

Paved with big words: on govt's strategy to rescue economy

The Central government is betting on a two-pronged strategy, revealed this week, to rescue the economy from the slowdown. Along with [recapitalisation of public sector banks](#), it announced a huge roads project, which will help scale up public spending on infrastructure and boost job creation and growth. The plan is to spend almost 7 lakh crore to build 83,677 km of highways, traversing mostly the northern and eastern parts of the country, by March 2022. The government [estimates that the Bharatmala Pariyojana](#), which constitutes a major component of this plan, could itself create as many as 14.2 crore man-days of work directly, in addition to permanent jobs after completion. The benefits to the economy are likely to be significant if the programme, as envisaged, manages to successfully connect 550 districts as well as coastal ports to national highways, among other things. While it is hard to quantify the likely economic benefits from the project, Transport Minister Nitin Gadkari expects the contribution to GDP to be significant. With money flowing in from the government and market borrowings, funding is unlikely to be an issue. The same, however, cannot be said about the other familiar challenges in the infrastructure space.

Economic slowdown is real, not just technical: SBI Research

With this massive roads project, Prime Minister Narendra Modi may be banking on replicating, or even bettering, the National Highways Development Project of the Atal Bihari Vajpayee government. However, its success will depend largely on how the government tackles problems that have held back the implementation of infrastructure projects over the last couple of decades. While 2.09 lakh crore of the 5.35 lakh crore Bharatmala investment will be funded by market borrowings, over 1 lakh crore is expected to come in the form of private investments. Private infrastructure companies already reeling in the aftermath of aggressive past bids and leveraged balance sheets will need more clarity to be genuinely interested in such projects. This is an opportune time for the government to bring out of cold storage the blueprint for reviving public-private partnerships — prepared about two years ago by a panel headed by former Finance Secretary Vijay Kelkar. Just as it isn't clear why the government waited three years to unleash the full gamut of reforms needed to fix the banking sector's bad loan mess, it is difficult to understand why little has moved on the PPP framework after the Kelkar report came in late-2015. The NDA government's very first Budget allocated 500 crore to create a new body called 3P India to reboot the earlier PPP route that had left several projects stranded, with developers fleeing in the face of execution issues. That institution is still to see the light of day, while land acquisition reforms attempted in the NDA's first year have also been abandoned. More attention is needed on these fronts to ensure this infrastructure ramp-up delivers, and on time.

Rajasthan's ordinance shields the corrupt, threatens the media and whistle-blowers

END

Downloaded from [crackIAS.com](#)

© **Zuccess App** by crackIAS.com