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# INFRASTRUCTURES SERVICES AND OTHER TERTIARY SECTOR STUDIES IN INTER-INDUSTRY

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## ABSTARCT

India's economic reform measures of 1990s envisaged, inter alia, to improve infrastructure for enhancing the country's productive capacity and for facilitating gradual reduction in the poverty and related deprivation. Around 83 crores (70 percent) of our population are living in rural areas (Census: 2011 provisional). The large magnitude of rural population and their prevailing socioeconomic conditions and quality of life calls for all-round development in rural infrastructure to achieve the long cherished objectives of equitable and inclusive growth with social justice. It is recognised that there is a virtuous cycle inter-connecting the expansion of farm economic activity and that of rural non-farm income opportunities. Over the years, the Government has put in place a slew of strategies and programmes to realize these objectives. Foremost among them is the Bharat Nirman, launched in 2005-06 for building infrastructure and basic amenities in rural areas. India has a road network of over 4.42 million kilometers (2.059 million miles) of roadway, making it the second largest road network in the world. At 0.66 km of highway per square kilometer of land the density of India's highway network is slightly higher than that of the United States (0.65) and far higher than that of China's (0.16) or Brazil's (0.20). As of 2002, only 47.3% of the network consisted of paved roads. Most of the studies have dealt with individual sub-sectors or the overall economy-wide aggregates and have failed to capture the underlying structure, dynamics and linkage pattern of the tertiary sector. The average annual compound growth rate of employment in public sector services and private organized sector services over the period 1976-77 to 1986-87 were 2.61 percent and 1.96 percent, whereas the overall tertiary sector employment growth rate from 1971 to 1981 has been 2.71 percent per annum which infers that the growth rate of employment in the informal tertiary sector is higher than that of the organized tertiary sector.

## INTRODUCTION:

It begins by reviewing the importance of the services sector in general, and how it relates to development. It then sets out the framework we will use in this study to address Infrastructures services and development. The plans have generally over 50 percent of the total plan outlay on infrastructure development. As a result, there has been phenomenal increase in infrastructural facilities. The heavy investments by the government on infrastructural facilities could be easily justified since they had provided the



necessary impetus for rapid agricultural development and industrial expansion. Link between infrastructure and development is not a once for all affair. It is a continuous process, and progress in development has to be preceded, accompanied, followed, and followed by progress in infrastructure, if we are to fulfill our declared objectives of a self-accelerating process of economic development. Infrastructure is treated as an engine of growth and provides a basic framework for economic and social progress in a country like India. Physical infrastructure strengthens the economy, boosts investment, attracts prospective entrepreneurs and helps alleviation of poverty and reduces unemployment incidences through numerous positive forward backward linkage effects of primary, secondary and tertiary sectors of the economy. Similarly social infrastructure like drinking water supply, sanitation, education, health etc. helps in improving quality of life of millions of rural inhabitants. Today, “almost all the villages in the country have been electrified,” in the words of Prime Minister Dr Manmohan Singh. In his Red Fort address on August 15, 2012, he said the government would take steps to ensure that every house in every village would be provided with electricity in the next five years 2017. Great news for the villagers. However, performance and record so far have not been too encouraging. According to a 2011 data given by the International Energy Agency, of the 1.4 billion people of the world who have no access to electricity, India accounts for over 300 million.

#### **OBJECTIVE OF THE PAPER:**

1. To empower the Physically Challenged Persons in rural areas.
2. Providing budgetary support of the government for demonstration projects.

#### **MAIN RESULT OF THE PAPER:**

Very few studies have been done at the disaggregated or sector level to capture the dynamics and linkage patterns of tertiary sector, especially in the input-output framework. The three individual segments viz., transport, trade and commerce and producer and personal services are very important ones. The value of their interrelatedness is equal to unity for the entire period of study which implies that these segments are most important to other sectors as the supplier of intermediate inputs to them.

#### **Importance of Infrastructures services:**

Directly, through effects on national incomes and employment (services often constitute the majority or main source of incomes, even in



low-income countries); Directly, through effects on range and quality of services, including social services, such as health and education; Indirectly, through effects on investment climate including through transport system communication services, energy services, etc. The world banks doing reports show that there are more obstacles to doing business in poorer countries, and barriers related to services play an important role in this; and By diversifying the economy.

### **INFRASTRUCTURE AND ECONOMIC DEVELOPMENT:**

The prosperity of country depends directly upon the development of agricultural and industry. Agricultural production, however, requires irrigation, power, credit, transport facilities, etc. Industrial production requires not only machinery and equipment but also skilled manpower, management, energy, banking and insurance facilities, marketing facilities, transport services which include railways, roads, and shipping, communication facilities, etc.

#### **Rural Roads:**

Bharat Nirman envisaged providing connectivity to all habitations of 1,000 and above (500 and above in the case of Hill States including North East, Tribal and Desert Areas) by 2009. Up to March 2010, around 34,000 villages were provided all weather road connectivity through construction of 96,000 kms of roads. Systematic District Rural Roads Plans were prepared listing out the complete network of all roads in the district i.e., Village Roads, Major District Roads, State Roads and National Highways and construction and allocation of resources were prioritized.

#### **Progress of Rural Road Infrastructure under Bharat Nirman**

<b>Activity Target</b>	<b>Target (2005-09)</b>	<b>Achievement (cumulative) March 2009</b>	<b>June 2011</b>
1	2	3	4
Habitations (In Nos.)	54,648	31,924 (58%)	40,712 (74.5%)
New Connectivity (Length in km.)	1,46,185	85,405 (58%)	100,209 (68.5%)
Up gradation (in kms.)	1,94,131	1,55,019 (80%)	176,111 (90.7%)

Sources: (1) Mid-Term Appraisal for Eleventh Five Year Plan 2007-12  
 (2) <http://bharatnirman.gov.in>



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### **Irrigation:**

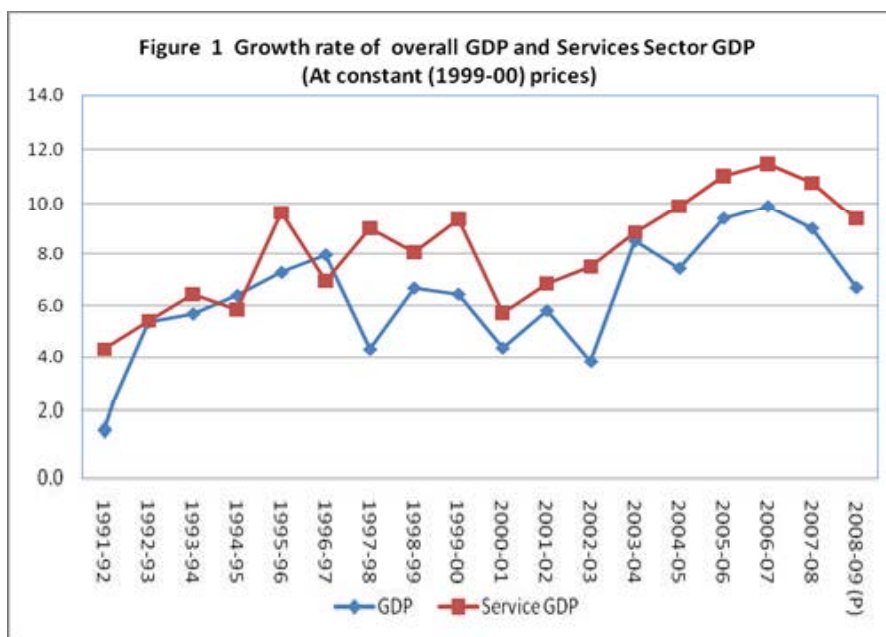
Indian agriculture is primarily rain-fed. While the goals of agricultural plans in India have aimed at food and fodder availability, growth in agriculture, sustainable agro-practices, easy access to agro-inputs, creation of irrigation potential in the country and expansion of installed capacity of various irrigation projects have been important policy objectives of India's development planning. By 2005-06, a large number of irrigation related projects were facing financial constraints and the investment already made in these projects were treated as 'sunken investment'. The Bharat Nirman ambitiously targeted creation of an additional 10 million hectares irrigation potential by 2009-10. At end March 2010, the country could achieve creation of additional irrigation capacity of 73 lakh hectares, thereby leaving a gap of 27 million hectare irrigation potential.

### **Port Services:**

Following a holistic approach for improving the existing infrastructure and services at the ports through modernization of the systems with latest technology. Particularly, the infrastructure facilities at major ports for handling crude oil need to be strengthened through a facilitative policy on single point moorings. The facilities at existing ports with regard to cargo handling, stevedoring, piloting services, bunker services, warehousing facilities etc. need to be upgraded. The transshipment of Indian cargo taking place outside the country at present needs to be handled at Indian ports through concerted measures. This would include increasing the drafts available at Indian ports, rationalization of port dues and providing differential levels of tariff for different sizes of vessels or for different cargoes to attract mother ships to berth at Indian ports. The many port charges in India need to be reduced as they are higher than in many other countries due to inefficiency of ports, and inclusion of unrelated costs like pension & other contributions to port labor in port services.

### **Infrastructure services:**

Reforming the regulatory framework which include efficient, transparent and standardized bid process/ procurement; clarity in contractual structure/concessions/ incentives and adoption of equitable contract as under International Federation of Consulting Engineers (FIDIC) or Construction Industry Development Council (CIDC) guidelines; well defined prequalification norms; single window regulatory approvals; effective dispute resolution mechanism; harmonized legal definition of infrastructure; and liberalized investment guidelines for debt & equity instruments.



**Air Transport Services:**

In this sector, 49 percent FDI is allowed (100 percent for NRI investment) subject to no direct or indirect participation by foreign airlines. Since this prevents those with experience from operating in this sector, there is a need for liberalization while taking note of security concerns. The Ministry of Civil Aviation’s initiative should be taken to its logical conclusion.

**Railways:**

FDI is not allowed in railways. FDI up to 26 percent could be thought of which can help in modernization of railways. Besides the above, the whole FDI policy should be made available in the website in a user friendly way. At present, one has to search in many places and different Press Notes to understand the FDI caps and other regulations for different sectors. This has also been highlighted in the Economic Survey 2009-10 and later in the Budget 2010-11, it has been stated that the government intends to make the FDI policy user-friendly by consolidating all prior regulations and guidelines into one comprehensive document.

**Rural Telephony:**

India has witnessed a rapid expansion of the telecommunication sector. This has led to intense competition amongst various service providers which ensured quality services at affordable prices. The revolution in the field



of communication has the potential in supporting the rural folk in improving their quality of life and livelihoods. As in 2005, as many as 66,822 villages were without telephone connection. The Bharat Nirman programme was expected to provide every Indian village with telephone access by end 2007. The successful implementation of this programme has registered increased teledensity in rural areas. The rural teledensity in 2009-10 was 15.11 and rose by 17.88 percentage points to 32.99 as on 28.02.2011. During phase II of Bharat Nirman, the target has been fixed for connecting 2.47 lakh village panchayats with broadband. By march 2011, as many as 1,10,695 village panchayats were connected with broadband facility.

### **Electrification:**

The power infrastructure plays a vital role in sustained economic development of a country. Quality of power supply and power accessibility has been a matter of concern in rural India as capacity addition in this sector has been falling short of its targets/demand. For example, the actual capacity addition during the Tenth Five Year Plan (2002-07) was only 19,092 MW against a target of 41,110 MW. The Eleventh Plan (2007-12) has an ambitious target of 62,374 MW against the actual capacity addition as on 31st March 2010 was 22,301 MW. The policy of privatization of power sector in various States has not reaped desired results in raising efficiency in generation, distribution and transmission of electricity. Keeping in view the power availability and accessibility situation and the importance of electricity in rural agriculture and allied sector, the Bharat Nirman vowed to supply electricity to 2.3 crore households in 1.25 lakh un-electrified villages within four years i.e. 2005-2009. Accordingly, the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) focused to provide electricity to rural un-electrified villages. This programme, by June 2012, has ensured electrification of a cumulative of 1,05,314 villages. Free electricity connections have been provided to nearly 199 lakh below poverty line households. Under Phase-II, 72 projects with an outlay of Rs. 7964.32 crore.

### **Wind and Hydro Energy Expansion:**

The Ministry of Non-conventional Energy Sources has introduced generation based incentives, where investors receive a financial incentive per unit of electricity generated over ten years. This should create a level playing field between domestic and foreign investors, which should drive more investment in this area. The Global Wind Energy Council (GWEC) estimates conservatively that the wind energy capacity in India could be 24 GW by 2020 and 30.5 GW by 2030. If all planned policies are implemented and all current



targets met, capacity could be as high as 40 GW in 2020 and 108 GW in 2030.

### **Mobile Value Added Services:**

A good example of mobile services is the recent U SOF pilot project scheme for mobile value added service (m-VAS) for rural women's Self Help Groups (SHGs). This is a part of USOF's Sanchar Shakti programme. In this scheme, SHGs' information needs are identified based upon their main entrepreneurial/income generation activities and relevant information is then delivered in local language through mobile phones. It could be through SMS (if the women are literate) or otherwise through Outbound Dialers (OBDs) and Integrated Voice Response Systems (IVR S). The focus is on skill building and income enhancing information (training, market opportunities, input and output prices, weather, crop/livestock care etc), but information is also provided on health, education, women's empowerment and local government schemes. Even in its early days this scheme has demonstrated that rural women are extremely responsive to information.

### **PUBLIC-PRIVATE PARTNERSHIP AND INFRA STRUCTURE PROJECT:**

<b>Sector</b>	<b>Number</b>	<b>Below Rs.250 crore</b>	<b>Between Rs.251 to 500 Crore</b>	<b>More than Rs. 500 crore</b>	<b>Value of contacts (in crore)</b>
Airports	5	0	303	18808	19111
Energy	24	734	2669	13708	17111
Ports	43	1066	2440	62993	66499
Roads	271	8689	32862	60454	102005
Urban development	73	2753	2404	10132	15288
Other sectors	34	1613	905	1644	4162

### **National Rural Livelihood Mission:**

Rural infrastructure would be incomplete without adequate reference to the National Rural Livelihood Mission (NRLM) launched in 2011. The mission rightly took a cue from the lessons of the Swarnajayanti Gram Swarozgar Yojana (SGSY). There is a clear understanding from the beginning that Self-Help Group (SHG)-Bank Linkage (SBL) programme could only be successful if it is tied up with livelihood programmes such as improved agriculture, dairying and marketing.





## RURAL HOUSING:

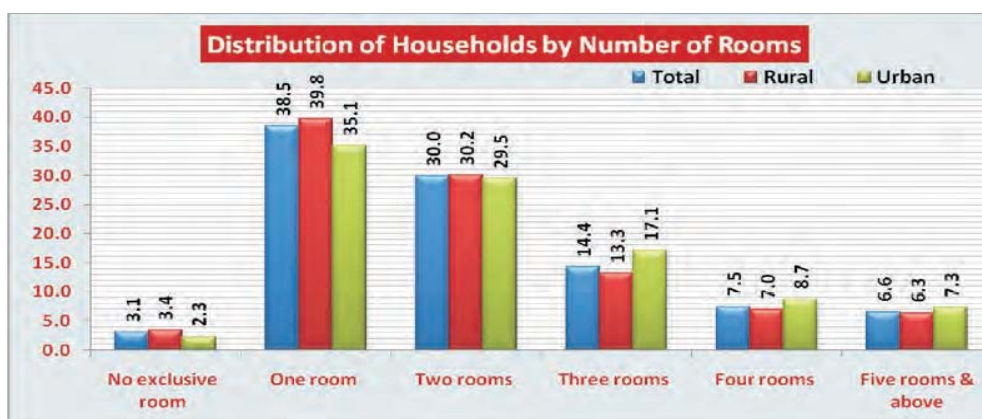
The “basic need” approach for human development has identified six strategic areas globally. These are health, basic education, nutrition, water supply, sanitation and housing. The degree of deprivation and socio-economic exclusion in the society can be measured by using all these strategic areas. The total number of census houses have increased from 24.9 crores (2001) to 33.1 crore (2011) which around 33% higher than 2001 housing stock. The data reveals that rural housing stock has increased by 23% which is quite less in contrast to 54% increase in urban sector. National Housing Policy was introduced to address the serious need of housing shortage in rural sector. It envisages both qualitative and quantitative improvement in rural housing sector.

### 6-Households Having Toilet Facility India: 2001 & 2011(in percentage)

	Have 1 Toilet facility within premises		Do not have toilet facility with in Premises	
	2001	2011	2001	2011
Total	36.4	46.9	63.6	53.0
Rural	21.9	30.7	78.1	69.3
Urban	73.7	81.4	26.3	18.6
Rural-Urban Diff.	51.8	50.7	-51.8	-50.7

(Source: Census 2011, GOI)

Another measure which indicates quality in terms of area of the house relative to the needs of a large average family, the current distribution of households in rural area in terms of total number of rooms is most dense for one or two room houses with a respective share of 39.8% and 30.2%, constituting a net lion share of 70% of the houses overall.



(Source: Census 2011, GOI)





## Conclusion:

Regulatory framework which needs reforming include the Bid/procurement process which needs to be efficient, transparent and standardized. Pre-qualification norms which needs to be defined well. Regulatory approvals which need to be single window approvals. Dispute resolution mechanism, the effectiveness of which needs to be enhanced The legal definition of infrastructure which needs to be harmonised. Investment guidelines for debt & equity instruments which need to be liberalised. A strengthened public private partnership (PPP) initiative can attract private sector investment, particularly in infrastructure if suitable reforms in regulatory framework are adopted as indicated above along with strengthening the viability gap funding mechanism. Rural infrastructure for a country like ours with its predominant peasantry composition is too important to be ignored. India today may be cruising on a knowledge economy with services sector accounting for close to 60 per cent and manufacturing another 15 per cent of the gross domestic product (GDP). But the reality as is borne out in the Census of 2011 reveals that 68.2 per cent of our population or 833 million people are living in rural India.

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