

## Infrastructure

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The importance of infrastructure for sustained economic development is well recognized. High transactions costs arising from inadequate and inefficient infrastructure can prevent the economy from realising its full growth potential regardless of the progress on other fronts. Physical infrastructure covering transportation, power and communication through its backward and forward linkages facilitates growth; social infrastructure including water supply, sanitation, sewage disposal, education and health, which are in the nature of primary services, has a direct impact on the quality of life.

9.2 There has been considerable progress in the last ten years in attracting private investment into the infrastructure sectors; first in telecommunications, then in ports and

roads, and in individual projects in other sectors. There is a potential for public private partnerships (PPPs) to contribute more and help bridge the infrastructure gap in India. The total investment, at 2001-02 prices, required in infrastructure during the Tenth Five Year Plan, initially projected at Rs.1,089,400 crore, has been revised to Rs.1,108,800 crore in the Mid-Term Appraisal of the Tenth Plan. The Committee on Infrastructure, headed by the Prime Minister, has estimated the investment requirements as: Rs. 1,72,000 crore in the National Highways sector by 2012; Rs. 40,000 crore for Airports by 2010; and Rs. 50,000 crore for Ports by 2012. A substantial share of this investment is expected to come from the private sector. It has been estimated that India has the potential to absorb US\$150 billion of FDI in the next five years in the infrastructure sector alone.