



Mains Practice Question

Q. Discuss the significance of National Infrastructure Pipeline for India. Also examine the associated challenges. (250 words)

05 Feb, 2020 GS Paper 3 Economy

Approach

- Give a brief introduction to the National Infrastructure Pipeline.
- Discuss its significance for Indian Economy.
- Mention associated challenges.
- Give conclusion.

Introduction

- Recently, the Government has released a report of the task force on the National Infrastructure Pipeline (NIP) for 2019-2025. Accordingly, total project capital expenditure in infrastructure sectors in India during the fiscals 2020 to 2025 is projected at over Rs 102 lakh crore.
- NIP includes economic and social infrastructure projects in sectors such as Energy (24%), Roads (19%), Urban (16%), and Railways (13%) amount to around 70% of the projected capital expenditure in infrastructure in India.

Body

Significance of the National Infrastructure Pipeline:

- NIP will enable a forward outlook on infrastructure projects which will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive.
- It is estimated that India should invest \$4.5 trillion in infrastructure by 2030 to support faster growth. The National Infrastructure Pipeline is a part of that attempt to invest \$4.5 trillion.
- The National Infrastructure Pipeline will ensure that infrastructure projects are adequately prepared and launched.
- It will help in stepping-up annual infrastructure investment to achieve the Gross Domestic Product (GDP) of \$5 trillion by 2024-25.
- It will boost the agrarian economy by strengthening agricultural and rural infrastructure.
- It will further increase the connectivity in India, especially in rural areas, through the expansion of roads and railways.
- It will ensure credit availability from the government sources to boost the economic growth, in a time when there is a lack of private investment.
- Well-developed infrastructure enhances the level of economic activity, creates additional fiscal space by improving the revenue base of the government, and ensures the quality of expenditure focused in productive areas.
- **Overcoming slowdown:** The policy of high government spending in infrastructure energises demand in other sectors and led to more fund flows to various sectors besides creating valuable assets.

Challenges

- **Credit availability** is the biggest challenge in the backdrop of the NPA crisis. Envisaged Private sector participation in capital expenditure (22%) may largely suffer due to this.
- **State governments' financial commitment** may not be realised because of fiscal concerns. Presently, more than 20 states already have a debt-GSDP ratio of above 25 per cent.
- **Land acquisition** is a big challenge for the completion of infrastructure projects.

Conclusion

Availability of quality infrastructure is a prerequisite to achieve broad-based and inclusive growth on a sustainable basis. If the concerns regarding fiscal availability are addressed properly, National Infrastructure Pipeline would be a massive exercise to realise the vision of becoming a 5 trillion \$ economy by 2024.

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