INFRASTRUCTURE IN INDIA

Synopsis: Infrastructure facilities are of fundamental importance for growth. They require immediate huge investments and cannot be undertaken without large scale private participation. Our power sector is in bad shape and so is road-transportation. We have failed to achieve the envisaged power-production targets in our Five-Year Plans, and it is a matter of great concern. Road-development and expansion too, is not as desired to match the rapidly increasing strength of the vehicles. Shipping plays a major role in overseas trade and is a significant forex earner, but here too the scene is dismal and gloomy. Coastal shipping is the most cost effective and also environ-friendly and so must be developed rapidly in view of the country's large coastline. Indian railway has played a significant role in the national growth and development but much needs to be done in respect of its expansion, upgradation cost-effectiveness and maximum utilization. Telecommunication segment is also in need of urgent attention to fill the gap between demand and availability of telephone and telex services. All these infrastructure segments and services are capital intensive and need to be further opened liberalized for private participation. The launch of INSAT series of satellites is likely to revolutionise Indian telecommunication system. Foreign direct investment (FDI) should also be encouraged in order to expedite the infrastructural development.

Infrastructure is of fundamental importance for industrial and agricultural growth of a nation. No country can think of development in the absence of proper infrastructure facilities. It is a sector of top priority. Infrastructure includes power-generation, distribution, railways, transport, roads, shipping, communication, water supply, sewage disposal etc. India is in need of all these and needs them fast to sustain and further accelerate the industrial growth and development. The financial requirement in this regard is estimated about Rs. 7,000 billion. In terms of additional requirements in different sectors, additional funds are needed. For example, for power sector alone Rs. 250 billion investments is required. For making these huge funds available, the private participation in these sectors is must.

The Rakesh Mohan Committee Report on this subject has recommended large scale privatization of infrastructure facilities and services. It has suggested creation of a transparent regulatory framework to set up foreign debt and equity finance in various sectors. It has recommended a number of tax concessions in order to give reasonable returns to the prospective investors. In order to sustain the present 7 per cent growth it is essential that total investment in infrastructure is increased from present 5.5 per cent of the GDP to the Indian economy poised for higher growth, the need for more investment in this sector is recognized by all concerned. For example, there is power famine in the country. This sector has not kept pace with the industrial development of the country. Frequent power-failures, load-shedding, tripping of the grids etc. have become a common feature. The transmission and distribution losses are also as high as 20 per cent as compared to 8 per cent in the developed countries. It has brought the functioning of the Power Grid of India under a cloud. The total installed capacity of various regional grids is 81,700 MW which is quite inadequate. In the 8th Plan, the Government wanted to have a capacity addition of 30,538 MW, but in the first 4 years of the Plan, only 14,799 MW could be added and another 2,868 MW was likely to be added. It means only 58 per cent addition of the overall plan target. There was an outlay of Rs. 25,920 crore for this sector in the Eighth Plan. In the Ninth Plan the Central Government has proposed an outlay of Rs. 51,935. 15 crore for the power sector. The Power ministry has set a target of 424.5 billion unites during the current fiscal (1997-98) against 394 billion units achieved in 1996-97. In the first year of the Ninth Plan itself the envisaged target would be achieved is doubtful.

Indian roads are also in bad shape. They have not kept pace with the increase in vehicular population. Road-development in the country has been less than adequate. The private sector runs almost the entire trucking industry and 60 per cent of the passenger’s services. It is preferred because of convenience, flexibility, speed, reliability, door-to-door service etc. has added to the woes of this sector. Of the total network of roads only 1.7 per cent is highways and carry 44 per cent of the total road traffic. And only 34% of it is double lane. On Indian roads the commercial vehicles can run only 200-250 km. per day as compared to 500-600 km. per day in developed countries. This results in heavy losses in terms of fuel consumption, time taken, costs and competitiveness. The economic losses because of bad roads in India are estimated to the tune of Rs. 20,000 to 30,000 crore yearly. It has also increased safety hazards. About 60,000 lives are lost in road-accidents in India which is about 25 times of America. The Inadequate and bad roads result in very adverse effect on automobile industry, fuel consumption, environment and the industrial growth of the country.

India needs roads badly to keep pace with the rapid growth of vehicle strength which was 253 lakh in 1994 and is likely to reach 540 lakh by the turn of the century. Sensing the urgency in this sector, the Cabinet committee on infrastructure (CCI) has approved on 4 june,1997 a series of incentives for investments in road sector, which includes removal of customs duty n equipment for road construction and granting of ownership rights of townships to road developers.

Shipping accounts for 85 per cent of the total overseas trade of India. It is also a significant foreign exchange earner. It's a capital-intensive industry and is prone to cyclical fluctuations. Large funds are needed to be pumped in to improve the Indian shipping but the government does not have funds. Coastal shipping is the most cost-effective and environ-friendly but this segment of the sector is the most underdeveloped in the country and only 8 to 10 per cent of the total tonnage is dedicated to coastal shipping. It caters only to cities and towns that are very close to ports although India has the largest coastlines in all of Asia. There is an urgent need to capitalize on this fact. It has also cheap labour in abundance which can be well exploited 11 major ports apart from 139 minor ports along the long coastline of 5,560 km. The overseas and coastal shipping are full of great potentialities but they have not been fully used. Our riverine system and national waterways are also vast but again it has also been taken proper care of. This system is not only cheap but also pollution-free.

India has a vast network of railway of 62,660 km. route length with 7,043 stations and a fleet of 7,806 locomotives and 39,929 coaches. Indian railways is the largest undertaking employing nearly 1.6 million workers. It is a chief mode of passenger travelling and movement of goods. It has played a significant role in the economic, social and in respect of upgradation, expansion, coasts and profit earning. Proper and maximum utilization of the locomotives, coaches and wagons in a cost-effective way is the need of the hour. During 1995-96 the Indian Railways incurred a loss of Rs. 12.16 billion. Gauge conversion, electrification, computersied reservation, passenger insurance, increase in efficiency, loss-management, container service are some of the key areas in which Indian Railways will have to pull up its socks at the earliest. Proper use of railway land lying idle for many decades is another critical area which needs to be taken care of.

Telecommunication is another segment of infrastructure which plays a vital role in the economic, industrial and social development of a country. Of late, there has been a great awakening in regard to its crucial role in the national development and attention is being focused on expansion, modernization and upgradation of the telecommunication network. But there exists a wide gap between demand and availability of the telephone and telex service.

Radio and TV are very popular means of mass communication. At present there are 185 broadcast stations, 293 transmitters on 30 commercial centres of Vivid Bharati. The present radio coverage is 90.6 per cent by area and 97.3 per cent by population. In the year 1995-96 Doordarshan could cover 68.4 per cent area of the country. There are 772 transmitters and 38 programme production centres. The number of private channels has also increased rapidly. The demand of telephones had gone up by 50 per cent during 1991-94. The demand for telephones is increasing rapidly and the capacity increase is not keeping pace with it. It is capital intensive industry and requires huge investments and therefore quick, transparent and effective privatization is must. The target of having the phone one per 100 persons by the turn of the century cannot be achieved without privatization. The government decided to liberalize and privatise telecom service way back in 1994 but the massive Telecom Scam Involving the then minister concerned is a sad commentary on the state of affairs.

Introduction of mobile phones has been a shot in the arm of telecommunication. The launch of the INSAT series of satellites has revolutionized Indian telecommunication system. The recent launch of INSAT-2D on June 4, 1997 from Kourou in French Guyana brings India closer to attaining self-sufficiency IN TELECOMMUNICATIION SERVICES. It carries 23 transponders to provide television services. Together with the four earlier INSAT satellites already in orbit, INSAT-2D and INSAT-2E, to be launched next year, will provide the country with enough transponders for lease to Government and private agencies in the coming years.

The market-friendly economy and globalization offer the best potential for the infrastructure development in the country. Further rapid liberalization and efficient capital markets are also essential. Poverty alleviation and improvement in the quality of life of the masses are also closely linked with the development of infrastructure facilities and services. Foreign direct investment (FDI) and funding of these projects by international lending agencies like the World Bank and the Asian Development Bank need to be encouraged. But development cannot be at the cost of environment. A proper balance between the Government, corporate giants, financial institutions, scientists, industrialists and foreign funding agencies. Infrastructure projects need to be implemented and completed in time and without cost-over-run. It is essential that they are executed on turnkey basis. The post-project activities also need to be well-planned for optimum results and the desired quality.