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India CAN Afford Its Massive Infrastructure Needs

- We estimate that India will require \$1.7 trillion in financing over the next decade to meet its infrastructure needs. This figure is considerably higher than previous estimates.
- A rising savings rate (owing to favourable demographics) and robust balance sheets should allow India to finance most of its infrastructure needs domestically.
- The domestic savings rate can reach 40% by 2016 and can be sustained at high levels for over a decade.
- Our detailed analysis of India's finances suggests that corporate, banking, household, government and external sector balance sheets are robust, and can support infrastructure financing.
- We expect returns on private investment in infrastructure to rise on the back of 'increasing returns to scale' and falling costs, as well as critical policy changes.
- India's infrastructure space is likely to remain a hot-spot for global and local infrastructure suppliers, investors and capital markets.

Important disclosures appear at the back of this document.

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