

# INFRASTRUCTURE PUSH: THE HINDU EDITORIAL ON CENTRE'S 102-LAKH-CRORE PLAN

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For an economy that is tottering, a big bang announcement from the government can sometimes work to turn around sentiment. The unveiling by Finance Minister Nirmala Sitharaman on Tuesday of a mega push to infrastructure investment [adding up to 102 lakh crore over the next five years](#) belongs in this category. Projects in energy, roads, railways and urban infrastructure under the National Infrastructure Pipeline (NIP) have been identified by a task force. About 42% of such identified projects are already under implementation, 19% are under development and 31% are at the conceptual stage. The NIP task force appears to have gone project-by-project, assessing each for viability and relevance in consultation with the States. Considering that the NIP will be like a window to the future, a constant review becomes paramount if this is not to degenerate into a mere collation and listing of projects. A periodic review, as promised by the Finance Ministry, is necessary. The government's push on infrastructure development will not only enable ease of living — such as metro trains in cities and towns — but also create jobs and increase demand for primary commodities such as cement and steel. From this perspective, this push to invest in infrastructure is welcome.

Core sector output shrank 1.5% in November

Identifying the projects to be put on the pipeline is the easy part. Implementing and commissioning them will be the more difficult one. There are a few hurdles that the NIP task force needs to watch out for. First, the financing plan assumes that the Centre and the States will fund 39% each while the private sector will chip in with 22% of the outlay. Going by the present fiscal situation, it will be no small challenge for the Centre to raise 39 lakh crore, even if it is over the next five years. The financial position of States is even more perilous. Second, the 22 lakh crore expected from private investment also looks steep considering the lack of appetite for fresh investment by the private sector in the last few years. In fact, this factor has been a major drag on economic growth. Given the scale of investment, debt will play an important role and it remains to be seen if banks have gotten over their apprehensions on infrastructure financing as a major part of their bad loans originated there. Finally, cooperation from States becomes very important in implementing infrastructure projects. The experience on this count has not been very happy till now. While these are genuine obstacles that the task force needs to manage, these should not detract from the need for a concerted effort to invest in infrastructure. The key will be following up and reviewing the pipeline at regular intervals.

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