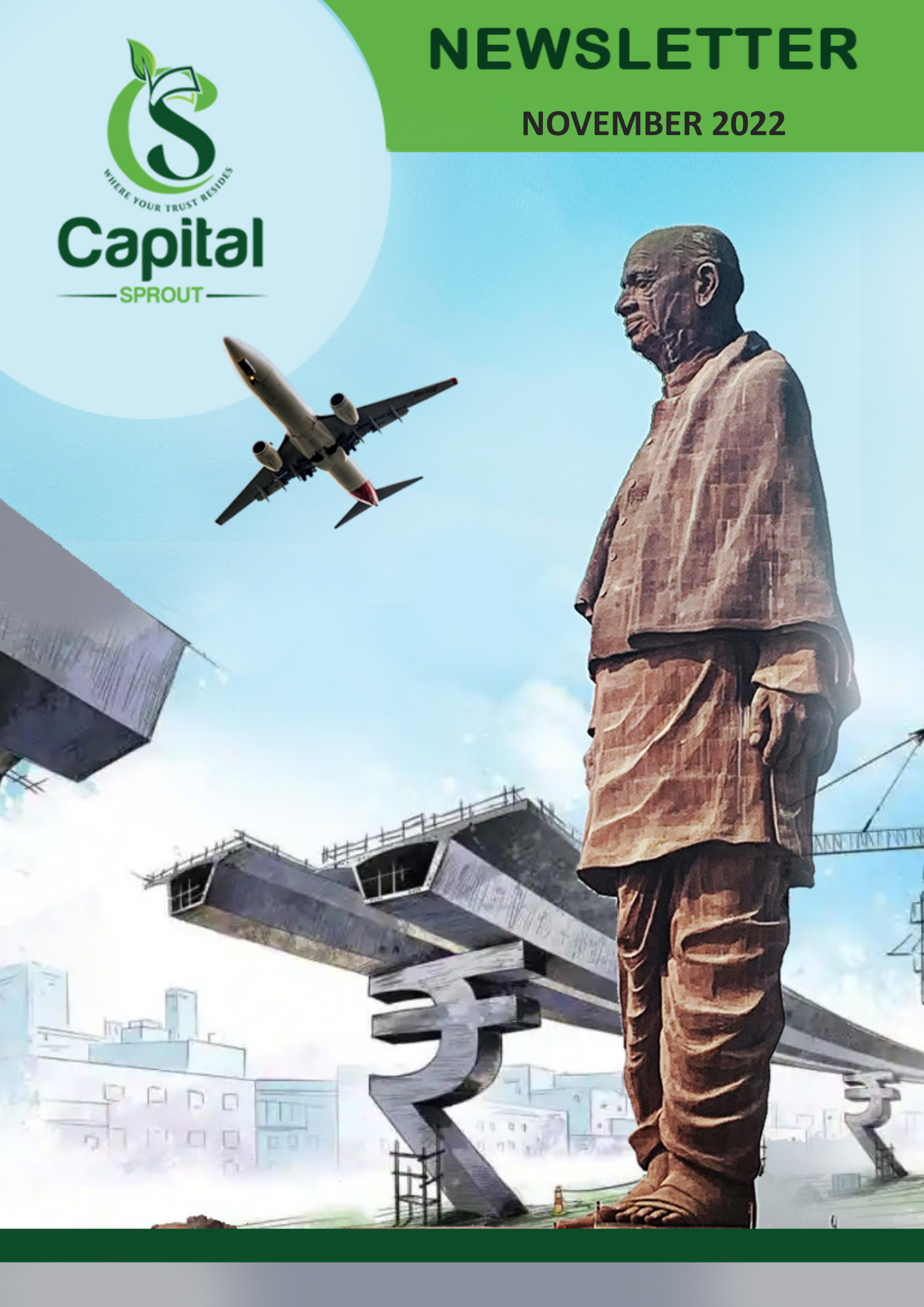


NEWSLETTER

NOVEMBER 2022



Capital
— SPROUT —



The Chairman's Message



Dear Readers,

Greetings from Capital Sprout!

It gives me pleasure to share with you the November 2022 issue of Capital Sprout's Wealth Bulletin. Where this month's read is about Global & India's journey in Infrastructure Sector.

With the world economy descending into recession, India certainly has managed a relatively positive trend. In the last 5 years India has taken significant leaps in terms of making state-of-the-art and Technology Savvy infrastructure. Government's dedicated approach has certainly given world a new perspective of modern-day India.

This piece gives a closer look on how World economies and India are operating in terms of Infrastructure Development. Also, how Infra Development boosts socio-economic growth and is a key path to any country's economic boom.

An effort has been made to present comparative analysis of contribution of Infrastructure as share of GDP of India and world's top 5 economies, further flowing into in-depth analysis of contributions of various sectors under the umbrella of Infra.

I hope readers find this article coherent and help them understand country's current affairs and ambit.

CA DR Rajesh Khandal

Significance Of Infrastructure In Economic Development

Infrastructure sector is one of the vital factors in sustainable economic growth of the country as it has a direct impact on country's socio-economy. It provides a crucial support to trade, commerce & industry. Its role in economic development of the country is like a kidney function in human organs. Presence of kidney function might not be felt directly in human body but its absence directly affects the human body function, likewise, benefits of good infrastructure might not be felt directly, but poor infrastructure has a direct impact on economic development.

Infrastructure components:

Construction activities

Power & Energy

Roads & Rail Transportation

Ports & Airports

Communication & IT infrastructure



Global Scenario

Pandemic has significantly affected the growth of Global Infrastructure Development. Russia Ukraine war further derailed its momentum. And to add to the already ongoing complexities it is further hit by soaring Input and Borrowing costs. Globally, Infrastructure output picked up to **4.2% in 2021**, from previous **3.1% in 2020**, but has reduced to **3.8% in 2022**. Public construction such as roads, railways, power & electricity, water & sewage, and others (mainly airports and ports), has been bolstered by government worldwide to generate economic growth. As per estimates, output growth is likely to pick up pace in 2023, predicted to rise at 6.7%

Annual latest investments/ Up to date spending on the construction and maintenance of infrastructure as share of GDP (YEAR: 2021-22)

Country	Annual latest investment on construction & maintenance of infrastructure as share of GDP
China	5.80%
Australia	1.69%
India	1.85%
Japan	1.10%
United States	0.55%
United Kingdom	0.83%

Above figures shows that India is leading at 2nd position after China in terms of Latest spending on infrastructure surpassing The United States.



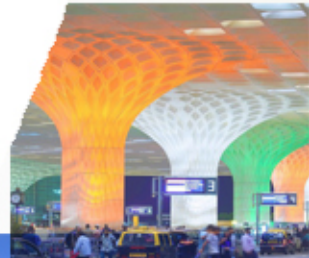
Indian Scenario

India, in terms of infrastructure development has made headway in the last decade despite of unprecedented challenges viz. COVID-19, ungovernable inflation, Russia-Ukraine war etc. More importantly, share in infrastructure as a percentage of GDP has increased from **7.20%** in **2011-12** to about **10%** per cent in **2016-17**, **17%** in **2020-21** and is expected to reach **25% per cent of GDP by 2022-23**. Sustainable Economic development of India during last decade is a result of ever-improving infrastructure. Government is making conscious efforts to built up and improve industry and commercial infrastructure. Quality and State-of-the art infrastructure can act as a attractive Foreign Investment opportunity. India is also emerging as hub for Communication, Digital & IT infrastructure. Roads, Airports, modernisation of Railway stations, Government premises, and Tourist destinations are India's huge leap towards modern infrastructure.

Liberalised Government Policy

The current policy allows 100% FDI in most infrastructure sectors with no restriction on repatriation of profit.

Moreover, to enhance the financial viability of competitively bid infrastructure projects, the Government of India has launched Viability Gap Funding Scheme



Year wise Infrastructure Spending of India During Last 3 Years

(Rs. In Crore)

Particulars	FY 20	FY 21	Estimated for FY 22 based on actual 7 months data	Upto Oct 2022
Power	1,64,140	2,25,551	2,66,081	2,21,734
Renewabal Energy	30,500	1,51,000	1,87,200	1,44,000
Atomic Energy	11,635	21,462	31,156	28,324
Petroleum & Gas	27,332	43,510	60,393	48,314
Energy	2,33,607	4,41,523	5,44,830	4,42,372
Road	3,32,559	3,82,283	4,46,208	3,56,966
Railways	1,33,387	2,62,465	3,86,000	3,08,800
Ports	13,357	18,104	22,714	20,649
Air Ports	18,667	21,650	31,025	24,820
Transport	4,97,970	6,84,502	8,85,946	7,11,235
Urban infrastructure including smart cities	2,98,174	4,62,208	5,05,168	4,04,134
Rural Infrastructure	1,40,313	1,76,803	1,26,101	1,00,881
Urban & Rual Infrastructure	4,38,487	6,39,011	6,31,269	5,05,015
Total	11,70,064	17,65,036	20,62,045	16,58,622

It is evident from the above table that India is making headway in infrastructure spending across all sectors irrespective of global & national challenges in past years.



The growth of India's Transportation Infrastructure

Road Network

Majority of inland transportation is carried out by road. Hence the role of road infrastructure directly affects the logistic supply chain of the economy. For a country like India, huge road network & quality roads are imperative for sustainable logistic supply chain.



Railway Infrastructure

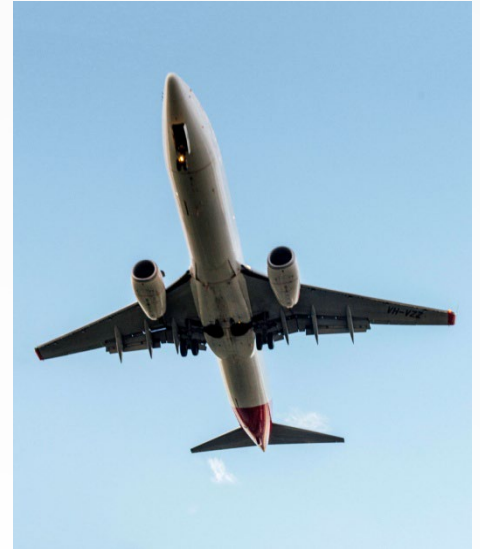
Railway infrastructure has been one of the foremost priorities for the government. Government is working for widening of railway network & modernization, technology, up gradation of railway infrastructure through public private partnership, widening Public transport system etc. State-of the art Metro Railway is now operational in tier 2 cities in India. It is one of the sectors where Government is investing significant amount.



The growth of India's Transportation Infrastructure

Aviation Infrastructure

Aviation infrastructure is also considered as a vital infrastructure sector in economic development of the country. Overseas investors visualize the infrastructure of the country based on aviation sector of the country. India is focusing on modernization of existing major airports and at the same time emphasizing on increasing air passenger traffics between tier – 2 & tier-3 cities.



Port Infrastructure

Ports in India handle around 95% of international trade volume of the country. Shipping Ministry is focused on developing port infrastructure facilities of ports owned by the Government. Huge investment is expected in ports & allied activities in coming years to make the Indian port more competitive in world's biggest ports like Singapore & Dubai.



The growth of India's Transportation Infrastructure

Below table is the summary of some of key statistics of transport sectors which summarises India's march ahead in becoming transport hub of the world across all sectors.

	Road Infrastructure	Rail Infrastructure	Aviation Infrastructure	Port Infrastructure
Where India stands	2nd largest road network of the world.	4th largest rail network of the world	7 th largest civil aviation market of the world. Expected to be 3 rd by 2024	7,517 kms long coastline interspersed with more than 200 ports
Network strength	Total length : 6,371,847 kms	Total rail track : 126,611 kms	Airports & air strips : 464	12 major ports (handles 54% of total cargo)
				205 minor ports (handles 46% of Total Cargo)
Infrastructure development	In 2021-22, 10,457 kms of highway was constructed across India.	68,103 –kms route and 7,337 stations	Air passenger traffic in FY 2021-22 : 188.89 million	Govt has invested 274 million US\$ in FY 21-22 in 7 major ports
	Daily Average is 25 kms-35 kms in last 3 years			
Vehicles, route networks	Domestic sales of passenger vehicle FY 2021-22	22,593 train runs daily	Daily 5,483 domestic & 1,004 international air craft movements	Container traffic: 1.63 crore TEUS' in calendar year 2020.
	4 wheeler 30.70 lakh			
	3 wheeler 2.61 lakh	No of air passengers handled at air port		
	2 wheeler 134.66 lakh	Daily passenger counts 24 million	Domestic : 166.80 million International : 22.09 million	
Freight / Cargo	87% of country's cargo is transported through road transport	203.88 million tone of freight	Freight traffic : 31.44 million mt in FY 2021-22	720.29 million mt cargo traffic handled at major ports in FY 2021-22

Construction & Transport Trend /GDP in Last 4 Years

(In billion USD)

Country	Particulars	2019	2020	2021	2022
United States	Construction GDP	610	654.3	690.7	602.4
	Transport GDP	584.5	438.9	490.7	536.4
India	Construction GDP	32.11	17.53	44.23	45.1
	Transport GDP	113.26	85.6	152.02	169.01
China	Construction GDP	1036.17	416.99	1175.36	851.03
	Transport GDP	674.55	269.19	595.2	523.6
Japan	Construction GDP	21.18	216.78	233.72	203.12
	Transport GDP	166.36	124.03	164.52	174.91
United Kingdom	Construction GDP	34.71	37.05	36.96	38.53
	Transport GDP	21.91	16.7	24.93	21.03

It is clear from above table that Construction GDP of all major economies of the world is witnessing a declining trend, except India where steady growth is witnessed in both Construction & Transport sector since covid-19.

Above facts & statistics makes it clear that Modern & Technology based infrastructure is the need of the hour for sustainable economic development. Infrastructure requires huge capital investment, but its benefits are reaped in the long run. India is progressing towards building a state-of-the art infrastructure across all sectors. Which is surely a step in the right direction.



Performances



Equity Market

Indices	01 st Nov, 2022	30 th Nov, 2022	High	Low
BSE S&P SENSEX	61,065	63,099	63,303	60,425
NIFTY 50	18,130	18,758	18,816	17,959

Mutual Fund

AUM Data of Mutual Fund for the Month of November - 2022

(INR. In Lakh Crore)

Particulars	AUM As On 31-10-2022	Fresh Fund Mobilize During Nov – 22	Redemption During Nov-22	AUM As On 30-11-2022
Total AUM of all mutual funds scheme	39.98	8.37	8.27	40.08
AUM of equity oriented (growth) schemes	15.56	0.28	0.26	15.58

Source: Association of Mutual Fund of India (AMFI)

Performances

SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
Nov-22	13,306	6,83,852

FII & DII Inflow/Outflow Position

FII's Inflow has again started in the month of Nov-22., FII'S Net outflow in Cash segment **Apr-22 to Nov-22** is approx **Rs. 1.33 Lakh crore**. DII's Net Inflow in Cash segment during **Apr-22 to Nov-22** is approx **Rs.1.47 Lakh crore** which shows the positive impact in Mutual fund industry.

Inflow/Outflow position in the month of Nov- 2022

(INR. In Crore)

For The Month Of Nov	Gross Purchase	Gross Sale	Net
FII	2.21 Lakh	1.99 Lakh	0.22 Lakh
DII	1.27 Lakh	1.33 Lakh	-0.06 Lakh

