Rs.102-lakh-crore Infrastructure Plan

Why in News?

Finance Minister Nirmala Sitharaman recently unveiled a plan to push the infrastructure investment adding up to Rs.102 lakh crore over the next 5 years.

What is NIP?

- Projects in **energy, roads, railways and urban infrastructure** under the National Infrastructure Pipeline (NIP) have been identified by a task force.
- About 42% of such identified projects are already under implementation, 19% are under development and 31% are at the conceptual stage.
- The NIP task force appears to have gone project-by-project, assessing each for viability and relevance in consultation with the States.
- Considering that the NIP will be like a window to the future, a constant review becomes paramount if this is not to degenerate into a mere collation and listing of projects.

What this push is a welcomed step?

- The government's push on infrastructure development will enable **ease of living, create jobs and increase demand** for primary commodities such as cement and steel.
- From this perspective, this push to invest in infrastructure is welcome.
- Identifying the projects to be put on the pipeline is the easy part.
- Implementing and commissioning them will be the more difficult one.

What are the hurdles that the NIP task force needs to watch out for?

- **Financial position** - The financing plan assumes that the Centre and the States will fund 39% each while the private sector will chip in with 22% of the outlay.
- Going by the present fiscal situation, it will be a challenge for the Centre to raise Rs.39 lakh crore, even if it is over the next 5 years.
- The financial position of States is even more perilous.
- **Steep private investment** - The Rs.22 lakh crore expected from private investment also looks steep considering the lack of appetite for fresh investment by the private sector in the last few years.
- Given the scale of investment, debt will play an important role and it remains

to be seen if banks have gotten over their apprehensions on infrastructure financing as a major part of their bad loans originated there.
- **States' cooperation** - The cooperation from States becomes very important in implementing infrastructure projects.
- The experience on this count has not been very happy till now.

What could be done?

- These are genuine obstacles that the task force needs to manage.
- These should not detract from the need for a concerted effort to invest in infrastructure.
- The key will be **following up and reviewing the pipeline** at regular intervals.

Source: The Hindu

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