



Transportation, Power and Social Infrastructure need significant push: KPMG global survey

- Only 5% in China considered infrastructure inadequate compared to over 30% in India
- 90% respondents in India say poor energy infrastructure burdens their organizations with additional costs
- Eighty percent of global executives want governments to partner with the private sector to finance major infrastructure projects
- Social services infrastructure is also cited globally, while water infrastructure was highlighted by respondents in China and India.

New Delhi, 12 March 2009: Roads and power generation infrastructure are most in need of an upgrade as companies try to control their operating costs, concluded a global infrastructure survey commissioned by **KPMG International** and conducted in cooperation with the Economist Intelligence Unit. The survey reported that 77 percent of business executive's globally fear there will not be enough infrastructure investment to support the long-term growth of their organizations. Also, 80 percent of them wanted governments to partner with the private sector to finance major infrastructure projects.

66% of the executives surveyed indicate that existing road transportation infrastructure increases operating costs for their companies. Safety is another issue. For example, India witnesses 10% of the world's road deaths with just 1% of its automobiles. Similarly, considering the infrastructure for power generation, 26% of executives surveyed say that the current state of affairs was adding greatly to their operating costs, while another 40% claimed at least some negative financial effect. The issue was most starkly expressed in India and South Africa where close to 90% respondents stated that poor energy infrastructure burdens their organizations with additional costs.

As many as 328 C-level executives or board members from 21 countries, 47 percent of them being CEOs, were surveyed. The key findings from the survey highlight that Infrastructure has emerged as a major concern area for the executives. The problem was especially acute in India, where over 30% of the respondents felt that infrastructure was inadequate in supporting their businesses, compared with only 5% in China. *" These findings highlight widespread concern among global business leaders that governments need long-term strategies for infrastructure, adequately funded and backed by political will",* said **Nick Chism, Head of KPMG's Global Infrastructure Practice.**

Roughly nine in ten respondents in the emerging markets of India (95 percent), Poland (93 percent), Russia (86 percent) and South Africa (86 percent) felt that current infrastructure investment was insufficient to support the long-term growth of their organizations. Respondents in India pointed out that the rapid growth the country has witnessed over the past few years has considerably strained its infrastructure. India has not adequately considered building infrastructure ahead of demand, and has typically swung into action only when the bottlenecks become fairly apparent.

On social infrastructure, 56% respondents at the global level felt that lack of this impacted their operational costs. Education and health are the biggest concerns, while social infrastructure

affected the ability of companies to attract qualified employees, their competitiveness and ability to expand.

Commenting on the findings of the report, **Jai Mavani, Head of Infrastructure and Government, KPMG in India, said,** “ Where as its no surprise that transportation and energy have been ranked as a high priority by corporates, the interesting observation is that social infrastructure like education and healthcare also finds place as a growth imperative. And there in lies the opportunity for India. With our highly cerebral, educated, English speaking workforce, with a strong service orientation, there is no reason why we should not aspire to be the world leaders education and healthcare ... just like we succeeded with IT and computer services a decade ago.”

While few respondents at the global level felt that lack of facilities in this sector affected cost, the issue of water deficiency was far more acute in India, which has 16% of the world's total population and just 4% of its fresh-water reserves. Thus, as many as 58% of respondents in India felt that water infrastructure, or rather the lack of it, imposes a cost burden on their operations.

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