

TO CONCLUDE

This paper attempts to provide a balanced account of the many developments that are going on in India's infrastructure sectors today. The phase of economic reforms, which began in 1991, put enormous emphasis on infrastructure development, based on the recognition that the twin objectives of growth and social welfare would be severely hindered without it. Realising that severe fiscal constraints would necessarily limit the role of the government as a builder and maintainer of infrastructure facilities, the policy thrust was to facilitate the entry of private investment into these sectors. Private, of course, was not limited to domestic; foreign investment was seen as an essential means of enhancing the resource flows to these funds-starved sectors.

While the process began with these good intentions, the path proved to be difficult and uncertain. This report documents, for each major infrastructure sector, the progress down the road of government disengagement, private entry and economic regulation. As it clearly points out, in many sectors, the simultaneous achievement of all three simply did not happen. In every sector, however, the stakeholders have shown the ability to learn from their mistakes and converge towards a restructuring that addressed all their needs. In some sectors, like telecom, the process has been relatively quick, while in others, like power, it has taken over a decade to enact the enabling legislation, which is critical to the reform and restructuring of the sector.

However, the report also underlines the point that, long and difficult, as the process in any particular sector may have been, the effort has invariably been in the right direction. The fundamental objectives of reform – increasing access and efficiency through private provision and effective regulation – have never been abandoned or even diluted. The path of policy and regulation has consistently adhered to the pursuit of these objectives. Change in policy or regulatory structures, when it has happened, has been basically motivated by the perception that business-as-usual was not going to get the system any closer to those objectives. What may have, from an up-close and short-term perspective, seemed to be disorderly, even chaotic, appears with the benefit of hindsight to have been a slow, but steady convergence towards an outcome that combines economic rationality with political acceptability.

It is the inevitability of this convergence and the steadfast commitment of the Government to rapid infrastructural growth, that characterises the investment climate in Indian infrastructure today. Even as the finer details of private and foreign investment in individual sectors continue to be debated and developed, the broad principles underlying the Government's objectives have remained on solid foundations. The investment opportunity, never in doubt, as far as the potential itself was concerned, has now been made even more attractive by the force of convergence. The government recognises the need for private and foreign investment in infrastructure, welcomes it and stands ready to facilitate it in any way that promotes the interests of all the stakeholders in the process.

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