



Financing India's Infrastructure

Mansion House

22nd November 2010

The Rt Hon The Lord Mayor of London

Alderman Michael Bear

**Your Excellency, Fellow Alderman, Ladies
and Gentlemen,**

**I am delighted to welcome you all to the
Mansion House this morning, especially our
friends and colleagues from India who have
come for this most important conference.**

You will have noticed that the Lord Mayor lives in these humble surroundings.

And I have the honour to be the 683rd occupant of the office, which stretches back to 1189.

But the Office of Lord Mayor has a very modern remit. I act as an ambassador both in the United Kingdom and right across the world for the UK's financial, business and professional services industry, setting out its many strengths and how much it can offer our international partners.

The international reach and character of the City is one of the greatest of those strengths. It is a truly global financial centre. So I will spend over 90 days abroad in the next year,

visiting over 20 countries. Engaging with partner and competitor alike ... about how the City can best serve them. And welcoming guests from across the world to London to show them what is on offer.

And India is one of the highest priorities for the City and for the UK as a whole.

It was the first country the new Prime Minister visited on taking office, together with a high powered business delegation. And he took the chance to set out just how important the new Indian markets were and how much the UK wanted to support them.

India's future is an exciting one. In the growth of its economy – an impressive 9%. And as the largest democracy in the world.

But for it to meet its true potential it still faces challenges; not least in transforming its infrastructure.

As the Prime Minister said [in his speech in Bangalore on 28th July] the UK India relationship should be one “which drives economic growth upwards” for both nations.

Our Government has already signalled its support. Our Business Secretary, Vincent Cable, set out how we want to work more closely with you, sharing knowledge and expertise on transport and energy.

And our Chancellor of the Exchequer, George Osborne, has spoken of his desire to strengthen our partnership in trade, investment and financial services.

The City of London, with its deep pools of liquidity and equity, stands ready to use its limitless resources to support the transformation of India's infrastructure.

I would like to make two initial points.

The first is this. I am perhaps an unusual Lord Mayor, as my own background is in engineering, property and regeneration. And in my own career I have seen how regeneration and reconstruction can transform communities and cities – often places teeming with poverty. Building up a nation's infrastructure is a powerful engine of economic growth and social change.

The second is this. The UK has unique expertise and unique experience of PPP.

In the last fifteen years we have invested to an unprecedented degree in our infrastructure – although it will always be a perennial challenge.

And this has been funded via partnerships between the public and the private sector. Indeed, these PPPs have been responsible for around 25% of our public expenditure.

This massive expenditure has funded some major construction projects, such as the London Underground and a huge hospital and schools building programme.

And it has meant the UK – and the City in particular – is a world leader in how to plan, procure, manage and deliver PPP projects.

We offer all the requisite skills through the life cycle, specifically project management skills, but also the vital legal resources to tailor contracts and agreements to ensure the right project with the right outcomes.

We have the greatest experience, the greatest expertise and the full range of resources.

And these resources are at your disposal.

But that is not to say there are not challenges.

The UK experience of PPP has meant that we have learnt a great deal about what does and does not work in these projects. Especially about how to apportion risk. Ultimately that will only add to the quality of the service we offer.

And what we offer is world class. The City is able to support projects which will offer the best outcomes for its clients. Working with you. Your success will be our success and vice versa.

Successful projects which:

- **offer the right balance between risk and return.**
- **In the right regulatory and tax environment, unburdened by unnecessary bureaucratic constraints; and**
- **are free of corruption and all the risks that entails.**

The City wants to participate in India's growth story. We are inspired by it.

But we must participate on the basis of sound commercial judgement.

That is why I welcome today's conference.

It continues our engagement with Indian business and policymakers. And I am already looking forward to my own visit next autumn to follow this up.

The position paper the City and Execution Noble produced in March – “Indian Infrastructure: going beyond the soundbytes” - sets out the issues and bottlenecks which have held back foreign participation in infrastructure to date. The paper suggests ways forward, to harness investment and expertise from overseas.

And I am grateful to the Indian High Commission for proposing this conference to look at them.

India and the City of London have a great future together. It is events like today's that give us the chance to build our partnership for the good of our countries, our economies and our people.