

NATIONAL INFRASTRUCTURE PIPELINE (1)

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What is the National Infrastructure Pipeline (NIP)?

The National Infrastructure Pipeline (NIP) is a group of social and economic infrastructure projects in India, over a period of five years with a sanctioned amount of ₹102 lakh crore (US\$1.4 trillion). The pipeline was first made public by the Prime Minister of India during his 2019 Independence Day speech. The Finance Minister announced that the NIP consists of 78% projects by the center and states, and the remaining by the private sector. The NIP is a pillar of the government of India's aim to become a \$5 trillion economy by 2025. During the fiscal years, 2020 to 2025, sectors such as Energy (24%), Roads (19%), Urban (16%), and Railways (13%) will amount to around 70% of the projected capital expenditure in infrastructure in India. The NIP aims to make it happen efficiently.

Why the infrastructure is given more emphasis these days?

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from the Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country.

- It is a good time to increase infrastructure capacity and increase the expenditure because of the slowdown due to the pandemic.
- Infrastructure spending is a critical component of the fiscal stimulus as it has multiplier effects on the economy and job creation.
- To ensure faster economic growth, inclusive growth and alleviation of poverty, the quality of infrastructure is very necessary.

- Lack of adequate infrastructure not only holds a lack of economic development, but it also causes additional costs in terms of time, effort and money of the people for accessing essential social services.

- The adequate infrastructure in the form of road and railway transport system, ports, power, airports and their efficient working is also needed for integration of the Indian economy with other economies of the world. Key benefits of NIP:

- Economy: A well-planned National Infrastructure Pipeline will enable more infrastructure projects, business growth, job creation, and inclusive growth. Investment in the infrastructure is a good strategy to overcome the current slowdown as it helps reactivate it and increases demand in other sectors, leading to an increase in fund flow to these sectors besides creating valuable assets.

- Government: Well-developed infrastructure improves the productivity of the economy, leading to the creation of additional fiscal space for improving the revenue base of the government and ensures the quality of expenditure focus in productive areas.

- Developers: It gives a better view of projects that are being undertaken, provides time to be better prepared for the project bidding, and reduces aggressive bids or project delivery failures. It will also improve access to sources of financial resources due to increased infrastructure confidence.

- Banks/financial institutions: NIP will increase investors' confidence as identified projects are likely to be more prepared and are less likely to suffer stress due to active monitoring of the projects. This reduces the probability of NPAs.

Why do we need better infrastructure in the future?

India's infrastructure needs a rejuvenation. This is because:

- Urbanization: 42% of the population is going to live in urban areas by 2030. Currently, only 31% are living in urban India.
- Increasing working-age population: It is estimated that India will have a 1.03 billion workforce in 2030.
- A shift towards a service-balance.
- Sed economy: The share of agriculture will increase to 8% from the current 15%.
- Climate change: The number and intensity of disasters are prone to increase given the high impact of climate change. Providing for disaster resilience through improved infrastructure is a need of the hour. Projects included:
 - The report contains recommendations on general and sector reforms relating to key infrastructure sectors for implementation by the Centre and states.
 - Sectors such as energy (24%), roads (18%), urban (17%) and railways (12%) amount to around 71% of the projected investments.
 - The projects will also be spread across sectors such as irrigation, mobility, education, health, water and the digital sector.

Major constraints in implementation:

The major implementation constraints that will be faced possibly in future are: • Availability of funds for financing large projects.

- Lengthy processes in land acquisition and payment of compensation.
- Environmental concerns.
- Time and cost overruns due to delays in project implementation and procedural.
- Delays and lesser traffic growth than expected to increase the riskiness of the projects.
- Stalled or languishing projects and a shortfall in funds for maintenance.

What are the key components of the report of Task Force on National Infrastructure Pipeline?

The Task Force on National Infrastructure Pipeline chaired by Secretary, Department of Economic Affairs, Ministry of Finance had submitted a detailed report on the infrastructure plan. The main function of the task force was to identify the technical feasibility and economic viability of infrastructure projects that are going to be initiated in fiscals 2020 to 2025. The report proposed certain goals, strategies, and standards under its Infrastructure Vision 2025.

The components are as follows:

- (a) Affordable and clean energy:
 - Ensuring 24×7 power availability;
 - Reduce pollution through green and clean renewable energy and environment-friendly fuel for transportation.

(b) Digital Services: • Providing access for all.

- 100% population coverage for telecom and high-quality broadband services for socio-economic empowerment of every citizen;
- Digital payments and e-governance Infrastructure for delivery of banking and public services.

c) Quality Education:

- World-class educational institutes for teaching and research, technology-driven learning.
- Meeting Gross Enrolment Ratio target of 35% by 2025 as per the Draft National Education Policy, 2019.

(c) Convenient and efficient transportation and logistics:

- Roads: Enhanced road connectivity to remotest areas and trunk connectivity through expressways, major economic corridors, strategic areas and tourist destinations. Extensive charging and on-road traction infrastructure for electric vehicles.
- Railways: World-class stations and fully integrated rail network with inter-modal connectivity to remote regions and close to nil accidents.
- Airports: Airport and related infrastructure to enable international and regional connectivity so as to achieve passenger and cargo traffic on the vision of National Civil Aviation Policy, 2016. Air connectivity to all Tier-II and most Tier-III cities.

- Ports: Port and Waterway infrastructure focused on reducing logistics time and cost for foreign and domestic trade as per the Sagarmala National Perspective Plan, 2016. There are around 12 major ports in India. The total capacity of the ports is 2 billion tons. As per the report, the ports' capacity should be increased to 2.5 billion tons.

- Metro-connectivity: Urban mobility through MRTS and bus connectivity within 800 metres of homes in more than 50 cities. Also, ensure high standards of living for citizens by providing metro connectivity in at least 25 cities.

€ Universal housing and water supply:

- Housing for all by 2022 PMAY; negligible slum population.

- All households to have piped water meeting national standards by 2024.

- Wastewater recycling and treatment.

- Also, around 18% of rural households receive piped water supply under Jal Jeevan Mission.

- Reduce the slum population.

(f) Agriculture infrastructure:

- Increased irrigation and micro-irrigation coverage;

- Integrated agro-logistics systems from farm gate to end consumers storage, processing and packing, transportation, market and digital infrastructure for agriculture produce.

(g) Good health and well-being:

- Superior healthcare facilities, electronic health records infrastructure.
- Superior accessible primary, secondary and tertiary healthcare infrastructure facilities across India to meet NHP 2017 goals.
- Medical para medical education infrastructure meeting manpower needs by 2020 and CHVs by 2025 as per IPHS norms.

(h) Disaster-resilient public infrastructure:

- Designing public infrastructure to make them resilient to natural and manmade disasters.

(i) Health and well-being:

- Providing improved healthcare facilities and ensuring the electronic health records of all the patients.
- Improving accessibility to primary, secondary and tertiary healthcare facilities across India by meeting objectives of National Health Policy, 2017.
- Medical and paramedical education infrastructure to meet the manpower needs by 2020 and community health volunteers by 2025 in accordance with Indian Public Health Standards (IPHS) norms.

What is the global trend in infrastructure spending?

- According to the Global Infrastructure Outlook, 2017 published by Oxford Economics, the estimated global infrastructure investment requirement is \$94 trillion between 2016 and 2040.

- Of this, around half of it is required in Asia alone (primarily by China, India, and Japan), with roads and electricity subsectors constituting around 67% of these investment needs, followed by the telecommunications, railways and water sub-sectors.

What are the challenges while implementing the NIP?

The challenges that government would face while implementing NIP include:

- Fund constraints for large projects as the size of the proposed investment is big when compared to the previous six years' completed investment in the infrastructure sector. Centre and states invested Rs.51 lakh crore during the previous six years. Here realizing Rs.102 billion in the next five years will be a huge task given the precarious financial situation of the governments.

- Lengthy procedures in land acquisition and payment of compensation.

- Environmental concerns while implementing the infrastructure.

- Time and cost overruns due to delays in project implementation and procedural delays and lesser growth rate than expected.

- Risks during project implementation due to stalled or languishing projects or shortfall in funds for maintenance.

What can be the way forward?

- National Infrastructure Pipeline is a commendable effort, simply for its breadth of coverage.
- The task force, through its report, had linked India's need for hard and soft infrastructure to its economic and social progress, including the sustainable development goal. This is a creditable endeavour.
- With respect to infrastructure, the government aims to address pressing concerns regarding the lack of investment therein.
- Increased emphasis on attracting investments is a need of the hour.
- Special focus given to increasing the country's renewable energy source, alleviating the present financial condition of DISCOMs and proposal to provide around Rs.1.70 trillion for the transportation sector to improve its capacity and efficiency is a step in the right direction.
- The state governments should give their complete support to the central government in achieving the NIP targets. Currently, cooperative federalism is a huge challenge due to politics.
- Cooperation between the states and centre should be prioritized while dealing with issues like land acquisition and environmental clearance as it causes delays and high costs.

Conclusion:

The National Infrastructure Pipeline is an ambitious strategy set by the Central Government. It is the key to economic growth and well-being of the country's people, as it will propel economic growth, improve quality of life contribute to GDP nationally. Capacity creation and expansion in important segments like roads and highways, power, railways, renewable sector, ports, airports, metros etc., is a must for delivering impressive results. For this to be achieved, reforms to the existing laws are vital to make investments in the NIP more attractive. This along with the cooperation among the states and the centre will ensure improved infrastructure and NIP achievement within 2025.

■ By Swati Gupta

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