

'ACHCHHE DIN' NO LONGER MERE RHETORIC: INDIAN ENTREPRENEURS BULLISH ABOUT ECONOMY

Hope floats as India's leading entrepreneurs say they are willing to put their money on an economy on the cusp of a likely turnaround



Majumdar: Mr Goenka, you have investments in the power sector. Do you share Mr Poddar's optimism that things are now moving in the right direction? There are still hurdles on the ground. What is your take on when these will be cleared?

Sanjiv Goenka: For the first time in many years, the industry is beginning to plan to invest. From then [the planning] till the time you [actually] invest, there can be a time lag of 12 to 24 months depending on the industry. But for the last five years, nobody even thought of investing. Now you see people rethinking investment and the capital markets are buoyant. There are some issues that Mr Poddar has raised but, having said that, the confidence is that these will get addressed. We are now seriously planning for it [investments] in our group (RP-Sanjiv Goenka Group): The question is which sector and how much.

Suddenly solar and wind appear to be a great option; thermal too with the de-bottlenecking of the coal sector. For the first time, we are seeing not just hope, but also confidence. Speaking for myself, yes,

we are looking at the next phase of investment. A year ago, we would have said just wait and watch, but not now.

Majumdar: So the wait-and-watch period is gone; it's now time to plan and commit serious money. Do you think so, Mr Neotia?

Harshavardhan Neotia: I think so except that I would say this would vary quite considerably from industry to industry. I would also say that there are many industries where there is a lot of unutilised capacity still left to explore. In fact, with a little de-bottlenecking, I believe 25 to 30 percent more production can be achieved by everybody. The first round of growth can be attained by sweating existing assets. That will free up more money.

Since the economic environment was tough and interest rates were high, industries burnt up a lot of cash. Thus, they are not as liquid as they were four years ago. I would assume that at least 60 percent of industries would be in a difficult cash situation due to underutilisation of assets. In the real estate sector, there is so much built-up stock lying all over the country. This means prices are not escalating. The existing inventory has to first get used up and that's going to take a while. There is optimism, certainly a feeling that going forward we are looking at 'achchhe din', but it's going to vary across industries.

Majumdar: Mr Kanoria, you are in a sector which is critical for growth. In infrastructure, there have been many problems and they need critical attention. Do you subscribe to this view that there is a clear direction in which we are moving ahead?

Hemant Kanoria: Strategically, people had lost interest in India. In the last five months, Narendra Modi has been able to instil confidence in the World Bank and others that there is a need and reason to invest in India—that things are not in a mess. Pension funds, investors in stock markets, etc, have begun investing. Yes, people haven't started investing in large measure through FDIs, whether in manufacturing or infrastructure. That will take some time because those who are looking at investments in infrastructure or manufacturing first assess whether the problem on the ground has been addressed or not.