

Strategy for Infrastructure Development

Address as Chairman of the Institute of Public Enterprises and Public Administration on National Seminar on infrastructure Development.

The Institute of Public Enterprise and Public Administration was started about thirty years ago. At that time, the Public Sector was given the commanding heights of our economy and the Institute concentrated its attention on subjects like Public Sector productivity, efficiency etc. One such Seminar was inaugurated by the then Finance Minister, Sri H.M. Patel. In recent times, the Institute has directed its attention to Public Administration and held Seminars on Panchayat Administration, Public Expenditure Management and Efficiency, etc. The Institute's approach is to bring together eminent experts to view a problem at hand in its different dimensions and suggest possible lines of action. At the same time, the Institute arranges for a large number of the student community to attend the seminars so as to bring to their attention the major problems that the country faces and in the resolution of which they have, and will have a stake in future. This is the approach adopted for this Seminar also. I welcome the large number of students who are attending the Seminar. I must thank the experts who have responded to our invitation and made themselves available for this Seminar.

Infrastructure is the backbone of any economy. It enables the growth of agriculture, industry and services and the improvement of the quality of life of the people. The infrastructural inadequacy we are suffering from now is a creeping malaise. It continuously weakens and eventually cripples the system. Infrastructure development is, therefore, one of the major challenges facing the economy. It is our response to it that will determine the country's development trajectory.

Our Planners and Administrators were not unaware of the importance of Infrastructure. In the Sixties, the National Development Council appointed two Committees – one to go into all aspects of irrigation headed by Sri S. Nijalingappa, then Chief Minister, Karnataka and another on the working of the State Electricity Boards headed by me. But immediately thereafter, the “free electricity” syndrome became fashionable in the States and these reports found their inevitable habitation in the dustbin. Nevertheless, a massive effort was made for an irrigation infrastructure which was combined where possible with hydel power generation. Subsequent decades saw efforts in increasing both hydel and thermal power generation, up-gradation of ports and the infrastructure needed for industry, particularly in the public sector. There were also investments on roads and urban infrastructure, but much less than what was needed. Since the late eighties, attempts to build a telecommunications infrastructure were undertaken. Somewhere on the way, the gap between the demands for the supply of infrastructure has widened, seriously inhibiting the realization of India's development potential. The growth of National income and our export efforts have suffered, not to speak of the conditions of living of the people.

The situation is indeed paradoxical. Much of the technology needed for infrastructure is locally available and we have a reservoir of technical manpower that is comparable to the best in the world. The financial resources needed have to largely come from the local economy. In spite of these enabling features, we have not been able to make a breakthrough in infrastructure and provide it ahead of demand. Instead of allowing the situation to drift, it is now necessary to understand the severity and multi-dimensional nature of the problem, apply corrective measures

and take new initiatives. We need to put infrastructure development on a consistent and self-sustaining path. We need a national strategy rather than a set of piecemeal measures.

Very often the subject of infrastructure is dealt with in one or other of its dimensions and there are missing perspectives. This Seminar has been designed to fill such lacunae. Generally the subject of resource mobilization through the private sector is addressed and disproportionate accent and publicity is accorded to foreign investment. Foreign investment is no doubt valuable but as an addition to what the local economy can generate. But more attention is given to measures to induce foreign investments rather than to domestic resource mobilization. We should not forget that private investment whether foreign or local will be forthcoming only for large and viable projects. Nor should we overlook the fact that private investors will obviously select the most profitable ones, leaving it to the Government to take up the other projects. Not all infrastructure services will be attractive to the private sector either. For instance, Urban Infrastructure like water, hygienic conditions and environmental measures have to be met largely by the States and local bodies. Stray cases of bye-pass roads or bridges may interest private capital if attractive toll rates are offered at the risk of public resentment and wrath. Some of these are the responsibilities of the State and do not lend themselves easily to privatization. We are a nation of Chanters of Mantras. We chanted "Public Sector, Public Sector" for a time. Now we are chanting "Private Sector, Private Sector" every time. Chanting may lead to heaven but only ploughing brings food. The Private Sector must also awaken to the opportunities that infrastructure development provides and gear itself to the task.

During the initial years of our Independence, there was acute scarcity of capital. A million ton steel mill or a Neyveli Lignite project was beyond the Private Sector. The biggest steel mill had only a capacity of 300000 tons. The State had to fill the gap and start massive Public Sector Units. Today, the situation is different. We have a vibrant Private Sector, an ebullient stock market and comparative freedom of enterprise. I do not see why infrastructure for industries like Power, should not be provided by Industry itself. Around 1960, the industrialists of this State agreed to form a Consortium for setting up a power station. As Minister, I agreed to take the entire power at their cost into the grid and distribute the power to the industries at the pooled grid rate. But the Scheme did not get the approval of the authorities concerned. Instead of putting up separate power stations, financed and subsidized with tax incentives etc. elaborately catalogued in the India Infrastructure Report, the Consortium arrangement of industrialists themselves as suggested by me earlier, may be worth pursuing.

Ports play an important role in the development of foreign trade. The productivity at our ports, the poor ship turn round and the average time that the Container spends in ports, are all far below international standards. There are 11 major ports under the Central Control. It will be a good idea to develop two or three of them into Mega Ports with all modern facilities and upgrade the gear in the other ports. Three decades ago, when I chaired the Major Ports Commission, we had emphasized the importance of developing Minor Ports. If we upgrade our 142 minor ports in the country, we may ease the pressure of major ports and improve all round efficiency.

There are other aspects of infrastructure development that are not seriously addressed today such as the service and efficiency orientation to the infrastructure development and a more focused implementation of priority projects to avoid the widespread time and cost overruns.

It is not, however, my function to deal with all the details of Infrastructure Development. I shall leave it to the Dy. Chairman who is directly concerned with it to give us the benefit of his wise counsel. The experts who have gathered here, I trust, will be able to identify courses of action that would be of help to accelerate economic growth and development.

