

1. Infrastructure expansion has significant multiplier effect for the economy. Do you agree? What are the current constraints of infrastructure expansion in India? Discuss.

Approach- Question is straight forward. In the backdrop of economic recession role of infrastructure is important to outline. How infrastructure is responsible for growth can be shown in body with constraints in system. Answer can be concluded with way forward.

Introduction

Infrastructure spending is expected to have a multiplier effect on overall economic growth, primarily based on the Keynesian theory that aggregate demand can be reactivated by increasing public expenditure. Improved infrastructure will enhance the overall productive capacity of the economy and its global competitiveness.

Body

- As India faces its deepest recession since Independence, infrastructure spending can help spur economic activity and the involuntarily unemployed through job creation. The ₹111 lakh crore National Infrastructure Pipeline (NIP) built on Infrastructure Vision 2025 should provide a timely stimulus to the economy.
- Typically, infrastructure projects are characterised by high capital intensity and long gestation periods, often leading to a funding gap. Public investment is key to filling this gap.
- The government should take stock of the project pipeline and review its expenditure and financing programmes to obtain optimal results and impacts.
- Closing the infrastructure funding gap calls for developing financing solutions and placing more emphasis on collaboration and shared responsibilities across public, private and non-governmental organisations.
- Infrastructure Vision 2025's strategic goals are aligned with those of the UN's 2030 Sustainable Development Goals to improve the living standards of people.

What are the constraints for infrastructure expansion?

- India's infrastructure gap can be the catalyst for its economic and development leap. In order to bridge this gap, however, an investment of \$1.5 trillion over the next ten years is needed.

- **Financing**

Infrastructure projects are highly capital intensive and funding is considered as a major impediment in achieving the infrastructure goals. The infrastructure broadly can be divided into two types, one which is very essential for the public at large and have no or very little revenue potential and other which has handsome revenue potential. The first kind of infrastructure must be totally government financed whereas the later can be developed on PPP mode. Since

resource constraints will continue to limit public investment in infrastructure, PPP-based development needs to be encouraged wherever feasible.

- **Land Acquisition**

Another significant challenge in achieving the infrastructure goal is the way land acquisition is done for infrastructure projects. Compensation fixed in terms of registered value is always the bone of contention. There is always a substantial difference between the compensation offered and the actual value of the land. The land owners always feel aggrieved which results in dispute and litigation.

- **Clearances from numerous agencies**

Most of the infrastructure projects in India suffer from delays in completion. This is mainly due to an inadequate regulatory framework and inefficiency in the approval process. Infrastructure projects require multiple sequential clearances at various levels of government.

- **Environmental Impact Assessment (EIA)**

Environmental safeguards and guidelines have proven to be one of the major reasons for delay in infrastructure projects, especially in the power sector. While new projects need to comply with these regulations, even a project under construction may need to comply with revised standards.

- **Poor pre-construction planning**

Due to the already adverse effect of various impediments like land acquisition, statutory approvals, delayed financial closure, etc. the pre-construction phase of infrastructure projects is pretty long. Therefore, there is delayed commissioning and completion of projects.

What can be the way forward?

- **Public-Private Partnership:** Government is making efforts towards Public-Private Partnership Projects especially in Infrastructure.
- **Viability Gap Funding:** Government has made provision to financially support the viability gap to the tune of 20% of the cost of the project in the form of capital grant from its viability gap fund.

Conclusion

Infrastructure is a key driver of the overall development of Indian economy. It is seen that investments in infrastructure equal to 1% of GDP will result in GDP growth of at least 2% as a “multiplier effect” on economic growth across sectors. The recent headway made in developing transport infrastructure will prove to be the biggest enabler for growth. An efficient infrastructure is the biggest enabler for growth. India’s growth story should no longer be impeded by a lack of infrastructure, and the fruits of this growth should reach everyone in the remotest part of the country.

2. What are India's recent achievements in the field of green energy? Illustrate.**Approach**

Since question is asking you to illustrate which means it is asking you to exemplify or to provide examples.

Introduction

Green energy is any energy type that is generated from natural resources, such as sunlight, wind or water. The key with these energy resources is that they don't harm the environment through factors such as releasing greenhouse gases into the atmosphere.

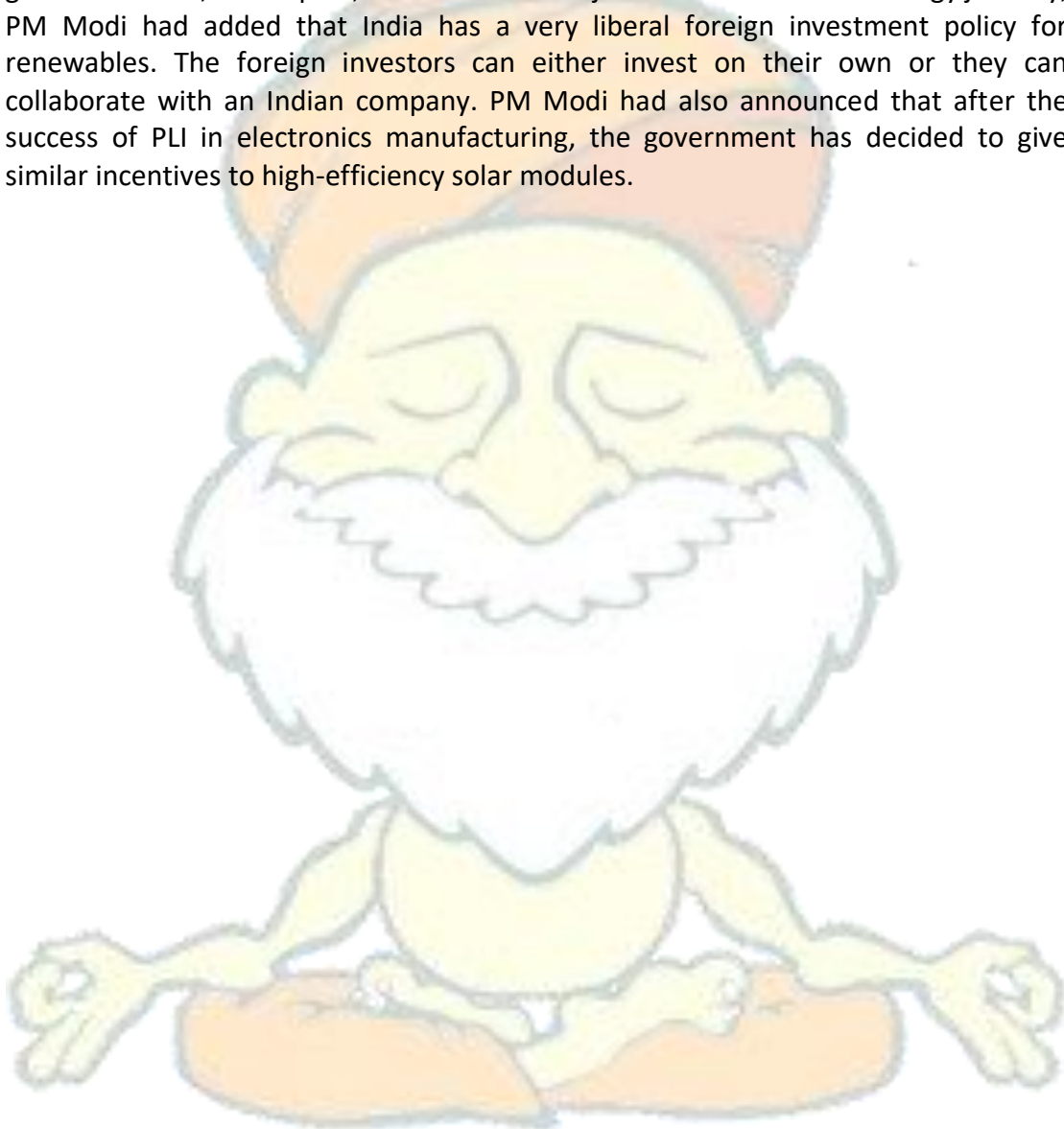
Body**INDIA'S RECENT ACHIEVEMENTS IN THE FIELD OF GREEN ENERGY**

- India is rapidly moving towards becoming one of the largest green energy producers in the world.
- As of 31 October 2020, India's total renewable energy installed capacity had reached over 89.63 GW, according to the Ministry of New and Renewable Energy.
- The government said that during the last six years, India has witnessed the fastest rate of growth in renewable energy capacity addition among all large economies, with renewable energy capacity growing by 2.5 times and solar energy expanding by over 13 times.
- Renewable energy now constitutes over 24 per cent of the country's installed power capacity and around 11.62 per cent of the electrical energy generation.
- Also, if large hydro is included, the share of renewable energy in electric installed capacity would be over 36 per cent and over 26 per cent of the electric energy generation.
- Further, around 49.59 GW renewable energy capacity is under installation, and an additional 27.41 GW capacity has been tendered. This makes the total capacity that is already commissioned and in the pipeline about 166.63 GW.
- The government apprised that on top of that, large hydropower, which has also been declared as renewable energy has about 45 GW hydro installed capacity and 13 GW capacity under installation, which brings India's total renewable energy portfolio of installed and in pipeline projects to 221 GW.

This is significantly higher than the Modi government's target of installing a green energy capacity of 175 GW by 2020.

Conclusion

Meanwhile, Prime Minister has recently invited foreign investors saying that there are huge renewable energy deployment plans for the next decade, which are likely to generate business prospects of the order of around \$20 billion per year. Inviting the global investors, developers, and businesses to join India's renewable energy journey, PM Modi had added that India has a very liberal foreign investment policy for renewables. The foreign investors can either invest on their own or they can collaborate with an Indian company. PM Modi had also announced that after the success of PLI in electronics manufacturing, the government has decided to give similar incentives to high-efficiency solar modules.



3. The impetus on infrastructure expansion in India's Northeast will reap huge economic and strategic benefits for India. Do you agree? Substantiate your views.

Approach:

The question is straight forward in its approach, students are expected to write about strategic and economic benefits of infrastructure development in the North East region, also mention about the socio economic conditions of the region and substantiate your view points properly .

Introduction:

Regional disparities especially in socio economic development are a ubiquitous phenomenon across India. India's North Eastern region (NER) comprising the states of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura is a poorly developed and tribal population dominated region in India. In spite of having some similarities in life style of majority of the population and a common Mongoloid origin, sharp differences exist in the status of socioeconomic development. Infrastructural push will play an important role in bringing North East at par with the rest of the country in terms of connectivity, growth and opportunities. Inadequate infrastructure and poor connectivity are the major constraints to development in the region. Not only is the region poorly connected to the rest of India, it is also poorly connected to neighbouring countries in Southeast Asia.

Body:

- Infrastructure is the backbone of economy it has a higher multiplier effect playing key role in bringing investment, increased production capacity and opportunities for growth and employment. In North-East-Region, infrastructure is the most critical aspect to improve connectivity, strengthen strategic ties, enhance border security, improve trade and people to people ties with the South-East Asian Countries.
- Budgetary allocations towards infrastructural development has been increased significantly over the years towards central sector schemes such as North east special infrastructure development scheme, Ministry of DONER, North east road infrastructure development scheme etc.

Economic benefits of infrastructure development-

- Along with connectivity, the level of economic activity is bound to increase. Previously, even fiscal concession given to the states failed to attract significant industrial investments. The reason was high logistical costs of moving merchandise to high consumption regions. In this context, better connectivity provides a booster shot to economic activity.
- Surrounded by international borders, infrastructure development — both internal and international — could be the best choice for inclusive development in India's Northeast. International infrastructure, which is also

termed as connectivity, may help the NER to become more economically engaged with neighbouring countries.

- Building resilient infrastructure also requires development of the border in Northeast India and facilitation of border trade. The border is seen as a connector and as an economy-building asset rather than a deterrent. In recent years, India's trade with Bangladesh and Myanmar witnessed a steep rise in growth, which indirectly suggests the existence of a large trade potential. However, supply-side constraints, among others, inhibit the two-way trade across the borders with India's two neighbours. Enhancing Northeast India's existing level of trade and economic linkages between Bangladesh and Myanmar would need infrastructure and institutional support, which would facilitate growth and remove the region's economic isolation.
- The Northeastern states of India are likely to gain more from the Trilateral Highway, compared to many other Indian states. Removing the status quo, therefore, means the NER has to invest in building physical and institutional infrastructure, which in return would lead to higher production — both within and across borders — and industrialisation, which will foster innovation and enhance the economic linkages with the neighbouring countries.
- Infrastructure development could boost the tourism industry in the north east to its highest potential which will have multiplier effect on the overall economy of the region.
- Lack of infrastructure in north east region has left horticulture industry which includes bamboo, forest produce and other products in a disarray without access to markets horticulture could not bring benefits to the people of the region. Infrastructure development will play a key role in the development of horticulture by providing access to markets and new technologies.

Strategic benefits of infrastructure development-

- The India-Myanmar-Thailand Trilateral Highway will play a key role in this and help improve connectivity between India and Thailand and others in the neighbourhood. India also has plans for a global electricity grid that may initially aim to link countries such as Myanmar, Thailand, Cambodia, Laos, and Vietnam with the Indian sub-continent, as part of an evolving energy security architecture.
- In order to counter Chinese influence India is working on a slew of road and bridge projects to improve connectivity with Bangladesh, Nepal and Myanmar. These include road networks connecting Aizawl in Mizoram with Kaladan in Myanmar and Imphal in Manipur with Tamu, also in Myanmar. India is also expediting the South Asian Sub-Regional Economic Cooperation (SASEC) road connectivity programme.
- India's Act East Policy is a significant cornerstone of the Indo-Pacific strategy, adding that ASEAN is at the core of Act East Policy, Development of north east region plays a key role in realizing the benefits of act east policy.
- Development of infrastructure plays a key role in bringing ease of living for the people in the region, thus acts as an antidote to the separatist feelings and against the terrorism present there.

- Incidents like Doklam call for greater infrastructural push in terms of connectivity to allow fast movement of security forces in times of stand off like incidents. Development of Dolha sadia and Bogibeel bridge are a step towards bringing North east in the development map and allow greater flexibility in the security matrix of india.

Conclusion:

In order to fulfil SDG 9, infrastructure development has a strong catalytic role to play in Northeast India. policy responses need to focus on Strengthening infrastructure linkages, Facilitating trade, investment and tourism, Developing human resources and promoting sustainable development in the region is conducive for overall growth and prosperity of the region.



4. What are the most pressing challenges being faced by the tourism sector in India? Discuss. Examine the recent initiatives taken by the government to address the challenges.

Approach

We need to discuss on diverse challenges faced by tourism sector of India and also mention about government initiatives taken to tackle these challenges.

Introduction

The Tourism and Hospitality industry is one of the largest service industries in India which accounts for 9.2% of India's GDP and employs 8% of India's total workforce. It was also one of the largest Foreign Exchange Earners in India with earnings of \$29.962 billion in 2019.

Body

India's tourism sector which has exceptional potential, suffers through following pressing challenges:

- **Pandemic setback:** A study by CARE Ratings notes a 40 per cent decline in tourism sector revenue in 2020 as compared to 2019. Railways, Airways are working at lower capacity.
- **Reduced Budget allocation:** Budgetary allocation for the Ministry of Tourism has been slashed to Rs 2026.77 from Rs 2,500 crore in 2020-21.
- **Lack of efficient Infrastructure and connectivity:** It prevents tourist from visiting tourism potential sites. It includes hotels, connectivity with other cities, health facilities, and transportation etc.
- **Safety and Security:** Attacks on foreign tourists, especially on the woman tourists have raised this question. India is placed at 114th position in terms of safety.
- **Inaccessible tourism:** Lack of accessible and affordable infrastructure and services for divyangs, elderly, low income entities, etc.
- **Low foreign tourist arrivals:** India has 38 monuments listed as world heritage sites, the fifth highest number in the world but attracts less than 1% of global foreign travellers every year.
- **Stiff Competition:** India is facing stiff competition from other popular destinations like Malaysia, Sri Lanka, Thailand and Vietnam
- **Lack of sanitation and cleanliness, high pollution, lack of skilling, geopolitical tension, slowdown in global economies etc.** some of the other challenges faced by tourism sector in India.

To address these pressing challenges faced by the tourism industry, the government has taken following initiatives:

- Investment in infrastructure and connectivity: Budget 2021-2022 has allocated ₹1,18,101 crore, the highest ever outlay, for Ministry of Road Transport and Highways and ₹1,10,055 crore have been allocated to the Railways.
- Comprehensive and rapid corona vaccination drive: India is fastest in world to vaccinate 6 million beneficiaries for Covid-10.
- Incredible India campaign
- Prime Minister of India urged people to visit 15 domestic tourist destinations in India by 2022.
- E-Tourist VISA facility: e-Tourist VISA, e-Business VISA & e-Medical VISA (currently, 167 countries have e-tourist visa facility)
- Special Tourism Zones (STZ): 5 STZs in partnership with states to boost tourism in India
- Medical tourism: Economical treatment, quality healthcare infra & highly skilled doctors
- Coastal tourism: Promote intra-regional trade among Indian Ocean Rim (IOR) countries.
- The Ministry of Tourism developed an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI)
- Ministry of Tourism launched Dekho Apna Desh webinar to generate awareness tourist destinations
- Development of tourist circuits under Swadesh Darshan for eight Northeast states.
- Development of tourist circuits under PRASHAD scheme.
- Government reduced GST on hotel rooms to increase India's competitiveness as a tourism destination.

Conclusion

Tourism tends to encourage the development of multiple-use infrastructure including hotels, resorts & restaurants, transport infrastructure (aviation, roads, shipping & railways) and healthcare facilities. Thus, concentrated efforts in reviving India's tourism sector lies at the core in achieving V-shape recovery and sustainable development of India.

5. Privatisation of railway operations is a progressive economic decision. Comment.**Approach**

Students are expected to write about the privatisation and comment on how privatisation of railways operation is progressive economic decisions.

Introduction

Recently, the Indian Railways initiated the process to allow private firms to operate passenger trains on its network through 151 new trains. While these trains will form a minuscule portion of the entire railway network, this marks the beginning of private sector participation in passenger train operations. The privatization of Indian railways has been recommended for many decades, by the erstwhile Planning Commission of India and now by Niti Aayog.

Body

Functions of railway operation department:

- Railway operation encompasses all the activities connected with the running of a railway. However, Operating department in particular has its role in producing a service called Transportation. In this activity, Operating department harnesses the efforts of all the departments of the Railways and optimizes usage of operational assets viz. track, signals fixed installations and rolling stock.
- Railways operating ratio in 2017-18 was 98.44%, worst in 10 years as per CAG. The Railways has also been unable to meet its operational cost of passenger services and other coaching services. Almost 95 per cent of the profit from freight traffic was utilised to compensate for the loss on operation of passenger and other coaching services, it said.

Privatisation of railways operations a progressive economic decision:

- **Improved Quality of Services: Operational Efficiency & Passenger Experience**
Operations of these trains by the private entity will conform to key performance indicators like punctuality, reliability, upkeep of train, catering. Indian Railway services are marred by issues like mismanagement in the form of stinking washrooms, lack of water supply and dirty platforms. Privatisation may solve these issues, as the move would foster competition and hence lead to overall betterment in the quality of services.
- **Capacity augmentation:** Once the railways permit private players, there is scope for capacity augmentation. This is a very pertinent point because, in 2018-19, 8.85 crore people were on the waiting-list and railways was able to provide reservation to only 16% of the waiting list passengers.
- **Improved Security:** Private participation can lead to better accountability and monitoring, which can keep a check on rising accidents in railways.
- **Attractiveness:** The main objective of this move is to introduce a new train travel experience for passengers who are used to travelling by aircraft and air-

conditioned buses. Cleanliness in trains, quality of food could be addressed with privatisation.

- **Improved Infrastructure:** Niti Aayog's strategy for New India @75 envisages many targets in railway infrastructure such as increasing the speed of infrastructure creation from the present 7 km/day to 19 km/day, 100% electrification of broad gauge track by 2022-23. Given this, a strong argument in favour of privatization is that it will lead to better infrastructure which in turn would lead to improved safety, reduction in travel time, etc.
- **Technology Infusion:** The privatization will also help in accommodating the latest technology in railways coaches, safety and travelling experience. Thereby, it may help Indian Railways to become a world-class network.

From some quarters there is criticism that railways are the common mode of transportation for common man and privatisation of its operations will hamper its progressive work and goodwill:

- There is criticism that the move to privatise railways will affect the job opportunities of people belonging to the economically and socially backward class.
- **Increased Fares:** Given that a private enterprise runs on profit, thus it may be assumed that the easiest way of accruing profits in Indian Railways would be to hike fares. This would render the service out of reach for lower income groups. Also, this would defeat the purpose of the Indian railways which is meant to serve the entire population of the country irrespective of the level of income.
- **Social Welfare Concerns:** As the Indian Railways plays a vital role in transportation of goods in the country, it provides a low cost of transportation of many final and intermediate goods. Thus, the privatization of the system motivated by profit making, will have an inflationary effect and thereby affect the common people.

Way Forward

- **Sustainable Pricing:** There is a need to revisit Indian Railways pricing model to make the passenger and freight segments sustainable. The tariffs should be competitive with the cost of road transportation.
- **Independent Regulator:** Setting up an independent regulator will be critical for creating a level playing field for private players. In this pursuit, there is a need to expedite the process of establishing the Rail Development Authority, as it is already approved by the government.

Conclusion

The money which the Indian Railways will earn through revenue sharing can be utilised for improving the quality of passenger train services and railway infrastructure in poorer regions. They should also ensure that all the disputes between the private and public stakeholders are amicably resolved and excellent standards of services to passengers are maintained even in the future.