

# National Infrastructure pipeline (NIP)

January 10, 2020

Source: *The Hindu*

**Manifest pedagogy:** Infrastructure spending has been a driver of economic growth. The vision of spending 105 lakh crores in the coming years required better policy and implementation procedures and thus a need was felt to get National priorities in terms of the National Infrastructure Pipeline.

**In news:** Roadmap for National Infrastructure Pipeline has been released by the government.

**Placing it in syllabus:** Infrastructure

**Static dimensions:**

- **Infrastructure spending in india**
- Highlights about important sectors

**Current dimensions: National Infrastructure Pipeline & \$5 trillion economy**

**Content:**

**NITI Aayog** has designed '**The Ease of living Index**' comprising **37 measurable indicators**, which takes into consideration the UN 2030 Sustainable Development Goals (**SDGs**). In order to meet the growth aspirations and provide improved standard of living, the infrastructure investments should be increased.

**Infrastructure spending in india:**

Infrastructure sector is a **key driver for the Indian economy** which is highly responsible for propelling India's overall development. Infrastructure sector includes **power, bridges, dams, roads and urban infrastructure development.**

In 2018, India ranked **44th** out of 167 countries in **World Bank's Logistics Performance Index (LPI)**. It is currently ranked **70** out of 140 for infrastructure quality in **World economic forum's Global Competitiveness Index**.

India is expected to become the **third largest construction market globally by 2022**. FDI received in Construction Development sector (townships, housing, built up infrastructure) from April 2000 to March 2019 stood at US\$ 25.05 billion.

India has a **requirement of investment worth Rs 50 trillion in infrastructure by 2022** to have sustainable development in the country. The Government of India has allocated **Rs. 4.56 lakh crore for the infra sector in Union Budget 2019-20**.

#### ***Constraints faced by infrastructure sector:***

- 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,
- procedural delays and lesser traffic growth than expected increasing the riskiness of the projects,
- Stalled or languishing projects and shortfall in funds for maintenance.

Overcoming the **deficiencies in infrastructure** and **improving the quality of services** provided in both urban and rural areas in India will help in realising the full potential of the growing urban economy thus raising its contribution to India's GDP.

#### **National Infrastructure Pipeline (105 lakh crore plan):**

- Honourable PM Narendra Modi in his Independence Day speech 2019, had said that Rs.100 lakh crore would be invested on infrastructure over the next 5 years.

- A **task force headed by Economic Affairs Secretary** was set up by the Finance ministry to prepare a roadmap for the “**National Infrastructure Pipeline (NIP)**” from **2019-20 to 2024-25** to form Rs.105 lakh crores plan.
- The **task force has identified Rs 102 lakh crore of projects.**



- Another **Rs.3 lakh crore of projects** are likely to be added in the NIP by the **states.**
- The **Centre and states' contribution** to the NIP would be **39 percent each** as well as **22 per cent by the private sector** which is expected to increase to 30% by 2025.
- Sectors such as power, railways, urban, irrigation, mobility, education, digital and health sectors form the bulk of the proposed projects.
- This is the **first time that an infra pipeline has been proposed** and NIP helps making India a \$5 trillion economy by 2025.



- **Reform suggestions** by various working groups under the infrastructure task force including **reforming the PPP based contracts, enforcement of contracts and dispute resolution process** will be considered.

### Highlights about the sectors:

#### *Energy:*

- This sector will get about **24 per cent of the total investments.**
- India aims to **take the current installed power capacity of 356 GW to 619 GW.**
- The **share of thermal installations is expected to go down** from 66 per cent to 50 percent.

### *Roads:*

- **19 percent of the investments** will be channelised to this sector.
- The **target is to add 50 percent total length to the existing National Highways**, with **12x more Expressways** constructed.
- The ownership of roads will tilt in favour of **asset aggregators and financial investors** as opposed to the public authorities today.

### *Urban and Housing:*

- About **16 percent** of the NIP investments will go towards improving urban infrastructure and running housing programmes.
- The government **aims to cover 100 percent urban and rural households with piped water supply.**
- 100 percent of all municipal waste is expected to be treated.
- More than **25 cities will get operational metro** projects.
- Affordable housing projects will continue to remain in focus.

### *Railways:*

- This sector gets **14 percent** of the total investment outlay.
- The vision for Railways includes healthy private sector participation with **targets of 30 percent net cargo volumes, 500 private passenger trains and 30 percent of 750 stations privatised.**
- The **two dedicated freight corridors (DFCs) will be fully operational**, while the construction of East-West, North-South, East Coast, and South-West DFCs will be underway.
- Railways also expects to **electrify 100 percent of its network.**

### *Irrigation:*

- This sector will get about **8 percent** of the total investment outlay.
- The target is to bring **61 percent of India's cultivable land under irrigation** from the current 49 per cent.
- Higher investments will be earmarked towards **drip and sprinkler irrigation.**

Other sectors include:

*Ports:*



*Airports:*



*Digital infrastructure:*



*\$5 trillion economy:*

- The path to a \$5 trillion economy by 2024-25 has been laid down in the recently released NIP report.
- **GDP by the end of 2024-25 has been projected to be around Rs 365.5 lakh crore (\$5.15 trillion).**
- GDP is expected to grow at an average nominal rate of 12.2% over the next five years to 2024-25.
- Even considering 4.5% inflation, the government is expecting the GDP growth rate to be around 6% in the next financial year, touching 8.5% in 2024-25.
- However economists and analysts have raised doubts over the target.



*Path to \$5-trillion economy*

Though the NIP brings about an overarching vision to

infrastructure development in India, its success will depend on a **plethora of factors** including administrative reforms, financial success, judicial reforms and intervention and general governance reforms. Hence the states and the central government should work in tandem to achieve the NIP targets.