

Infrastructure

Introduction

Quality infrastructure, covering the services of transportation (railways, roads, ports, civil aviation); electricity transmission and distribution; communications (telecommunication and post); water supply and sanitation, and solid waste management, is one of the most important necessities for unleashing high and sustained growth and alleviating poverty, particularly in the backward States. From a policy perspective, there is now a widespread consensus that direct government production of all infrastructure services introduces difficulties concerning technical efficiency, adequate scale of investment, proper enforcement of user charges, and competitive market structure. At the same time, a pure reliance on private production in an unregulated market is not likely to produce sound outcomes. India has been actively engaged in finding the appropriate policy framework, which gives the private sector adequate confidence and incentives to invest on a massive scale, but simultaneously preserves adequate checks and balances through transparency, competition and regulation.

Review of 2004-05

9.2 In 2004-05, the infrastructure sector experienced mixed outcomes (Table 9.1). The growth rate in many key sectors accelerated in April-December, 2004-05. Strong growth rates have been noticed for electricity generation, railways, ports and civil aviation.

9.3 The overall power generation of 438 Billion Units (BU) during April-December, 2004-05 was marginally above the target of 437 BU

and was 6.5 per cent above the power generation achieved in the same period of the previous year. Hydel power generation continued to enjoy high growth in the current year. Thermal and nuclear power generation grew by 4.7 per cent in April-December 2004-05, as against 2.4 per cent achieved in the corresponding period of the previous year.

9.4 The revenue earning freight traffic of 438.36 million tonnes carried by the railways in April-December, 2004-05 was 2.4 per cent above the target of 428.19 million tonnes and 7.7 per cent over the traffic achieved in the corresponding period of the previous year. Cargo handled at major ports also exceeded the target of 270.35 million tonnes by 2.1 per cent in the first ten months of the current year and was 11.1 per cent above the achievement in the same period of the previous year.

9.5 In the civil aviation sector, strong positive growth rates were experienced in passenger traffic (21.8 per cent) as well as export and import cargo handled (18.3 per cent) at the international and domestic terminals in April-December, 2004-05 compared to the growth rates in the corresponding period of the previous year.

9.6 The telecom sector witnessed a sharp decline in telecom tariff particularly in the Mobile, National Long Distance and International Long Distance segments. New cell phone connections grew by 20.8 per cent in April – December 2004-05 as compared to 13.1 per cent growth in the same period of the previous year. The target of a tele-density of 7 envisaged by March 2005 in the New Telecom Policy 1999 (NTP 99) has already been surpassed, with a tele-density of 8.62 at the

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

Items	Unit	2000-01	2001-02	2002-03	2003-04*	April-December*		
						2003-04	2004-05	
I. Energy								
1	Coal Production	Mn.tonnes	3.5	4.2	4.6	5.1	3.9	6.8
2	Electricity generated (Utilities only)	Bn. Kwh	3.9	3.1	3.2	5.0	3.4	6.5
	(a) Hydel	„	-7.6	-0.7	-13.7	15.6	10.5	17.6
	(b) Thermal (incl.nuclear)	„	7.4	2.5	6.2	3.5	2.4	4.7
3	Petroleum							
	(a) Crude oil production	Mn.tonnes	1.5	-1.2	3.2	1.0	-0.5	2.9
	(b) Refinery throughput	„	20.3	3.7	4.9	8.2	7.2	6.7
II. Steel		Mn.tonnes	6.4	3.6	10.1	6.9	12.2	3.8
III. Cement		Mn.tonnes	-0.9	7.4	8.8	6.1	5.6	6.9
Weighted Average growth I to III			5.1	3.2	5.6	5.4	5.8	5.4
IV. Transport and communications								
1.	Railway revenue-earning Goods traffic	„	3.7	4.0	5.3	7.5	7.0	7.7
2.	Cargo handled at major ports	„	3.4	2.3	9.0	9.9	7.5	11.1
3.	Telecommunications- new telephone connections Provided (Direct Exchange Lines)**	'000Nos.	27.2	23.9	21.5	40.1	29.1	21.4
4	Civil Aviation							
	a. Export cargo handled	000 tonnes	5.1	4.1	13.3	1.0	0.0	11.8
	b. Import cargo handled	„	3.6	-1.0	18.6	13.8	9.7	30.1
	c. Passengers handled at International Terminals	Million	4.6	-5.0	4.8	6.5	4.7	15.7
	d. Passengers handled at Domestic Terminals	„	7.7	-5.7	9.6	13.1	10.4	25.9
* Provisional		**WLL, Fixed and Cellular.						
Source : Item no. I to III Ministry of Commerce & Industry, IV.1 Ministry of Railways, IV.2 and 4 Ministry of Statistics and Programme Implementation and IV.3 Ministry of Communication.								

end of 2004. With the current growth momentum, the telecom sector is expected to

achieve a tele-density of 15 by the year 2006 or 2007.