

India needs \$4.5 tn for infrastructure

Bumpy road: Underinvestment in infrastructure sector until recently was due to a collapse of public private partnerships.

India will require investments of about \$4.5 trillion by 2040 to develop infrastructure to improve economic growth and community well-being, according to the Economic Survey 2017-18.

“The current trend shows that India can meet around \$3.9 trillion infrastructure investment out of \$4.5 trillion. The cumulative figure for India’s infrastructure investment gap would be around \$526 billion by 2040,” it said.

There was massive under-investment in infrastructure sector until the recent past due to collapse of public private partnerships, especially in power and telecom projects; stressed balance sheets of private companies; issues related to land and forest clearances, it said.

The need of the hour is to fill the infrastructure investment gap with financing from private investment, institutions dedicated to infrastructure financing like National Infrastructure Investment Bank and also global institutions like Asian Infrastructure Investment Bank and New Development Bank which are focusing more on sustainable development projects and infrastructure projects.

The Survey pointed out that there was scope for developing the shipbuilding industry, currently dominated by South Korea, China and Japan, in India. This will not only create a strong manufacturing base but also generate millions of jobs.

Road sector

On road sector, the Survey said as on September 2017, out of the 1,263 total ongoing monitored projects across sectors, there were 482 projects in road transport and highways with (original) cost of Rs. 3,17,373.9 crore. Of these, 43 projects face cost overruns and 74 projects time overruns.

Further, it added that the share of Indian Railways in freight movement has been declining over a period of time primarily due to non-competitive tariff structure.

The telecom sector is going through a “stress period with growing losses, debt pile, price war, reduced revenue and irrational spectrum costs,” the survey added.

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