

Infrastructure

The availability of appropriate infrastructure services is a pre-condition to rapid economic development. Government has hence attached great importance to growth and development of infrastructure sectors such as telecommunications, power, railways, roads, ports, airports and

the like. Development of efficient, low cost, quality infrastructure services require high upfront costs and long gestation periods. The need for huge investments necessitates private participation. Moreover, infrastructure services are often monopolistic in nature, private

TABLE 9.1
Trends in Growth Rates of Infrastructure Sectors (in per cent)

Items	Unit	1996-97	1997-98	1998-99	1999-00	2000-01*	2000-01@*	2001-02@*
I. Energy								
1 Coal Production	Mn.tonnes	5.7	3.6	-2.1	3.1	3.0	5.4	3.5
2 Electricity generated (Utilities only)	Bn. kwh	3.7	6.6	6.6	7.2	3.9	4.8	2.8
(a) Hydel	„	-5.3	8.5	11.1	-2.5	-7.9	-5.4	-3.6
(b) Thermal (incl.nuclear)	„	5.9	6.2	5.7	9.3	6.3	7.0	4.0
3 Petroleum								
(a) Crude oil production	Mn.tonnes	-4.7	3.0	-3.4	-2.4	1.2	0.7	-1.9
(b) Refinery throughput	„	7.0	3.7	5.2	25.4	19.7	25.9	4.2
II. Steel	Mn.tonnes	5.8	6.3	1.3	15.0	6.3	9.2	-0.3
III. Cement	Mn.tonnes	9.6	9.1	5.7	14.2	-0.9	2.1	6.4
<i>Average growth rate of I to III</i>		3.7	5.7	2.8	9.1	5.0	6.8	2.0
IV. Transport and communications								
1 Railway revenue-earning	„							
Goods traffic		4.7	5.0	-2.0	8.4	3.7	5.2	2.7
2 Cargo handled at major ports	„	5.5	10.7	0.0	8.0	3.4	3.9	1.7
3 Telecommunications- new telephone connections provided (Direct Exchange Lines)	'000Nos.	23.3	27.1	16.4	29.7	20.5	29.8	7**
4 Civil Aviation								
a. <i>Export cargo handled</i>	000 tonnes	N.A	N.A	N.A	10.8	5.1	6.5	-3.9
b. <i>Import cargo handled</i>	„	N.A	N.A	N.A	16.2	3.6	13.7	-12.8
c. <i>Passengers handled at International Terminals</i>	Million	N.A	N.A	N.A	N.A	4.6	3.3	-7.7
d. <i>Passengers handled at Domestic Terminals</i>	„	N.A	N.A	N.A	7.4	7.7	8.1	-5.1

* Provisional.

@ April-December.

** Both public & private sector together.

Source: Item no. I to III Ministry of Commerce & Industry, IV.1 Ministry of Railways, IV.2 Ministry of Shipping, IV.3 Department of Communications and IV.4 Ministry of Statistics & Programme Implementation.

BOX 9.1

Major Initiatives for Infrastructure Development

Fiscal Incentives

- Ten-Year tax holiday for the core sector of infrastructure, namely, roads, highways, water-ways, water supply, sanitation and solid waste management systems, which may be availed of during the initial twenty years.
- In the case of airports, ports, inland ports, industrial parks and generation and distribution of power, which also become commercially viable only in the long run, a tax holiday of ten years has been allowed to be availed of during the initial fifteen years.
- The five-year tax holiday and 30 per cent deduction for next five years available to the telecommunication sector till March 31, 2000 was reintroduced for the units commencing their operations on or before March 31, 2003. These concessions will also be extended to Internet service providers and broadband networks.
- Tax incentives have also been provided for the investors providing long-term finance or investing in the equity capital of the enterprises engaged in infrastructure facility. Any income by way of interest, dividends or long-term capital gains from such investments is fully exempt.

Power

- Electricity Bill 2001 has been introduced in Parliament.
- Central Government to accelerate the program of reforms for State Electricity Boards (SEBs) anchored in Centre-State partnership on the following:
 - A time bound program for installation of 100 percent metering.
 - Energy audit at all levels.
 - Commercialization of distribution.
 - SEB restructuring.
- Allocation to the Accelerated Power Development Program (APDP) stepped up to Rs 1,500 crore from a level of Rs 1,000 crore in 2000-01.
- Enactment of Energy Conservation Act, 2001.

Telecom

- The Communication Convergence Bill 2001 has been introduced in the Lok Sabha.
- Competition introduced in all service segments.

Roads

- The total outlay for this sector enhanced.
- Phase I of the National Highway program to be completed by December 2003.
- Rs 962 crore assistance to States from the cess fund for state roads.

Rural Infrastructure

- Rs 2,500 crore assistance out of Pradhan Mantri Gram Sadak Yojana (PMGSY) to provide connectivity of every village with a population of over 1000 persons through good all weather roads by year 2003 and those with a population of upto 500 persons by the year 2007.
- Pradhan Mantri Gramin Yojna (PMGY) extended to cover rural electrification.
- Total rural electrification by 2007.

Railways

- A sum of Rs.898 crore allotted over and above the normal Budgetary Support, to accelerate the completion of selected projects.
- Joint-ventures with State Governments in accelerating the process of building up rail infrastructure.
- RailTel Corporation becomes functional to harness the optical fibre network alongside the Railway track.
- Plans drawn for commercial utilization of land and airspace of the Railways – identification of 80 sites; works on many of them in the first phase.
- Indian Railway Catering and Tourism Corporation Limited (IRCTC Ltd.) goes functional for harnessing the tourism and catering potential existing on the Indian Railways estimated at Rs.500 crore.
- Production taken up in Chittaranjan Locomotive Works (CLW) of the state of the art 30 phase 6000 HP electric locomotives; development of new design of 2300 HP Metre Gauge/Cape Gauge diesel locomotive for export market; induction of 4000 HP state of the art fuel efficient diesel locomotives – facilities for production of such locomotives in progress at Diesel Locomotive Works (DLW), Varanasi.
- More powers delegated to General Managers of Zonal Railways to finalize contracts as also the freight rate reducing power to quote station-to-station rates to attract and retain traffic on commercial consideration.

participation provides competition needed to improve quality of services in the sector.

9.2 Government continues to play an important role in infrastructure development. There are some infrastructure areas where there are large gaps between demand and supply and the private sector cannot be expected to step in significantly e.g. rural infrastructure. In these areas the government exercises predominant control, with

specific responsibility to ensure adequate investment in these sectors. In other areas like telecommunications, power and transportation the private sector can play a greater role, while the government facilitates investment. In all these areas government seeks to protect consumers interests and ensure a level playing field by creating and maintaining a modern regulatory system (Box 9.1).