

## A STUDY OF FACTORS OF INFRASTRUCTURAL DEVELOPMENT OF INDIAN ECONOMY

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**Abstract:** The present article focuses on infrastructural development of Indian economy. Infrastructural facilities include various economic and social overhead viz., Energy (Coal, Oil, Electricity), Irrigation, Transportation and Communication, Banking, Finance and Insurance, Science and Technology and other social overheads like education, health and hygiene. All these facilities jointly constitute the infrastructure of the country. Like other countries, the developmental process of India put much emphasis on the growth of infrastructure. Without having a sound infrastructural base, a country cannot develop its economy. More important and difficult job in the development process of the country is to provide the basic infrastructural facilities.

### **Objective of the Study:**

The present paper studies following objectives

- 1- To understand the basic concept of infrastructure development.
- 2- To study details of factors of infrastructure development.

**Data Collection:** Present research article is based on secondary data which is collected from various reference books, websites.

### **Infrastructural Development:**

Development of a country depends very much on the availability of its infrastructural facilities. The development of agriculture and industry depends solely on its infrastructure. Without having a sound infrastructural base, a country cannot develop its economy. More important and difficult job in the development process of the country is to provide the basic infrastructural facilities. These infrastructural facilities include various economic and social overhead viz., Energy (Coal, Oil, Electricity), Irrigation, Transportation and Communication, Banking, Finance and Insurance, Science and Technology and other social overheads like education, health and hygiene. All these facilities jointly constitute the infrastructure of the country. Like other countries, the developmental process of India put much emphasis on the growth of infrastructure. In this connection Dr. V.K.R.V. Rao observed, “**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.**”

### **Factors of Infrastructural developments in India:**

#### **Power:**

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower). By 2022, wind energy is estimated to contribute 60 Gigawatt (GW), followed by solar power at 100 GW, and biomass and hydropower at 15 GW. The target for renewable energy has been increased to 175 GW by 2022.

#### **Telecom:**

India ranks as the world's second largest market in terms of total internet users. The number of internet subscribers in the country increased at a CAGR of 45.74 per cent during FY06-FY19 to reach 636.73 million in FY19. The internet subscribers reached

687.62 million by September 2019. Total wireless data usage in India grew 10.58 per cent y-o-y to 19,838,886 terabytes between July-September 2019. India is also the world's second largest telecommunications market. It's total telephone subscriber base and tele-density reached 1,177.02 million and 87.45 per cent, respectively, as of January 2020. Gross revenue of the telecom sector stood at Rs 121,527 crore (US\$ 17.39 billion) in FY20 (April-September 2019). Over the next five years, rise in mobile-phone penetration and decline in data costs will add 500 million new internet users in India, creating opportunities for new businesses.

**Roads:**

India has the second largest road network in the world, spanning a total of 5.89 million kilometers (kms). This road network transports 64.5 per cent of all goods in the country and 90 per cent of India's total passenger traffic uses road network to commute. Road transportation has gradually increased over the years with improvement in connectivity between cities, towns and villages in the country. In India, sale of automobiles and movement of freight by roads is growing at a rapid rate. Highway construction in India increased at 21.44 per cent CAGR between FY16-FY19. In FY19, 10,855 km of highways were constructed, and the Government has set a target for constructing 12,000 km of national highways in FY20. In March 2020, NHAI (National Highways Authority of India) accomplished the highest ever highway construction of 3,979 kms. In April 2020, the Government set a target of constructing roads worth Rs 15 lakh crore (US\$ 212.80 billion) in the next two years. Huge investments have been made in the sector with total investment increasing more than three times from Rs 51,914 crore (US\$ 7.43 billion) in 2014-15 to Rs 158,839 crore (US\$ 22.73 billion) in 2018-19.

**Railways:**

Indian Railways is among the world's largest rail network. Indian Railways route length network is spread over 1,23,236 kms, with 13,452 passenger trains and 9,141 freight trains plying 23 million travelers and 3 million tons (MT) of freight daily from 7,349 stations. India's railway network is recognized as one of the largest railway systems in the world under single management. The railway network is also ideal for long-distance travel and movement of bulk commodities, apart from being an energy efficient and economic mode of conveyance and transport. Indian Railways is the preferred carrier of automobiles in the country. Government of India has focused on investing in railway infrastructure by making investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects. Indian Railways' revenue increased at a CAGR of 6.20 per cent during FY08-FY19 to US\$ 27.13 billion in FY19. Earnings from the passenger business grew at a CAGR of 6.43 per cent during FY07-FY19 to reach US\$ 7.55 billion in FY19P. Freight revenue rose at a CAGR of 4.30 per cent during FY08-FY19 to reach US\$ 18.20 billion in FY19. Revenue growth has been strong over the years. Indian Railways' gross revenue stood at Rs 183,092.74 crore (US\$ 26.20 billion) in FY20 (till February 2020). Freight earnings in FY20 (till February 2020) stood at Rs 119,216.11 crore (US\$ 17.06 billion). Passenger earnings for Indian Railways was estimated at 51,077.73 crores (US\$ 7.31 billion) in FY20 (till February 2020). Freight remains the major revenue earning segment for Railways, accounting for 65.1 per cent of its total revenue in FY20 (till February 2020), followed by the passenger segment. Passenger traffic was valued at 7.67 billion and freight traffic at 1,105.33 million tons in FY20 (till February 2020). India was among the top 20 exporters of railways globally as of 2017. India's export of railways has grown at a CAGR of 31.51 per cent during 2010-2018 to US\$ 507.90 million. Exports of railways in 2019E stood at US\$ 635 million.

### **Civil Aviation:**

The civil aviation industry in India has emerged as one of the fastest growing industries in the country during the last three years. India has become the third largest domestic aviation market in the world and is expected to overtake UK to become the third largest air passenger market by 2024. India's passenger\* traffic stood at 341.05 million in FY20. It grew at a compound annual growth rate (CAGR) of 11.13 per cent during FY16-FY20. Domestic passenger traffic stood at 274.50 million in FY20, growing at a CAGR of 12.91 per cent over FY16. International passenger traffic stood at 66.54 million, growing at a CAGR of 5.01 per cent during FY16-FY20. Freight traffic grew at a CAGR of 5.32 per cent during FY16-FY20 from 2.70 million tons (MT) to 3.33 MT. Freight Traffic is expected to grow at a CAGR of 7.27 per cent to reach 4.14 MT in FY23. Aircraft movement grew at a CAGR of 9.56 per cent from 1.60 million in FY16 to 2.59 million in FY20. During FY16-FY20, domestic aircraft movement increased at a CAGR of 9.83 per cent and international aircraft movement expanded at a CAGR of 3.57 per cent. India's domestic and international aircraft movements grew to reach 2,155 thousand and 433 thousand during FY20, respectively. To cater to the rising air traffic, the Government of India has been working towards increasing the number of airports. As of March 2019, India had 103 operational airports. India has envisaged increasing the number of operational airports to 190-200 by FY40.

### **Urban Infrastructure:**

The Government has introduced special package for Housing Construction and Services, which will facilitate development of urban infrastructure. In order to improve urban infrastructure, the Government enhanced the tax benefits for housing and also extended tax holiday to urban infrastructure.

### **Conclusion:**

From the above study can conclude that there is vital role of infrastructural development in growth of Indian economy. Infrastructural development factors prove very important in the fastest progress of the economy. However, the prosperity and progress of a country largely depends upon the development of agriculture and industry. While the agricultural development requires facilities like irrigation, power, credit, transportation etc. but the industrial production also needs machines, equipment, energy, skilled manpower, management personnel, marketing, banking and insurance facilities, transportation services etc. All these facilities and services helping the agricultural and industrial sector jointly constitute the infrastructure of a country. The Indian economy already carrying load of many issues which becoming hurdle in the development but if we made a serious concentration on infrastructural development it is possible to achieve the fastest and sustainable growth in Indian economy.

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