

Infrastructure development needs to be boosted

The Indian economy has been showing great resilience in the present global scenario and the growth trajectory is encouraging at the moment. After witnessing sluggish growth in recent years, India has regained its growth momentum with a strong 7.3 per cent rise in 2014-15. According to the World Bank India will remain the fastest growing economy in 2016 and will grow by robust 7.8 per cent in 2016 and 7.9 per cent in the next two years. World Bank's projections reinforce the fact that India is progressing on a sound track and is likely to remain the dominant economy in the Asian region.

While India's economic fundamentals remain strong, India has emerged as a powerful and attractive destination for trade and investments. The ambitious "Make in India" programme along with a slew of economic reforms is acting as a driving force to transform India as a global manufacturing hub both for local as well as global manufacturers and investors.

Needless to say, India's resurgence has attracted global attention and the country is recognized as an economic powerhouse and a forerunner among the league of Asian nations. The journey must be sustained in order to further consolidate our position in the global arena.

However, in the midst of the encouraging scenario, there remain certain challenging tasks before the country. In order to sustain the envisaged growth trajectory and further strengthen our economy, infrastructure development is going to be the key. The success of the "Make in India" programme hinges on sound infrastructure planning and speedy implementation to support all round development. Smart cities cannot be envisioned without efficient infrastructure.

The thrust of the Government in the 12th Five Year Plan is on infrastructure, and it is estimated that investments to the tune of over \$1 trillion would be required during this period to sustain infrastructure development. Given the huge investment, successful delivery of infrastructural projects would be most crucial. On the other hand, time and cost over run would be a drag on the economy and nullify the benefits of the investment and resource planning.

It is a well known fact that the country has consistently fallen short of meeting the planned targets over the past several years. A large number of projects have been invariably riddled with time and cost overruns. These projects span across the sectors of power, petroleum, coal, steel, railways, road and highways, civil aviation, ports & shipping and telecom. Undoubtedly, these sectors are the key propellers of our economy.

A large number of infrastructural projects in the country have been delayed due to regulatory clearances, environmental issues and problems pertaining to land acquisition. Also there are challenges in the tendering phase. These affect viability of projects thus delaying implementation. Provider skills are weak all across the value chain. Given the critical role of infrastructure in ensuring a sustained growth trajectory for India, it is imperative that the

policy planners identify core issues affecting completion of infrastructure projects in India and chalk out initiatives that need to be acted upon in short term as well as long term.

In a recent Performance Audit Report on “ Public Private partnership Projects in Major Ports” , the Comptroller and Auditor General of India has pointed out that the implementation of PPP projects suffered from delays between RFQ and signing of CAs on account of protracted time taken for finalization of tenders , security clearances , litigations etc. Delays in implementation of projects was also observed due to non- fulfillment of obligations by Port authorities relating to appointment of independent engineers , obtaining environment clearances, delay in handing over of project sites, non provision of committed draught etc. Delays up to 455 days were observed on account of non- fulfillment of Conditions Precedent by the Concessionaires. (Report No. 45 of 2015).

According to global leading practices land acquisition should be completed before a project is tendered. In India projects are often awarded with only partial acquisition of land by project owners. Delay in subsequent land acquisition and inadequacy in project planning considering the impact of deferred land acquisition is possibly the single largest factor ensuring project delays.

Yet another overriding issue that leads to delays in regulatory approvals is the multiplicity of approval requirements from Central, State and local Governments. Often the regulatory authorities at the Central and State levels lack coordination leading to obstruction in critical approvals.

Further, among the various factors impeding the implementation of projects is the critical issue of skill gap. The non- availability of highly- skilled professionals can have an adverse impact on project delivery and cost. In a recent survey it is projected that by 2022 Indian infrastructure sector is expected to have a shortage of around three million project professionals deployed across various departments.

In the light of above, AIAI feels that urgent measures need to be taken to remedy the situation in order not to derail the wheels of progress. The regular and systematic monitoring of timely execution and implementation of the projects will also bring about transparency and instill investor confidence in the projects besides obviating incalculable damage to the projects. Coordination among the various departments need to be improved with a mandate of a monthly status report.

Further, AIAI would like to suggest that frequent dialogue and discussions with key officials at the State and local levels could help identify the issues confronting the projects and seek urgent measures to rectify the problems. A separate committee to monitor and review the progress of implementation of key projects may be constituted under your chairmanship without delay. This would go a long way in ensuring the success of the “Make in India” programme.