

Fast tracking economic growth

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WITH A VISION to make India a \$5-trillion economy and to support long-term economic growth, the Modi 2.0 government is focused on investing massively on building infrastructure—railways, roads, aviation, ports, smart cities, power, and intracity connectivity. This will have a multiplier effect, including creation of jobs at various levels. In fact, the government intends to invest ₹100 lakh crore in the infrastructure sector over the next five years.

For the railways, the government plans to mobilise ₹50 lakh crore worth of investment by 2030. Between 2018 and 2030, the amount will be spent towards connectivity and expansion of the sector. This will also help boost India Inc's last-mile connectivity.

The government has proposed to prepare a blueprint for regional airports. Currently, under the UDAN scheme, more than 100 airports are operational. This will lead to inclusive economic development.

Then there is a plan to launch the second phase of the Bharatmala scheme. The roads ministry is already developing 35,000-km of roads under phase 1 of the scheme, at an estimated cost of ₹5,35,000 crore. In addition, the outlay on metro projects has increased from ₹14,265 crore to ₹17,714 crore. And 1.25 lakh km of road length will be upgraded under the Pradhan Mantri Gram Sadak Yojana (phase 3) at an investment of ₹80,250 crore.

To harness India's 7,500-km coastline, the Sagarmala scheme will look into the development of ports and related infrastructure to reduce the high logistics costs for exports as well as for domestic trade with minimal infrastructure investment, which will also increase the overall efficiency of the supply chain sector. In India, logistics costs as a proportion of total business costs are in the range of 14-16%, compared to 8-10% of the total business cost in developed countries.

All these announcements concerning the overall infrastructure sector are pro-growth, realistic and backed with a plan.

Infrastructure is the foundation of a strong economy, and infra investment would have an enhanced and positive impact on supply chain, connectivity, productivity, and overall socio-economic development of India.