

Outlook

47. In order to accelerate the pace of growth and to sustain high levels of productivity in all sectors of the economy, infrastructure development must be given high priority in India's development strategy. Uninterrupted power supply is a critical input demanded by all sectors of the economy. Roads, ports, railways and airports are vital links in the logistic chain that enable rapid movement of factors of production and distribution of goods and services. Efficient and innovative telecom services are essential facets of the information age.

48. Future policies/initiatives should envisage strengthening of existing facilities and creation of fresh capacities. Since Government resources are not adequate to meet the growing demand for infrastructure services, innovative incentive packages will have to be offered to induce greater private involvement. Appropriate pricing policies have to be worked out to enable effective cost recovery. Commercialisation of infrastructure

projects requires the setting up of effective Regulatory Authorities, amendment to the existing Acts/Laws, appropriate allocation of risk between different stake-holders, development of the domestic capital market and higher domestic and foreign private investment in infrastructure projects.

49. While several policies have already been announced for facilitating private investment in infrastructure, more reforms are necessary in individual sectors. Higher economic growth is bound to generate an accelerated demand for infrastructural facilities, particularly in key sectors like power, telecom, railways, roads and ports. In order to create additional capacity, investment of a much higher order than at present, is necessary. To ensure greater inflow of private investment in desired areas, sector-specific structural reforms are called for. Future policy is likely to be geared to encourage greater private participation in all the infrastructure sectors so that this vital pre-requisite to higher growth is within reach.