Infrastructure allocations in Interim Budget

What is the issue?

The government has reduced its budgetary allocations to infrastructure development in the Interim Budget.

What were the announcements made?

- The infrastructure, both social and physical, was named as the first dimension of Vision 2030 in the interim Union Budget 2019.
- **Roadways** - India has emerged as the fastest highway developer in the world with 27 km of highways being constructed per day.
- Some of the road projects stuck for decades, such as Eastern Peripheral Expressway and Bogibeel Bridge in Assam have been completed.
- The government has allocated Rs. 19,000 crore for the Pradhan Mantri Gram Sadak Yojana (PMGSY), which is a rural roads scheme to provide all-weather access to eligible unconnected habitations.
- This is similar to last year's budget allocation for this scheme.
- **Airways** - The UDAN (Ude Desh ka Aam Nagrik) scheme has increased the number of operational airports in India.
- As a result, domestic passenger traffic has doubled during the last five years.
- **Waterways** – For the first time, a container cargo was moved via inland waters from Kolkata to Varanasi and the same would be introduced to deliver containers to North East via Brahmaputra river.
- This shows the significance of Sagarmala Programme in using the potential of India's inland waterways.
- **Railways** – Capital expenditure programme of Railways is at an all-time high of Rs 1.58 lakh crore in the next fiscal.
- All unmanned level crossings in broad gauge network have been completely eliminated.
- These changes have meant fast connectivity to those parts of the country that were difficult to access in the past.
- For example, Arunachal Pradesh is now on the air map and states such as Meghalaya and Mizoram now figure on India’s rail map for the first time.
- Also, the first indigenously built Vande Bharat Express was introduced in line with Make in India drive.

What are the concerns?

- Despite these successes, the interim Budget has been disappointing on many fronts on the Infrastructure sector.
- Even though the railways has received its highest ever capital expenditure (capex) of Rs 1.58 trillion, an equitable allocation for the road and aviation sectors was not witnessed.
- For instance, the government has reduced its budgetary support to the National Highways Authority of India (NHAI) by over Rs 631 crore.
- As a result, the NHAI would have to now gear up for higher fundraising through borrowing and monetising road assets.
- Similarly, on the Sagarmala scheme, the government spent only Rs 381 crore in FY19 despite a Budget allocation of Rs 600 crore and the allocation is further reduced to Rs 550 crore in FY20.
- Since Infrastructure sector is a most important engine of economic growth and job creation in the country, the government has to enhance allocations for the sector.

Source: Business Standard, Business Line

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