) of the Airports Authority of India Act, 1994, which reads, "Subject to the rules, if any, made by the Central Government in this behalf, it shall be the function of the Authority to manage the airports, the civil enclaves and the aeronautical communication stations efficiently, available at http://www.aai.aero/righttoinformation/AAI_ACT.pdf, Accessed on September 16, 2008

² "Achievements / Initiatives of the Ministry of Civil Aviation in the Year 2007 (Year-end Review, 2007)", available with the Press Information Bureau (December 27, 2007), available at <http://www.pib.nic.in/release/release.asp?relid=34242>, Accessed on September 16, 2008

³ "Airport Infrastructure: The Business Opportunities", published by the Ministry of Civil Aviation, Government of India, available at <http://www.civilaviation.nic.in>, Accessed on August 23, 2008

⁴ U.S. Department of Transportation, Federal Aviation Administration, "Administrator's Fact Book" (Washington, DC: March 2007), available at http://www.faa.gov/about/office_org/headquarters_offices/aba/admin_factbook & <http://www.transtats.bts.gov>, Accessed on September 11, 2008

⁵ Report of the Committee on a Roadmap for the Civil Aviation Sector, Ministry of Civil Aviation, Government of India, 30th Nov. 2003, available at <http://civilaviation.nic.in/moca/nccommittereport.pdf>.

⁶ "Achievements / Initiatives of the Ministry of Civil Aviation in the Year 2007 (Year-end Review, 2007)", available with the Press Information Bureau (December 27, 2007), available at <http://www.pib.nic.in/release/release.asp?relid=34242>, Accessed on September 16, 2008

⁷ Committee on Infrastructure, available at <http://infrastructure.gov.in/airports.htm>, Accessed on August 23, 2008

⁸ "Conference on the Economics of Airports and Air Navigation Services", (Montreal, June 19-20, 2000), available at <http://www.icao.int/icao/en/atb/ansconf2000/docs/wp90e.pdf>, See generally, "Public-Private Partnerships in India", Ministry of Finance, Government of India, available at <http://www.pppindia.com/sector-airports.asp>, Accessed on September 11, 2008

⁹ "Government Approves Modernization and Expansion of Chennai Airport", "Government Approves Modernization and Expansion of Kolkata Airport", Press Information Bureau (August 14, 2008), available at <http://www.pib.nic.in/release/release.asp?relid=41337>, Accessed on September 16, 2008

Marcia Wiss, a partner with Hogan & Hartson and co-chair of the firm's India practice, concentrates on international project finance and business transactions, with a particular focus on the financial structuring of international projects in emerging markets. Marcia has been in the private practice of law for the past 25 years and prior to that was the deputy to the Assistant General Counsel for Finance at the Overseas Private Investment Corporation (OPIC).



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these airports cannot be built within an aerial radius of 150 kilometers of an existing airport. However, if the government permits a greenfield airport to operate after closing down an existing airport, then the greenfield operator has to compensate the AAI for its unrecovered capital investments in the calculation of the operator's concession fee for the new airport. If a greenfield airport is established in lieu of an existing airport, then all the assets of the existing airport will simply revert to the AAI, without any higher concession fee being charged. If the existing and greenfield airports operate simultaneously, the Indian government's policy encourages their competitive operation.¹⁰

Currently, the following incentives are available to private airport operators:

- 100% tax deduction for profits for purposes of income tax for the first five years and thereafter a 30% tax deduction for profits for the subsequent five years;
- A full tax deduction to run for a continuous ten out of twenty fiscal years, with the years to be selected at the airport operator's option;
- 40% of the profits are tax deductible for financial institutions providing long-term financing.

II. An Overview of India's Regulatory Scheme of the Aviation Sector: Shifting from Regulating Only the Technical Aspects to Regulating the Economics

Despite India's substantial increases in air passenger and cargo traffic, the only regulatory authority in civil aviation continues to be the Directorate-General of Civil Aviation. Since this was established to regulate the technical aspects of civil aviation, there is a void of independent regulation on economic issues facing this rapidly-expanding sector. This explains the Indian Cabinet's recent approval of the Airports Economic Regulatory Authority Bill. If passed, this Bill will lead to regulatory supervision over issues like tariffs for aeronautical services at airports, monitoring airport profitability and overseeing airport user development fees and passenger service fee. This will also monitor the performance standards under a concession agreement. This Bill also proposes establishing an Appellate Tribunal for adjudicating disputes between service-providers, or between service-providers and consumers.¹¹ Apart from filling the gap in regulating economic issues in this sector, this Bill should inspire confidence among foreign investors, since it lessens executive discretion in this sector.

The Ministry of Civil Aviation also notes that there is a "strong case" for converting 25% of the currently-levied taxes on passenger air traffic into a Civil Aviation Cess, the proceeds of which shall be credited to the Ministry-operated National Civil Aviation Fund.¹² Additionally, the AAI plans to operate airports as independent profit-centers and probably as newly-formed entities. This will make it simpler for private airport operators to enter into commercial agreements or joint ventures. The Indian government is also considering setting up an Airport Approval Commission to examine proposals for setting up and operating airports.¹³ Finally, the government, noting the recent increases in air cargo traffic, plans to set up "Merchant Airports", which would be completely privatized airports catering to cargo/freight handling.¹⁴ The Indian government also intends to refrain from imposing any regulatory charges (other than the airport user development fee) on commercial activities in airport terminals, which presently account for only 22% of total revenues, as against the international standard of 60-70%.¹⁵

III. Conclusion

The development of India's airport infrastructure may present a business opportunity. The absence of any Model Concession Agreement and an evolving policy framework may enable greater negotiating room for private parties. The creation of the Airport Economic Regulatory Authority will lead to more independent regulation of the economic issues facing this sector. As the recent privatization of Delhi and Mumbai airports show, sufficient debt financing has been available in India for these projects.¹⁶ Despite some challenges, there is still significant scope for private participation in developing India's airport infrastructure, whether establishing new airports or expanding or upgrading existing ones. The private sector seems poised to provide the answer to what is presently a dearth of airport infrastructure in India, which has to be overcome in order to meet the demands of India's increasingly-expanding aviation sector.

¹⁰ "Policy on Airport Infrastructure", available at <http://civilaviation.nic.in>. Accessed on August 23, 2008

¹¹ The Airports Economic Regulatory Authority of India Bill, 2007, Bill No. 72 of 2007, http://www.prsindia.org/docs/bills/1189057428/1189057428_Airports.pdf, Accessed on August 23, 2008

¹² "Policy on Airport Infrastructure", available at <http://civilaviation.nic.in>, Accessed on August 23, 2008

¹³ *Id.*

¹⁴ "Ministry of Civil Aviation evolves the concept of 'Merchant Airports'", Press Release, Press Information Bureau, Government of India (May 18, 2007), available at <http://www.pib.nic.in/release/release.asp?relid=28076&kwd>, Accessed on September 16, 2008

¹⁵ "Policy on Airport Infrastructure", available at <http://civilaviation.nic.in/>, Accessed on August 23, 2008

¹⁶ "Year-end Review, 2004, Ministry of Civil Aviation", Press Information Bureau (December 29, 2004), available at <http://pib.nic.in/release/release.asp?relid=6142>, Accessed on September 16, 2008

The Development of Ports in India

By Nishant Katira



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The Dubai Ports Controversy in the United States which began in February 2006 rose to a prominent debate on whether the sale of ports management business in six major U.S. seaports should be allowed to the Dubai Ports World, a company owned by the Government of Dubai. Ports are essential infrastructure, but are highly vulnerable to security breaches. Despite the risk to security, India permits Foreign Direct Investment (FDI) in ports because infrastructure development is crucial to the country's growth. No doubt the investing entity from overseas is subject to scrutiny and background checks.

Background

India has 12 major ports and about 187 minor or intermediate ports across its nine coastal states. Despite having more than 139 operational ports, the average turnaround time for cargo vessels in India is more than three days as compared to ten hours in Hong Kong, leading to a competitive disadvantage. This article provides an overview of the applicable provisions pertaining to setting up ports in India.

The major ports are governed by the central government, i.e. the Government of India and the other ports are governed by the respective governments of the state where the ports are located. These ports serve as gateways to India's international trade by sea, handling over 90% of all foreign trade. Since India adopted measures to liberalize its economy and encourage investments from abroad there have also been significant reductions in custom duties and other measures that promoted imports and exports. As a result, there has been an increase in imports by 36.33% in 2004-2005 and exports by 27.03%¹ which has generated a tremendous pressure on major ports to handle increasing cargo traffic. Inadequate facilities at these ports have resulted in business losses, high demurrage charges and a huge loss of foreign exchange revenues to the country.

The most important legislations governing Indian ports are The Indian Ports Act, 1908 and The Major Ports Trust Act, 1963. The Indian Ports Act regulates the safety of shipping and the conservation of ports. It also regulates matters pertaining to the administration of port dues, fees and other charges. The Major Ports Trust Act provides that the administration, control and management of major ports lie with the respective port trusts. For instance, the port at Mumbai, one of the most important ones in India is controlled and managed by the Mumbai Port Trust. Major Port Trusts and the private operators are governed by the Tariff Authority for Major ports that was constituted in April, 1997 with a view to establishing an independent authority to regulate all tariffs, pertaining to both vessels and cargo traffic, and the rates for lease of properties under the authority of the Major Port Trusts.

In addition to central legislation almost all the coastal states of India have policies to develop and harness the benefits of upgraded port infrastructure. For instance the state of Gujarat, on the west coast of India which has one of the busiest ports in India, has adopted policies to increase the state's share in the important export trade of the country by facilitating the development or enhancement of port facilities at various locations, encouraging shipbuilding, ship repairing and manufacturing activities for cranes, dredgers and floating crafts and attracting private sector investment in minor and intermediate ports as also at the new port locations. Orissa and Tamil Nadu, two coastal states on the east coast of India have recently announced similar policies.

Private Investment in Ports

Private investments are permitted in select areas of port development under the existing legal framework. A number of new policy initiatives have been announced by the Government recently to usher in greater autonomy and clearly define commercial and legal relationships in these areas. Traditionally, ports all over the world have been owned by the government entities. However, the Indian government has recognized the inherent risks of infrastructure projects, that generally involve a long development period, high costs and budget constraints and budget overruns. The Government of India, cognizant of this is encouraging flexible funding schemes to form public-private-partnerships (PPPs). The Indian government together with the India Infrastructure Finance Company (IIFC) has formulated a program to support PPPs in infrastructure development. As part of this program, PPP opportunities are to be awarded through competitive bidding in a transparent manner and for each project, performance is to be assessed against easily measurable standards, based on unambiguously defined criteria, in order to inspire confidence among investors.

FDI also is welcome in port privatization and development projects, subject to some parameters. FDI in India for the most part does not require prior permission and investments that qualify under this category are permitted under what is termed, the automatic route. Under the automatic route, foreign equity up to fifty-one

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¹<http://www.indianindustry.com/trade-information/trade-statistics.html> (Accessed on September 10, 2008)

per cent (51%) is permitted in projects providing supporting services to water transport, such as operation and maintenance of piers, loading and discharging of vehicles, and foreign equity up to seventy-four per cent (74%) is permitted in the construction and maintenance of ports and harbors.² In addition, 100% FDI under the automatic route is permitted for port development projects.³ It is important to note that no income tax is payable for a period of 10 years on such investments.

Infrastructure projects in India are seeing hybrids of the build operate and own models and build operate and transfer models to ensure that the project is adequately financed and completed. Also, increasingly Indians realize and accept that it is necessary to pay for the services one traditionally expects the government to provide, rendering many infrastructure projects profitable. More finance is being directed towards this sector as more and more maritime and non-maritime companies seek to benefit from the emerging opportunities. For instance Rent-A-Port, a European company that specializes in port management, is in the process of planning and developing new port infrastructure. There is also tremendous interest in investing in ancillary services such as the development of container terminals as most cargo is moved in standard containers.

Going Forward

Realizing that it needs to take a holistic approach towards future development, the Government of India has, as recently as August 14, 2008, invited proposals from appropriate consultants and research firms to prepare an exhaustive and cogent report on the existing policies and framework to better understand where there are gaps in the policy and what measures can be adopted to optimize benefits from investments in this sector.

Moreover, for the first time a comprehensive National Maritime Development Policy⁴ is being formulated which seeks to facilitate enhanced private investment, improve service quality and promote competitiveness. The policy also aims at encouraging more investments in port projects at substantially higher levels to meet the medium and long term objectives. In keeping with this, the Department of Shipping in India has taken up the preparation of the National Maritime Development Program to complement the National Maritime Policy by identifying specific schemes/projects and other measures which are necessary to give a concrete shape to the vision and strategy laid down in the policy document up to the year 2011-2012. The program is proposed to be implemented through public-private-partnerships (PPPs). Public investments will be primarily for common user infrastructure facilities in the ports like deepening and maintenance of port channels, construction of breakwaters, internal circulation systems of cargo within the ports, rail and road connectivity from ports to hinterland etc. Private investments will be in the areas where operations are primarily commercial in nature like construction, management and operation of berths/terminals, etc. Such improvement in the scale and quality of Indian port infrastructure will significantly improve India's competitive advantage in an increasingly globalized world.

²http://archives.nic.in/indiainfra/CHAP10_5.HTM (Accessed on September 20, 2008)

³<http://dipp.gov.in/> (Accessed on September 24, 2008)

⁴<http://shipping.gov.in> (Accessed on September 10, 2008)

Investments in Infrastructure Projects

An Investor's Perspective



M. K. Sinha
President & CEO
*IDFC Project Equity
Co. Ltd.*

Following are excerpts from an interview with M.K. Sinha, the current President and CEO of IDFC Project Equity Co. Ltd. (IDFC), which manages the India Infrastructure Fund (IIF). Prior to joining IDFC, Mr. Sinha worked with GE Commercial Finance in the Structured Finance Group for over 10 years at various locations globally, including the United States. The IIF plans to invest a fund of \$ 1.25 Bn in Indian Infrastructure equity. Mr. Sinha provided insights, as revealed to Poorvi Chothani, the Editor-in-Chief of this newsletter, into the practicalities of dealing with the legal framework as applicable to infrastructure investments in general and specifically to issues in India.

PC We see that infrastructure funds are a recent phenomenon in India and there are few funds that have been operational for more than five years.

MKS Correct, they are a relatively recent phenomenon, but IDFC had launched its first private equity fund with an infrastructure theme in 2002, another one in 2006 and is in the process of completing the legalities for its third private equity fund. The IIF is IDFC's first pure play Infrastructure Fund.

PC Also, there are not too many funds investing in Indian infrastructure. In fact, the need for finance, whether through funds or direct investments is extremely high but the flow to this sector does not meet the need. Could you comment on this?

MKS India is a developing country and an emerging economy as opposed to the United Kingdom or Australia, especially with reference to the legal framework for private investment infrastructure development. The regulatory and policy framework is evolving for private participation in Indian infrastructure, which has generated investor interest in this sector. Once we have a track record of stable consistent policies and regulatory framework, investor interest will be enhanced.

PC What is the format in which you structure investments in an infrastructure project or company?

MKS We generally pick up an equity stake in the company that is developing infrastructure assets through concessions.

PC Do you pick up a majority stake in the company?

MKS To date we have not picked up a controlling stake in any company, but we are open to it provided we find the right management team to back.

PC Are there any particular reasons for this?

MKS There are several factors that contribute to this. Investments are driven by the markets in which we operate. In India, infrastructure project sponsors are generally not willing to part with controlling stake. Further, to develop infrastructure in India there are several procedures and levels of approvals that one needs to navigate. In view of this, we will consider acquiring a controlling stake in a company only if we are confident of a management team that will be responsible for the execution of the project by successfully navigating the development process. Usually, this is facilitated by the primary sponsor alongside whom we invest in projects.

PC Then, how do you protect the rights of the IDFC and its investors.

MKS This is where lawyers become important! We need stringent contracts, including shareholder agreements to ensure that our minority stake is protected. We ensure that our shareholders' agreement provides for tag-along rights, board positions with veto powers for our representatives and often include negative covenants. We also rely on the statutory provisions that protect minority rights though we have not had to invoke these as yet!

PC Can you give us examples where you see particular anomalies in the government policies or laws?

MKS The Oil and Gas sector readily comes to my mind. The Government of India has permitted private investment in laying pipelines to transport oil and gas but there is no clarity on the concessions framework or tariff structure.

M.K. Sinha is the current President and CEO of IDFC Project Equity Co. Ltd. (IDFC), which manages the India Infrastructure Fund (IIF). Prior to joining IDFC, Mr. Sinha worked with GE Commercial Finance in the Structured Finance Group for over 10 years at various locations globally, including the United States.

PC Do you prefer investing in companies that have foreign collaborations?

MKS When making investment decisions we do not particularly look at whether the developer has a foreign collaboration or not. What we do look at is the overall capabilities of the management team that will execute the project.

PC What are your views with regard to the legalities involved in infrastructure projects?

MKS I would like to put the legalities in a few distinct buckets: One, FDI and Exchange Control laws which are especially relevant to India as we do not have full capital account convertibility; two, Securities and Investment laws again relevant in the Indian context as we need to address, minority protection rights; three, laws pertaining to sectoral policy and regulation which are challenging in India given the evolving nature of these laws; four, tax laws which one would look at anywhere in the world.

PC Can you elaborate on what you mean by sectoral regulations?

MKS The private ownership of public infrastructure is typically regulated by specific authorities that formulate suitable regulations. For example, telecom regulations formulated by the Telecom Regulatory Authority of India are clear and well established, while the others are evolving, and sometimes give rise to anomalies.

PC All significant infrastructure projects involve huge investments with the investors expecting to earn profits on those investments. The general public opinion is that it is the government's duty to provide for infrastructure and do not expect to pay for it. Do you see a problem here?

MKS No, I do not see a problem. The general income levels have increased in India and therefore there is a desire for a certain quality of life, which drives the ability and willingness to pay reasonable charges for quality infrastructure. People are looking for dependable services and businesses realize the gains to productivity even if they have to pay for enhanced facilities. For instance people would readily pay for a reasonably priced continuous supply of power and water in India. Similarly, businesses that need to pay higher charges for high quality ports or airport facilities would do it readily as they would be confident of dependable services and enhanced levels of productivity, both of which have a positive impact on the bottom line.

PC So, what are the types of returns that investors expect when investing in infrastructure projects?

MKS Infrastructure investments do not and should not on account of good public policy earn spectacular profits but can earn moderate returns that are equitable and reasonable, and in the interest of public policy. In a developed economy one typically earns 10-12% on infrastructure returns, but in emerging economies like India with the current levels of risk, a return of 16-18% is possible.

PC Is there anything specific that fund managers or private entities should ensure when considering investments in Indian infrastructure projects?

MKS Yes, get competent legal counsel!

Newsbits

1. The Nuclear Suppliers Group (NSG), the worldwide body that regulates the sale of nuclear fuel and technology, approved a landmark waiver to allow India to engage in nuclear trade.
2. The American Bar Association's Ethics Committee issued an opinion sanctioning the practice of legal process outsourcing. The Committee opined that U.S. lawyers are free to outsource legal work, including to lawyers or non-lawyers outside the country, if they adhere to ethics rules requiring competence, supervision, protection of confidential information, reasonable fees, and not assisting unauthorized practice of law.
3. The Reserve Bank of India on September 22, 2008 announced a five-fold increase, from \$100 million to \$500 million, in the amount companies building roads, ports, power plants, telecom and other infrastructure sectors can borrow overseas to spend in India. According to the Business Standard, September 23, 2008, India's infrastructure needs will require \$500 billion by 2012.
4. The Times of India reported on August 3, 2008, that the Bangladeshi government will take a decision to sign a Free Trade Agreement with India, Pakistan and Sri Lanka forming the South Asia Free Trade Agreement (SAFTA).
5. India has made it to the top 15 automakers of the world and occupies the fourth position in the leading developing countries' category of motor vehicle manufacturers according to a United Nations Development Organization report. India ranks 12th in the list of the world's top 15 automakers with Japan, Germany and the United States leading. Further, India is among the world's top 15 producers of chemicals and non-chemical products and 5th among the top 15 textile producers reported the Times of India on August 5, 2008.
6. News Today reported on August 5, 2008 that The Asian Development Bank will provide Bangladesh \$170 million to finance the Emergence Assistance for Food Security as part of a signed agreement.
7. Essar Steel plans to invest \$1.6 billion over the next five years to build an integrated steel plant, with a capacity of 2.5 million tons, in close vicinity of iron ore reserves in Minnesota, according to the Economic Times (September 21, 2008).
8. PepsiCo announced a \$500-million investment in India over the next three years, reports the Financial Express on September 22, 2008. The chairman & CEO of PepsiCo, Indra Nooyi, said the India investment would create 50,000 direct and indirect jobs. PepsiCo has so far invested \$700 million in the country, and the new investment would push the aggregate figure above the \$1 billion mark.
9. According to the Times of India, September 23, 2008, iconic Italian sports car maker Lamborghini has big expectations from India and has identified it as a "big market for the future". In India since 2006, the company is now working on expansion plans and is confident that the rapid economic growth and new-emerging billionaires would make India one of its strong markets in the coming years.

Compiled by Divya Mittal

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