India is the second largest country in the world in terms of population and the seventh largest in term of area. With the exception of China, India has the largest consumer market in the world. India is the largest democracy in the world in terms of population. It has a parliamentary system of Govt. with center and state legislatures. The central government has jurisdiction over defense, communication, currency and banking, railroads and air traffics, international trade and foreign affairs. However, recently there is privatization of public sectors undertakings, air transport, banking, communication, oil exploration and electric power. The state governments have the primary responsibility for matters like education, health, local administration, agriculture etc. India is rich in natural resources, having most of the raw materials needed for industry.

India's economy is in a process of fast development. It is now ranked as the tenth largest industrial nation in the world. India has a mixed economy in which both the state and the private sector have specific roles to play.

Infrastructure is a necessary although not sufficient pre-condition for growth. Adequate quantity and reliable supply of infrastructure are the key factors which determine the competitiveness of industries and standard of living of the people. Infrastructure, India is in competition with the developed world. The availability of infrastructure may have a direct influence on the economy. For e.g. linking of a village by road and transport with a nearby urban center may lead to increased
employment to the rural people in the nearby urban center, increased wage at
the village level due to non-availability of labor and enables the rural producer to
transport his product to urban center where he can get a higher price.
For any economy to grow rapidly, development of infrastructure is very essential.
It is a necessary condition for achieving sustained economic growth over a longer
period of time. Unless the critical importance of infrastructure is understood, and
the services like power, telecommunication, seaports, airports, railways and
roads are developed to cope up with the needs of the rapidly growing industrial
sector, it would be difficult to achieve the overall rapid growth in the GDP. The
World Bank, selected infrastructure as the focal theme for the World
Development Report in 1994 and examined the link between infrastructure and
development. Huge researches in recent years have been devoted to link
aggregate infrastructural spending and growth of GDP
There is an evolitional growth of infrastructure before independence. Railway,
irrigation, post and telegraph sector were somewhat partially developed before
independence. But after 1947, there are bright trends of infrastructure
development. But it is not satisfactory. Since 1991, we concentrated in
infrastructure development. But still there are many crucial problems.
After the New Economic Policy both private and foreign sectors are fully in the
operation in the Indian economy. The matter is that infrastructure is still the
responsibility of the government sector. The shortages of the infrastructure and
lower rate of investment and underproduction of goods and services relating to
infrastructure have become the main cause of concern for the economic
planners, thinkers and as well as economic administrators. Taking them into account government had constituted Rakesh Mohan Committee on infrastructure.

The government of India has been using the five year plans as a vehicle to address the concern of regional disparities in the country. One of the GOI’s objectives was to improve the standard of living of the lowest 30 percent of the population, most of them living in backward areas.

Till recently, the government of India had been providing maximum of all the above mentioned facilities. But of late, it has been realized that it would be extremely difficult for the government to pump in the required huge amounts of capita, particularly when the fiscal health of the government is also not too well. As a result, the government has moved away from the role of provider of infrastructural facilities to that of facilitator or regulator. Disparities in economic and social development across the regions and interstate disparities have been the major reasons for adopting planning in India since independence. Inter state economic and social disparities in India have been increasing in spite of various governmental measures to develop backward areas.

Infrastructure is still the responsibility of the government sector. The shortages of the infrastructure and lower rate of investment and underproduction of goods and services relating to infrastructure have become the main cause of concern for the economic planners, thinkers as well as economic administrators. Recognizing the importance of infrastructure in general and social and physical infrastructure in particulars in economic development and for the society as a whole, it is
essential to examine the degree of relationship between various components of
social and physical infrastructure and GDP in India.

There is a crisis of infrastructure in our country. There is a need to search
"economics of infrastructure in India". We adopted an economic path in which
without infrastructure rapid and higher economic development is next to
impossible. Economics of infrastructure should be treated as a separate and
modern branch of economics. The economics of infrastructure deals with a
school of thoughts namely economic and social infrastructure. Infrastructure
deals with economic, social, and human development. As Indian circumstances,
problems and prospects are quite different compared to other countries of the
world, we need to study economics of infrastructure in Indian context. There are
problems of finance, profitability, administrative hurdles, mismanagement,
misdirected planning and implementation etc. there is a need to find out best
alternative solution.

The development of an economy depends directly upon the availability of
financial infrastructure facilities such as banking, insurance, etc. Banks facilitate
in promoting the rate of savings and thereby help spending up the rate of capital
formation. Different states are having the different levels of financial infrastructure
which help in their economic development to a great extent.

In low income economies like India, innovative and diverse financing techniques
like setting up of infrastructural development bank, creation of infrastructure
bond, development of domestic capital market, privatization, promotion of
contractual savings etc., are needed to support an accelerating transition from public sector to private sector in the provision infrastructure sector.

As the government's ability to undertake investment in infrastructure is constrained, private participate has become necessary. But the transmission from public sector to private participation is not smooth. In my study I have attempted to describe the role of private sector as providers of infrastructure services in India. The objective is to study whether infrastructure provided by private sector is adequate or not to foster the rate of economic growth. Considering the profit motive of the private sector, there is no guarantee that the private sector would invest in infrastructure areas in future which are both risky and less profitable.

Therefore to produce efficiently, to export competitively and to use resources effectively, it is essential to improve the infrastructure sector. Many countries of the world have already introduced major infrastructure sector reform programs in the form of Privatization, Competition and Deregulation.

Aligarh

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