



Delivering Effective and Inclusive Infrastructure in India

Nandini Choudhary

B.A., L.L.B (Hons), Indore Institute of Law
Indore, Madhya Pradesh, India

ABSTRACT

This research paper explores that how Inclusive and Effective Infrastructure should be delivered in India. This paper mainly describes the Impact of Information and Communication Technology and Internet of Things (IOT), The Impact of Public and Private Partnership in economic growth, Impact of Smart Cities in India's Infrastructure. The main focus is on Social infrastructure. i.e. Health and Education. The paper relates that the development of Road and Highways, Rail and Airport can bring an effective infrastructure. Arrival of Foreign Direct Investment (FDI) in the infrastructure sector has brought about a proprietor of changes in the economy, including putting an end to a large number of government regulations and has given creation to innovative schemes of financing infrastructure projects. In this view, this paper aim to give an sketch about the infrastructure development in India since the origin of the first five year plan. The paper focuses on the role of FDI in the infrastructure development in India especially since the Liberalisation, Privatization and Globalization era.

This research examines that: How does the economic development affects by delivering inclusive infrastructure? And what is the role of FDI in defence on the Indian Economy?

KEYWORDS: Foreign Direct Investment, Infrastructural Development, Five Years Plan, Economic Development, Indian Economy, Social Infrastructures.

1. INTRODUCTION

Infrastructure is the basic material and organizational structure necessary for the working of a society or enterprise or the service and facilities needed for a

economy to function. Absence of infrastructure adversely affects the growth and the development of other also. Physical infrastructure mainly features of communication, roads, railways, airways, water supply, water transportation, medical, irrigation facilities, telecommunication and other primary service. Capitalize infrastructure is a challenging subject whether in India or anywhere else in the world. Inclusive and effective infrastructure is essential for driving sustainable economic growth.

In the words of Dr. V. K. R. V. Rao, "The link between infrastructure and development is not a once for all affair. It is a continuous process; and progress in development has to be preceded, accompanied and followed by progress in infrastructure; if we are to fulfil our declared objectives of a self accelerating process of economic development."¹

IMPOTANCE OF DEVELOPMENT OF INFRASTRUCTURE:

1. Persuade investment infrastructure persuade investment. Low level of investment will give low level of production to our economy.
2. A well developed infrastructure attracts the international investors to invest in the country and give profitable ventures.
3. Increase size of the market infrastructure as a large scale production can capture more market.
4. As the income rises the infrastructure will also change.
5. If proper attention is paid to infrastructure development, it is obvious that the economic development will increased.

¹ www.preservearticle.com

6. Infrastructure plays a major role in raising productivity.

2. FOREIGN DIRECT INVESTMENT (FDI)

Foreign Direct Investment (FDI) as an important operator of growth. It is an important source of commercial resources for country for economic development. World economy has observed a exceptional change in volume and pattern of FDI. There is clearly an extreme worldwide competition of FDI. India is not behind this global race of a striking foreign investment. India turn up as an attractive FDI. India needs a massive investment to achieve the goals of vision 20-20.²India has already decided its presence as one of the fastest growing economies of the world .One of the many areas in which foreign direct investment can advantage a country for the development of infrastructure. All the various types of infrastructure that are at the demolition of a country like health or education may be benefited by foreign direct investment.

Technological infrastructure is one of the area in which foreign direct investment is for sake of a country. With the help of foreign direct investment the government can construct, as well as, improve the live technological tools at their removal.

It plays a very crucial role in the economic development of a country as this technological advancement help a country in improving the industries and helps to face the challenges of the modern global economy.

Foreign direct investment is also effective in improving the Health infrastructure of a particular country. This could be done by way of providing high-end equipments or medicines.

Such investment is made by the world level organizations in countries that are economically backward and have no medical infrastructure. The World Health Organization, World Bank and the International Monetary Fund have been providing with money and medicines in order to remove critical diseases or improve the medical infrastructure in place. In India pulse polio and HIV prevention have been taken at the center of such activities.

Communication infrastructure is an important area where the foreign direct investment can come in available. The money which is invested in a country in overseas institution can be used in the development of roads, railways and bridges. These facilities are used for establishing remote areas of a country. A lot of construction groups are taking interest in developing the communicational infrastructure of their countries.

Foreign direct investment also helps in educating the unskilled lab or force in a country. In India there was a situation where there was a huge lab or force but it was unskilled and was employed in the unorganized sector. Foreign direct investment is also useful for making mass educational programs to educate those people who remain out of institutional education as they are not able to afford it.

3. HOW EFFECTIVE ECONOMIC DEVELOPMENT IS DONE BY INCLUSIVE INFRASTRUCTURE?

IMPACT OF INFORMATION TECHNOLOGY AND INTERNET OF THINGS (IOT)

When technology takes intelligence, modification begins to be the order of the day. The next action of the Industrial Revolution is here and it affect on every sector of the global economy.

India is on-track to become a potential influence nation in the next decade, and to increase the level of infrastructure to support transformational changes through digitalization. Underway initiatives like Digital India and 100 Smart Cities are fueling the country's vision to become one of the most powerful economies by 2020. India will need to guard it is making smart investments in building a powerful infrastructure that can support its digital transformation.

As of February 28, 2017, the total installed capacity of India's power stations stands at 315. India Smart Grid Forum estimates that a typical city in India would require about Rs 300 to 500 crore for modernizing the electricity grid. This would entail investments to the tune of Rs 50,000 crore for building smart grids in 100 cities. Compare National Smart Grid Mission's commitment of Rs.980 crore announced in 2015 for the 12th plan 2012-17. This is a call to action for India's power sector. To achieve its digital transformation, India must develop a future-evidence IoT infrastructure that can modify the

²<https://www.scribd.com>

emerging technologies and changing customer requirements.³

In short, the IoT plan for India digital initiatives demands a ductile infrastructure that provides city and urban planners with the flexibility and convenience required to position India as a prosperous power player in the global digital economy.

PUBLICPRIVATEPARTNERSHIP HAS PLAYED A VITAL ROLE IN INDIA'S ECONOMIC GROWTH

The public Private Partnership is an agreement between the government and the private sector for the purpose of qualification of public services or infrastructure. Common goal in the mind of private and public sector will bring strength in accomplishment of objectives. Ever increasing population, greater expectations, demands from society and budgetary is facing a amount of pressure to government of India to deliver an improved infrastructure.

In recent years, the PPP model in India has been fairly successful with several projects being implemented across sectors. For example, in Mumbai, the metro system is being built on PPP model. Several airports including the T3 of Delhi airport are built on the PPP model. PPP projects also lead to faster implementation, reduced lifecycle costs, and optimal risk allocation. Private management also increases accountability and incentivizes performance and maintenance of required service standards. Finally, PPPs result in improved delivery of public services and promote public sector reforms.⁴The emergence of Public-Private Partnerships (PPP) is a sustainable financing and organisational mechanism with the ability of linking the infrastructure gap.

Since the need of Infrastructural development in India is to jump up on the public private partnership. It the way to go forward as it provides Innovation and high diversified productivity, and cost effective delivery of projects.

THE IMPACT OF SMART CITIES FOR INCLUSIVE INFRASTRUCTURE

A smart city is an advanced creativity by the Government of India towards improving the quality of

life and investment, to set a virtuous cycle of growth and development. The Indian real estate has undergone a outstanding transition in the past decade due to increase rate of urbanisation, liberalisation through Foreign Direct Investment.

Prior in India , urbanisation trends concentrated in only five global cities such as, Delhi, Mumbai, Bangalore, Kolkata and Chennai, the Smart City creative seems should be shifted the investments in more cities.

Urban areas are expected to domicile 40percent of India's population and contribute 75 percent of India's GDP by 2030.

The smart cities mission is the objective to promote cities that provide core infrastructure, sustainable environment and by giving small solutions for improving quality of life of all citizens. The growth of a smart city project can make a way many opportunity to demand for affordable homes. Second, smart cities also offer an excellent investment options with a sustainable scope for p especially for a long-term investment plan.

With the idea of building 100 smart cities, there is many expect to increase the share up to 10-12 percent by 2022. Thus, the developers will get a huge opportunity to offer new projects in the upcoming smart cities, which will boost the regional, social and economic infrastructure.

RELATION BETWEEN INFRASTRUCTURE AND ECONOMIC DEVELOPMENT:

Infrastructure greatly affects the economic development of a country. In recent years the term 'infrastructure' has been used more regularly in literature of economic development and is usually qualified by an addition such as 'economic' or 'social' to distinguish different types of infrastructure. Historical records have confirmed the fact that the countries or regions which have industrialised rapidly had well developed infrastructure. If the infrastructure is stronger in the economy it can build up the super structure without much difficulty. The infrastructure needs have to keep step with the expanding needs of the different sectors of economy. The widening chasm between rural and urban infrastructure is a core area of development"⁵. Infrastructure being a capacity of

³ <http://yourstory.com/2018/05>

⁴ <http://yourstory.com/2018/05/impact-smart-cities-indian-infrastructure/>

⁵ K.Ranga Reddy, Amitabh Ray and Prem Singh – "Infrastructure Status and Policy Options"- Planning Commission New Delhi.

economic development, its development is not a luxury but a necessity.

Normally infrastructure develops at a slow step as it is given less importance in the early stages of economic growth. Infrastructure works directly and indirectly on a number of outcomes of economic development. "The function of infrastructure is to release latent productivity in the factors of production singly and in coordination and bring about not only an increase in the output of individual factors and units of production but also mutually additive effect through coordination in inputs, output, space and time and thus maximize the overall rate of economic growth"⁶The relationship between infrastructure and economic development may be seen by its impact on the basic determinants of development through its links with capital formation and technological change. The time at which the economic development takes place depends on the level of infrastructure. It should be noted that o all the four factors contributing to income of a nation consumption expenditure, investment expenditure, government expenditure and net income from abroad, income from investment comes from government spending. The expansion and improvement of the infrastructure is a necessary precondition for capital formation and increase in the production and productivity⁷. The development of agriculture to considerable extent depends on infrastructure. Development of facilities like irrigation, power credit, transport marketing, education and training research and development and other facilities contribute a lot to the development of agriculture. Infrastructure plays a crucial role in the generation of employment opportunities. Infrastructure facilities play a vital role in the development of trade and commerce. In fact they act as a platform for the expansion of trade and other commercial activities at a rapid speed.

CONCLUSION

The researcher has concluded the research that after Sixty years of independence still India is a developing country. After the Foreign Direct Investments India has come in the competition with many countries in trade and commerce and others. For delivering an inclusive infrastructure many reforms should be implemented in many organization as Private -Public Partnership which improves the infrastructure of the

country with this Partnership both are affected Private and Public, improvement in Technology can also improve the development and infrastructure by the modern technology IOT (Internet of Things) and the development of Smart Cities can make a major different in Economic Development. The development of smart cities would play a vital role in economic development. Proper and adequate infrastructure is important for the defence of the nation, transport and communication; scientific inventions play an important role in national defence. The relationship between infrastructure and economic development may be seen by its impact on the basic determinants of development through its links with capital formation and technological change. Infrastructure works is directly and indirectly on a number of outcomes of economic development.

⁶ Dr . V.K.R.V. Rao- Cit. "Issues in Economic Development" by Sher Singh Somra – RBSA Publishers, Jaipur P. 179.

⁷ W.W.Rostow-Stagesof Economic Growth