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Infrastructure-driven recovery could offer a solution for sustainable economy

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Over the past 24 months, India has emerged as a global leader on several fronts. The fight against the pandemic and economic recovery are the two most important such areas. One of the most important reasons why India could fight both the pandemic and the economic slowdown better than most countries is the country's strong focus on infrastructure development. India is a huge and significant country with an ambition to become the super-power of the 21st century. Not only does it want to become an economic power, but it also intends to grow responsibly by keeping in check the environmental impact of its growth. Smart, efficient, and sustainable infrastructure is the answer to all the needs of India and the world in the 21st century.

Role of Infrastructure

The role of infrastructure in the economic development of regions, societies, and countries is evident. Power infrastructure helps in the development of industries. These industries not only produce goods but also employ thousands of people. Besides, they also support various other industries like raw materials, transportation. Similarly, the highways infrastructure ensures smooth movement of people, raw materials, and goods from one place to another. Also, digital infrastructure, healthcare infrastructure, dams, railways, ports, airports, all play a significant role in economic development. Therefore, one can easily assert that infrastructure is the backbone of any economy.

Infrastructure driven recovery

Investment in infrastructure is a time-tested and proven method for triggering economic recovery. Historically several countries have used this method to fuel recovery and growth in their economies. Investment in infrastructure has long-term as well as short-term impacts on the economy. Infrastructure projects being heavily dependent on manual labour, help in creating thousands of jobs and start the flow of capital in the market. More often than not, they lead to a rise in economic activities in their surrounding area. Various allied industries like construction material, machinery, manpower, automation, etc also get a boost from infrastructure creation. Therefore, it can be comfortably stated that much before their completion, infrastructure projects start to have a domino effect of growth and recovery on the economy. The long-term effect of infrastructure projects like dams, highways, airports, power distribution lines, internet connectivity, etc are well known to everyone. Besides contributing to the economy, these projects also have huge social impacts and help uplift the living standards of the citizens. Moreover, by assisting exports and the services sector, they also help generate foreign revenue.

Infrastructure and growth

Although the Indian economy has been on a constant growth path, a lack of adequate infrastructure has hampered its true growth potential. Most experts believe that with proper infrastructure in place, India can easily achieve sustain double digital growth. Currently, India is an economy based primarily on the services sector. The investment in digital infrastructure led to the country becoming the IT powerhouse of the world. However, after the Covid-19 shock and disruption in the global supply chains, India has the opportunity to dislodge China as the manufacturing hub of the world. By becoming the manufacturing hub of the world and emerging as an export-oriented economy, India can achieve its goal of becoming a 5 trillion dollar economy in no time. However, all this depends on how good the infrastructure in the country is.

To support manufacturing, the country needs to have a constant power supply to run machines. The role of seaports and airports becomes important for the import of raw material. Highways are the key to the transportation of people, raw materials, and finished goods to and from the manufacturing units. Investment in education infrastructure to develop skilled professionals is also important. Seaports and airports are the gateways for exporting products. The role of digital infrastructure in all this can not be discounted.

At a time when most countries are brainstorming on how to get their economies back on track, the government of India is investing heavily in infrastructure to provide a stimulus for growth and recovery. Highways, airports, railways, renewable energy sources, etc are being created at an unprecedented rate. The National infrastructure pipeline project and the Gati-Shakti project are prime examples of the government's commitment towards infrastructure development. Other significant projects in the field are Smart Cities and Digital India project. The short and long-term impacts of these projects are acting like tonics for an economy that is not only rapidly recovering from the Covid-19 shock but is also pulling the world economy out of the slump.