

Outlook

9.93 India's economic growth is intertwined with its infrastructure development and there is a strong positive association between the two. The infrastructure deficit continues to haunt India. Provision of quality infrastructure is vital for India to nudge its sustainable growth trajectory upwards.

9.94 A rapidly expanding telecom sector and intense competition amongst the various service providers have resulted in improvement in quality of the services and their affordability. Service providers have offered innovative and attractive value added packages in order to acquire, expand and retain their subscriber base. Increasingly, the mobile phone is being viewed as the instrument that will help bridge the digital divide. Competition and a growing economy will continue to raise the performance bar for the telecom sector in the medium term. The sector, however, would need to address and harness the challenges being posed to it by the internet and the convergence architecture.

9.95 The completion of substantial portions of the Golden Quadrilateral is fuelling demand and facilitating the growth of productivity in the country. The model concession agreement

(MCA), which has been finalised for the roads sector is expected to give a further impetus to the timely completion of the road projects. MCAs are also being developed in the ports and airports sectors to facilitate PPPs. Privatisation of designated services will further improve the productivity of these sectors. Port connectivity is still the soft underbelly of the port sector and the current efforts to bolster it will improve freight movement in the medium term. The benefits of these new projects and initiatives would be visible after a time lag of a few years, as long gestation periods are usually associated with these projects.

9.96 The power scenario in the country continues to be a matter of concern. Lack of reliable power supply dampens the growth impulses in different sectors of the economy. With the ongoing reforms and better management of the coal and gas supplies to the thermal plants, the situation could improve.

9.97 Urban infrastructure is a crucial element of the Indian infrastructure scenario. The JNNURM is a significant step to address the important issue of urban infrastructure, but detailed planning will be required to implement this scheme successfully throughout the country.