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Focus more on infrastructure investment

The infrastructure sector has been one of the main beneficiaries of the stimulus package, and has shown remarkable resilience in the face of the tremendous pressure from the international banking collapse. While rest of the world has faced a severe shortage of capital, India has seen a surge in fund inflows and a fairly robust investment in infrastructure. However, the Budget may have to address the following issues:

- High cost of debt to infrastructure which needs to be addressed in some form if infrastructure investment is to become attractive, given its known weakness on the implementation side.
- While there has been tremendous focus on power and roads, there was inadequate focus on transmission of power and in the area of agricultural



infrastructure such as grain storage, warehousing, and, most important, irrigation and water management. These need to be addressed with specific and targeted investment and if necessary through short-term subsidies, including interest subvention.

- The uncertainty regarding benefits to SEZs needs to be addressed.
- NREGA has, of course, addressed the requirements of social security for the rural poor, but has also in some form handicapped the farming sector which now finds it impossible to get labour.

NREGA needs to be extended to cover farm labour in the private sector through a coupon system so that in the long-run agriculture does not become unviable.

The rural economy in the last four years has grown at a rapid pace ahead of the urban sector, but there is little focus on providing quality infrastructure in these areas and this need to be immediately addressed and may include modifying NREGA to task-oriented payment.

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