

## **India's Impressive Economic Growth calls for adequate and Sustainable Infrastructure Development**

### ***NCAER released "Infrastructure Development in India: An Assessment of Status and Strategies"***

*The report provides comprehensive review of the progress of infrastructure development in the country for seven major sectors including power, transportation and irrigation. It highlights the new strategy outlined in the Eleventh Five Year Plan for the sharp increase in the planned investment levels for infrastructure and the expanding role for the private sector. The strategy remains one of demand-led development implying the critical need for achieving planned targets. As the economy has accelerated growth, the utilisation rates of infrastructure have gone up sharply whereas the building of infrastructure is lagging behind. There is a need to improve implementation performance.*

*The report suggests:*

- *Full exploitation of the current potential of the infrastructure sectors; slack capacity in one sector also implies less than full utilisation of capacity elsewhere.*
- *'Institutional' measures to make the various legal, financial and fiscal arrangements effective; independence of regulators, efficient pricing of service, reducing the time needed for achieving implementation of plan targets .*
- *Sizing up infrastructure in terms of improvement in service quality, etc.*
- *Designing good contracts and contracting procedures to speed up the project implementation*
- *Providing focus on building good quality assets in this phase of heightened infrastructure building*
- *Need for stable policies both at the sectoral level and at the macroeconomic level*

**February 16, 2010, New Delhi:** "Infrastructure Development in India: An Assessment of Status and Strategies" a report prepared by NCAER and commissioned by Holcim, was released today by Honorable Shri.Kamal Nath, Minister for Road Transport and Highways. The main focus of the present study is to provide an overall analysis of the developments in the infrastructure sector taking into account their inter-linkages with the other sectors of the economy. It also includes an overview of development efforts covering the perspectives of the seven sub-sectors of infrastructure—power, telecommunication, roads, railways, airports, ports and irrigation.

According to **Mr. Suman Bery, Director General, NCAER**, “The Eleventh Five year plan (2007 to 2011) projected investments in infrastructure development to the tune of \$500 billion over a five year period. The current economic slowdown has cast some doubts on the scale of investments that may be possible in a short period of time, but there is a wide recognition that infrastructure development would be essential for sustaining high rate of economic growth over a longer term which in turn is necessary to achieve developmental goals. This study points to areas which require attention to improve performance in infrastructure development. It is hoped that this report will act as a useful source of reference to policy makers, academics, corporate sector and the public-at large on Infrastructure development in India “

**Mr. Kamal Nath, Minister for Road Transport and Highways**, while releasing the report added, “As we continue to grow and develop, the challenge of sustaining the growth is always there. With the disposable income growing, the society today is moving towards higher aspiration and thus creating a huge demand for quality of work delivered. Hence, it is imperative to implement our infrastructure development programmes in a more systematic way. India possesses great intellectual capabilities and we need to mobilize that for accelerated infrastructure development.”

Briefing the session, **Mr. Paul Hugentobler, Member of the Executive Committee, Holcim** said, “The private industry plays a vital role in achieving the ambitious targets for infrastructure development. This requires the development of qualified people and high investment into new capacities. Holcim, through its two affiliates ACC and Ambuja Cement, will continue investing in India to reassure its role as a trusted partner in the construction industry”

While complimenting the NCAER- Holcim initiative, **Shri B.K Chaturvedi, Member, Planning Commission** said “The major challenges in our infrastructure development are coal supply, environmental issues and finance. There is a need to address these and develop a good quality infrastructure that meets global standards”.

The inaugural session was followed by working and concluding sessions. These sessions were chaired by **Dr. Rakesh Mohan, Ex. Deputy Governor of Reserve Bank of India**, and **Dr. Bimal Jalan, former Rajya Sabha member and Governor Reserve Bank of India**, in which experts from all infrastructure sectors assessed strategies and mechanisms to accelerate the infrastructure development.

The experience of infrastructure development both within the country and outside has now led to a change

in strategies that take note of the need of accelerating infrastructure development and the synergetic role that can be played by the public and private sectors together.

The report is a comprehensive documentation that provides an assessment the prospects for sustained infrastructure development which is essential for accelerated economic growth by examining the development of the sub-sectors both in terms of quantum and quality, and highlighting the strengths and weaknesses of alternative strategies.

**NCAER:**

The National Council of Applied Economic Research (NCAER) was founded in 1956 as an independent, board-run body to give support to both the government and the private sector in empirical economic research. NCAER's research programme is organized into four broad areas: Growth, Trade, and Economic Management; Investment Climate, Physical and Economic Infrastructure; Agriculture, Rural Development, and Resource Management; and Household Behavior, Poverty, Human Development, Informality, and Gender. A broad theme that permeates the Council's current research activities is the progress of India's economic reform programme and its impact on agriculture, industry and human development. An emerging focus is rigorous evaluation of major government public expenditure schemes in the social sector, at both state and Union levels, and the impact of globalization on gender and the informal sector.

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