

# Infrastructure

## 85% rise in infrastructure investments needed to impact GDP, say experts

**Our Infrastructure Bureau**  
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**T**he expert group on commercialisation of infrastructure projects has estimated that the investment in the sector would have to catapult by 85 per cent to have any impact on the GDP. Investments would have to be stepped up from Rs 60,000 crore at present, to Rs 1,10,000 crore by 2001 and Rs 1,80,000 crore by 2005.

At a seminar here on Friday by the Association of Indian Management Schools on "Management of infrastructure", experts discussed the contentious issues plaguing the sector from the sources of financing to the mode of funding.

**Indian Institute of Finance** director **JD Aggarwal** pointed out that in the US, major investments in infrastructure have been made

by the state and not the private sector. He cited the Chinese example too, where foreign capital was ploughed into creating national assets like oil refineries

Escorts, chief general manager, corporate finance, Lalit Khanna did not subscribe to the view professed by the Rakesh Mohan committee that eight per cent of the national savings could be wooed into financing infrastructure projects. Mukerji said "unlike in South-east Asia where most of the project finances have come from abroad, in India a large appetite for project funds does exist in the domestic market."

In the verbal tug-of-war, private capital certainly won more votes than budgetary funds for infrastructure projects. A status paper prepared by the ICICI, pointed out that till 1991, the public sector and government departments

dominated the infrastructure sector.

Private sector participation in power, telecommunications, roads and ports is expected to provide the necessary impetus to achieve the targeted growth rate, the paper said.

Nearly 44 per cent of the Eighth Plan outlay, or Rs 1,93,000 crore, had been earmarked for infrastructure building between 1992 and 1997. The government and institutions owned by it, like the IDBI, ICICI and the IFCI are still the key investors in infrastructure.

The emergence of the Infrastructure Development Finance Corporation (IDFC) indicates that the government would continue to invest in infrastructure projects.

The IDFC will lend directly to infrastructure projects like power plants, telecommunications facilities, ports and roads. ♦