

Energy, Infrastructure and Communications

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CHAPTER

Physical infrastructure has a direct bearing on sustainability of growth and overall development. The economic miracle of the high-growth Asian economies was accompanied by substantial investments in infrastructure. Evidence also suggests that creation of infrastructure, through its direct and indirect effects, has a significant impact on poverty reduction. In the Indian context, though there has been some improvement in infrastructure development in transport, communication and energy sectors in recent years, there are still significant gaps that need to be bridged. The current economic slowdown provides an opportunity for countries like India that have a substantial degree of unmet infrastructure requirements. This is reinforced by the understanding that spending on infrastructure has large multiplier effects.

9.2 Development of infrastructure would not only ameliorate the supply side bottlenecks to growth, but also provide the requisite demand side stimulus to growth. The rapid construction of highways facilitates human and material movement across the country. Apart from improving connectivity, the development of secondary and tertiary roads can open up hitherto unconnected regions to trade and investment and step up access to goods, services and employment opportunities. The role of civil aviation and shipping is central to

furthering trade, external commercial opportunities, domestic business and industrial growth. The rapid growth in tele-connectivity and tele-density has already ushered in a communication revolution, though there is still enormous scope for expansion. Against this background, this chapter reviews the current pace of development of infrastructure, energy and communications in India. The review of progress in physical infrastructure is combined with energy and communications in view of the close inter-linkages between these sectors.