

Infrastructure

It is now well recognised that specialisation, and 'gains from trade', are a key source of improved resource utilisation, and hence of India's growth strategy. In order to harness these gains from trade, the transactions costs involved in trading need

to be low, for trading within the country and for international trade. Hence, the problems of transportation and communications, roads, railways, airports, telecom, ports, the postal system, electricity transmission and distribution have been a prominent focus of

Table 9.1 : Trends in growth rates of infrastructure sectors (in percent)

Items	Unit	1997-98	1998-99	1999-00	2000-01	2001-02*	April-December*		
							2001-02	2002-03	
I. Energy									
1	Coal Production	Mn.tonnes	3.6	-2.1	3.1	3.5	4.2	4.1	5.1
2	Electricity generated	Bn. Kwh	6.6	6.6	7.2	3.9	3.1	2.8	3.7
	(a) Hydel	"	8.5	11.1	-2.5	-7.6	-0.7	-3.7	-9.6
	(b) Thermal (incl.nuclear)	"	6.2	5.7	9.3	6.3	3.8	4.1	6.1
3	Petroleum								
	(a) Crude oil production	Mn.tonnes	3.0	-3.4	-2.4	1.5	-1.2	-1.9	3.7
	(b) Refinery throughput	"	3.7	5.2	25.4	20.3	3.8	4.3	3.6
	II. Steel	Mn.tonnes	6.3	1.4	15.0	6.5	2.5	2.4	8.1
	III. Cement	Mn.tonnes	9.1	5.7	14.2	-0.9	7.4	4.9	9.7
	Average growth rate of I to III		5.7	2.8	9.1	5.1	3.0	2.5	5.4
IV. Transport and communications									
1.	Railway revenue-earning	"							
	Goods traffic		5.0	-2.0	8.4	3.7	4.0	2.7	6.5
2.	Cargo handled at major ports	"	10.7	0.0	8.0	3.4	2.3	1.6	8.7
3.	Telecommunications- new telephone connections Provided (Direct Exchange Lines)**	'000Nos.	27.1	16.4	29.7	27.2	23.9	-24.0	17.0
4	Civil Aviation								
	a. Export cargo handled	000 tonnes	6.2	-3.9	10.3	4.9	-0.2	2.2	13.9
	b. Import cargo handled	"	-5.9	-0.5	15.4	4.9	1.6	-10.1	20.3
	c. Passengers handled at International Terminals	Million	4.6	1.0	2.9	5.4	-2.7	-7.7	7.4
	d. Passengers handled at Domestic Terminals	"	-1.8	0.9	6.9	8.8	-5.8	-5.1	8.8
* Provisional.			** WLL, Fixed and Cellular.						
Source : Item no. I to III Ministry of Commerce & Industry, IV.1 Ministry of Railways, IV.2 Ministry of Shipping, IV.3 Ministry of Communications and IV.4 Ministry of Statistics & Programme Implementation.									

economic policy in the 1990s. The innate 'public goods' characteristics in each of these areas implies that a simple reliance upon free entry and competition by private firms would not produce sound outcomes. In addition, these services are non-tradeable, hence competition from foreign producers cannot be used to check domestic monopoly power, and foreign production cannot be used to supplant domestic output.

9.2 For these reasons, the thrust of infrastructure policy has been to create a sound regulatory framework. Private firms would operate in this regulatory environment, and produce infrastructure services. The role for regulation is to protect the interests of

consumers, obtain conditions of competition, and foster the institutional framework. In areas like rural infrastructure, where cost recovery is innately difficult, there is a greater role for government to foster infrastructure provision even if it is not directly profitable.

9.3 The ultimate goal of infrastructure policy is to effectively deliver infrastructure services of high quality and at low prices, to households and firms in the country. The success of policies in infrastructure must be judged by the quality, quantity and prices that end-users are charged for these services, and comparisons with global standards on each of these three fronts.