

Infrastructure in India: Opportunities and Challenges

Introduction:

The first few classes of the course served to extend my notion of 'infrastructure' from merely being a set of basic civic amenities to that of an indispensable link between the economic and social development of a region. Quiroz's study [*Queiroz '92*] of the relationship between per capita GNP and road infrastructure reinforced the ideology. Further discussions demonstrated the nature of the linkage to be strongly reciprocal – it became amply clear that while a vibrant economy will significantly contribute to adding infrastructural capacity, improvements in the quality of infrastructure will result in increased investments and greater industry-confidence leading to economic growth [*Lou Harris '88*].

Sector-wise Status:

Over the next few classes, we examined the current status of development in transport, telecom, power and urban and rural infrastructure. Each sector presents a unique set of opportunities to be leveraged for economic gain as well as a plethora of challenges which threaten to undermine the pace of socio-economic development in India.

Consider roads for example: While public-private partnerships and new toll policies encourage private participation and often greater efficiency, difficulties in land acquisition and long delays discourage fresh investments resulting in slow growth. In the aviation industry, the 'open skies' policy has resulted in low-tariffs and improved customer services owing to the increased presence of the private sector. However, the lack of adequate ground-based infrastructure questions the extent to which air-travel will effectively account for transport share in the country.

In stark contrast to most other infrastructural sectors is Telecom which has scripted a bold success story. The entry of private players in the cell-phone market has resulted in more than 250 million subscribers by 2007[TRAI, '07a]. The challenge here is to ensure healthy competition between the players, distribute bandwidth in a fair process and provide richer content to the user. The Power sector does not present a rosy picture. There is immense scope for capacity addition, notably in renewable energy sourced plants which will lead to a lesser carbon footprint of the country. However, this is not easy as over sixty percent of the current capacity is coal-based [TERI '07] and we face an acute energy crisis.

Unanswered Questions:

As we explored the current status of development in key sectors, a few critical questions remain unanswered. For example, should efficiency take precedence over equity with respect to investments in transport infrastructure? For example, should we invest in enlarging existing roads / air-sectors which link major economic centers or in adding highways and new routes?

Secondly, what interests me is the allocation of Government expenditure to types of infrastructure investments. To be specific, should the Government build better airports for a richer few or build more railway lines to better connect the many rural poor? In other words, which user-groups' interests take precedence over the others? Lastly, I seek to understand the extent to which we can sustain the growth rates in certain sectors such as telecom. Unchecked growth may sap precious natural resources and result in wasteful use.

It is questions such as these that I intend to explore over the course of the remaining classes and I am hopeful that further reading and discussion will introduce me to the intricacies of the issues at hand.