

CHALLENGES AND OUTLOOK

9.159 Provision of quality infrastructure is a crucial prerequisite for sustainable growth. In the current Indian context, the programme for infrastructure building is undertaken broadly through two routes: first, through planned execution of large infrastructure projects under the Central and State Government agencies and through private initiatives including PPPs, and, second through public works programmes, which have the twin objectives of creating infrastructure and generating employment for the poor. As such, the expected impact of these two approaches to creation of infrastructure is different. While public works programmes are concentrated in the rural areas with small, short-duration projects, the bigger infrastructure projects have an urban-rural mix, which is different across sectors. Public work programmes have been considerably scaled up in the recent years with the introduction of new nationwide schemes and the consolidation of existing schemes. Indisputably, both the approaches to creation of infrastructure would need to be invigorated. It is also equally important to ensure the coordination between these two approaches so as to promote balanced development of infrastructure throughout the length and breadth of the country.

9.160 Tracking the build-up of rural infrastructure is marred by inadequate and lagged information base. The latest consolidated information on the roads below the level of national highways is 2003-04. The generation of timely information is, of course, constrained by the multiplicity of implementing

agencies and inadequate data management systems at the ground level. Nonetheless, there is an inescapable need to put in place mechanisms for obtaining updated, reliable information on infrastructure creation at all levels at a regular frequency.

9.161 The Eleventh Five Year Plan (2007-12) has estimated an investment requirement of US\$ 500 billion in infrastructure for broad-based and inclusive growth. The foregoing analysis indicates that achieving this is a challenging task. The Eleventh Five Year Plan has envisaged mobilization of private resources in substantial degree to supplement the efforts of the Governments. In recent years, tangible progress has been made in attracting private investment in infrastructure. However, such public initiatives are constrained by factors like inadequate shelf of bankable projects and shortage of long-term finance for projects. These are difficult issues but not insurmountable, given the resilience that the Indian economy and its financial system has demonstrated amidst adversities.

9.162 Availability of finance is only a necessary condition for investment. Once a project is financially closed, it is faced with issues like disputes in land acquisition, rehabilitation, contractual issues, shortage of raw materials, capital goods and fuel, environmental disputes and inadequate availability of skilled manpower. These problems result in delays in the completion of infrastructure projects. These problems have wide ramifications, yet, there is no option but to address them systematically, as timely implementation of projects is critical for ensuring their financial viability, as also for reaping the projected economic benefits.