

Investment in infrastructure

9.118 Infrastructure investment can potentially have a strong impact on GDP growth, both through improved production of infrastructure services, and through its impact on the demand side of the economy.

9.119 As is well known, enormous financial investments are required to bring India's infrastructure up to world standards. For these investments to come about, a sound policy framework is required, which emphasises sound enforcement of user charges, transparency, and high quality regulation. Conversely, once sound policies fall into place, we may expect a sharp payoff in terms of an improvement in the flow of investment. To the

extent that these investments are undertaken by the private sector, this is particularly beneficial given the fiscal constraints that limit the ability of the State to engage in those expenditures.

Review of recent trends in investment in infrastructure

9.120 Gross Capital Formation (GCF) in infrastructure investment at current prices (Table 9.21) increased from Rs.45,940 crore in 1993-94 to Rs. 90,890 crore in 2002-03. However, expressed as a proportion of GDP, total investment in infrastructure declined from 5.4 per cent in 1993-94 to 3.7 per cent in 2002-03.

Table 9.21 : Gross Capital Formation in Infrastructure
(at current prices)

(Rs. crore)

	1993-94	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Gross Capital Formation in Infrastructure	45940	62903	70762	75120	94226	91050	90890
1. Electricity, gas & water	23170	30756	36129	34255	36907	39180	42051
2. Transport, storage & communication	22770	32147	34633	40865	57319	51870	48839
2.1 Railways	5580	5069	5019	5307	5491	6981	9470
2.2 Transport by other means*	11304	16460	18153	21272	25802	21019	19028
2.3 Storage	136	456	599	353	1362	1525	1442
2.4 Communication	5750	10162	10862	13933	24664	22345	18899
* Includes roads, civil aviation, airports and inland water.							
Source : CSO							