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# Infra production shrinks for fourth month in a row

Five of eight core infra industries report negative growth in Nov 2019

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@ New Delhi

INDIA's infrastructure output contracted 1.5% in November 2019, the fourth consecutive month that infrastructure growth, measured by an index of eight core industries shrank, placing doubts about the government's assertions that there would be a growth rebound in 2020.

The data showing India's infrastructure growth contraction came on a day when the government also announced with much fanfare a pipeline of infrastructure projects worth ₹102 lakh crore spread between 2020 and 2025 to give a major push to the country's creaking infrastructure. Much of the money is to be spent on power, road, railway and urban housing infrastructure.

Analysts of course were quick to point out that with the Centre spending only 39% of the monetary outlay, this meant an average spend of ₹8 lakh crore a year, almost the same the Centre was spending under normal circumstances.

"The slowdown where de-

## CAD narrows on lower trade deficit

The current account deficit (gap between forex inflows and outflows) shrank to \$6.3 bn or 0.9% of GDP in the Sept 2019 quarter, against \$19 bn (2.9% of GDP) a year ago due to lower trade deficit, according to RBI

mand is contracting so severely that many manufacturing sectors are seeing sales shrinking, needs to be given stronger spending medicine," said Prof Arun Kumar, Malcolm Adiseshiah Chair at the Institute of Social Sciences.

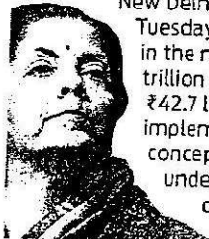
Economists and industrial

barons have been advocating a spending splurge by relaxing the fiscal deficit target to create jobs and demand for goods and services. India's economy grew just 4.5% in the July-September quarter. Passenger car sales tanked 18% during April-November 2019.

The core sector industries, too, reflected a similar trend, reporting nil growth between April and November 2019 compared to 5.1% in the same period in 2018. Growth of coal, crude oil, natural gas, refinery products and cement were all in the negative territory during November, while electricity barely grew at 0.7%. Only steel and fertilisers reported positive single-digit growth.

## FM UNVEILS ₹102 LAKH CR INFRA PROJECTS

New Delhi: Finance Minister Nirmala Sitharaman on Tuesday unveiled ₹102 lakh crore of infrastructure projects in the next five years to help achieve the target of \$5 trillion economy by 2025. Of the ₹102 lakh crore projects, ₹42.7 lakh crore (43%) worth of projects are under implementation, ₹32.7 lakh crore (33%) are at conceptualisation stage and ₹19.7 lakh crore (19%) are under development, she said. These projects are on top of Rs 51 lakh crore spent by the Centre and states over the past six years, she said | PIS



# Experts call PM's ₹102L cr infra push 'routine'

Sitharaman announces infrastructure projects pipeline to be executed from 2020-2025; analysts seek larger investment

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UNION Finance Minister Nirmala Sitharaman on Tuesday announced that the government has created a pipeline of infrastructure projects worth ₹102 crore to be implemented between 2020 and 2025, mostly in the energy, roads, housing and irrigation sectors. However, analysts called it business as usual and recommended a larger spending portfolio to resuscitate the slowing economy.

The pipeline, drawn up by a high-level committee on infrastructure, will consist of 39 per cent projects each by the Centre and states, and the rest 22 per cent by the private sector. Around ₹13.6 lakh crore would be spent in the financial year 2020, while this would surge to ₹19.5 lakh crore in FY2021 and ₹19 lakh crore in FY2022. The next three years will see a tapering off with ₹13.8 lakh crore in FY2023, ₹12.3 lakh crore in FY2024 and ₹11.1 lakh crore in FY2025.

Sitharaman, who announced the project pipeline here, said that another ₹3 lakh crore would soon be added to it, and also expected private investment in infrastructure to be increased with time.

"This really means that the Centre would be roughly spending ₹40 lakh crore, or the same amount it has been spending on an average for sometime on infrastructure, that is, about ₹8 lakh crore. It is not really that major a push for infrastructure," said Prof Arun Kumar, Malcolm Adiseshiah chair, Institute of Social Sciences.

"We have been advocating a far larger infrastructure push to bring the Indian economy out of its slow-growth mode and to protect us from the vagaries of the global economy, which too is slowing down at an alarming pace. When the Prime Minister announced a ₹100 lakh crore spending target for five years (earlier this year) we thought it meant that the Cen-



Finance Minister Nirmala Sitharaman addresses a press meet on the launching of national infrastructure pipeline, in New Delhi on Tuesday | SHANTANU VASAV



When the PM announced a ₹100 lakh crore spending target for five years, we thought the Centre would spend ₹20 lakh crore on its own

Prof Arun Kumar, Malcolm Adiseshiah chair, Institute of Social Sciences

re would spend ₹20 lakh crore on its own," Kumar said.

The task force was set up to draw up plans after the Prime Minister, in his Independence Day speech this year, announced that India would spend ₹100 lakh crore on infrastructure over next five years. Analysts, however, pointed out that the plans were still

"mostly in the offing", with 31 per cent of them still being in the conceptual stage, another 42 per cent at various stages of implementation and 19 per cent of them under development.

"The states are short of funds. It is doubtful if they would be able to do what is being asked of them, as the Central devolution of 42 per cent of

revenues is in practice falling short. In the five-year plan periods, we have seen that private sector infrastructure plans were notorious for not being fulfilled; given the slowdown, their implementation cannot be expected to be any better," said Prof Biswajit Dhar of Jawaharlal Nehru University.

Of the spending thrust, conventional power will account for ₹11,76 lakh crore and renewable for another ₹9.3 lakh crore. Roads would account for another ₹19.64 lakh crore, urban housing for ₹16.29 lakh crore and railways for ₹13.69 lakh crore. The rural sector will see irrigation spending at ₹7.73 lakh crore and rural infrastructure get about ₹4.11 lakh crore. Officials said these projects are on top of the ₹51 lakh crore spent by the Centre and the states during the last six years. "It is expected that projects of certain states that are yet to communicate their projects would be added to the pipeline in due course," said an official.