



JAIIB (New Syllabus)

**INDIAN ECONOMY &
INDIAN FINANCIAL SYSTEM
(IE&IFS).**

Paper-1

MODULE-A, UNIT-5



**INFRASTRUCTURE INCLUDING SOCIAL
INFRASTRUCTURE**

Paper IE and IFS Module A Unit 5: Infrastructure Including Social Infrastructure

Infrastructure Including Social Infrastructure

- Infrastructure investment increases the **capital stock required for economic development**.
- Historically, infrastructure in India has always been funded by the government.
- However, considering the paucity of public resources and the necessity to redirect precious public resources to health and education, attempts have been made to encourage private sector investment in the development of this infrastructure.
- Currently, the source of finance differs greatly between sectors.

Govt monopoly – Railway & Nuclear Power

Industries dominated by govt spending

Overseas Development Aids

Private sector investment

PPP

NIIF [National Investment & Infrastructure Fund]

Infrastructure & Economic Development

- Infrastructure is the foundation for economic growth, and it encompasses the **physical, natural, and organisational structures** required for long-term economic development.
- Economic infrastructure facilitates labour and capital mobility, within and between economies.
- Infrastructures provide a large number of job creations and possibilities.
- The availability of high-quality infrastructure ensures a rise in output and productivity.
- Facilitates the circulation of commodities and raw materials, eliminating inefficiencies and resulting in the effective use of scarce resources.

Infrastructures include

- Roads,
- Ports,
- Airports,
- Bridges,
- Railways,
- Water supply,
- Sewerage,
- Power,
- Telecommunications
- Irrigation, and so on.

A solid infrastructure facilitates the production of high-quality goods and services, as well as the transport of finished items to marketplaces and builds essential social institutions such as schools and hospitals. Infrastructure can be either Hard or soft.

It is also segregated as physical and social infrastructure.

Hard Infrastructure : Refers to major physical networks such as roads, ports, airports, pipelines, etc., that are required for the operation of a modern industrial nation.

Soft Infrastructure : Refers to institutions that are essential to keep the economy running, such as financial, educational, healthcare, and law-enforcement organisations.



Energy, Power, Transport System, Viz., Rail, Road, Civil Aviation

Some of the major infrastructures are presented below.

Energy Infrastructure

Energy infrastructure is the organizational framework that permits large-scale energy transmission from producer to consumer, as well as energy flow direction

and management. Many components make up energy infrastructure: Natural gas pipelines, storage and distribution terminals; petroleum pipelines, specialized coal handling facilities for washing, storing, and transporting coal; renewable energy infrastructure, such as wind **power, solar power, hydro power, geothermal power, and biomass or biofuel facilities, etc.**

Renewable Energy

India has achieved a cumulative installed renewable energy capacity (excluding large hydro) of **92.54 GW out of which 5.47 GW was added in the period April 2020 till January, 2021. During the period from April 2014 to January 2021**, the installed RE capacity of India has increased by two-and-half times, and in the same period, the installed solar energy capacity has increased 15 times.

Water Management Infrastructure

- This comprises drinking water supply, wastewater collection and disposal, drainage systems, major irrigation systems (reservoirs, irrigation canals), major flood control systems, and other infrastructure.
- Untreated sewage waste is one of the major causes of surface water and groundwater pollution in India. **The Water (Prevention and Control of Pollution) Act, 1974** was the first legislative measure taken to directly address the issue of water pollution and conservation in the country. This Act provides for establishing Central and State Pollution Control Boards responsible for the prevention and control of water pollution.

Communications Infrastructure

- Communication infrastructure includes **postal services, telephone networks, including mobile phone networks, television** and radio broadcast stations, the internet, communication satellites, and so on.

Few of the initiatives taken by Government to boost Communication Infrastructure in India are:

- FDI cap in the telecom sector has **been increased to 100% from 74%**.
- In 2020, the government approved the Production Incentive Scheme (PLI) for Large-scale Electronics Manufacturing.
- Department of Telecommunication launched '**Tarang Sanchar**' – a web portal sharing information on mobile towers and EMF Emission Compliances
- The government has approved a project at a cost of **20,000 crores for creating a National Optical Fiber Network (NOFN)** which will provide broadband connectivity to 2.5 lakh gram panchayats for various applications like eHealth, e-education, and e-governance.

Critical Infrastructure

- The assets on which the broader economy is dependent are referred to as critical infrastructure.
- Electricity generation, transmission, and distribution; **gas production, transport, and distribution; oil and oil product production, transport, and distribution; telecommunication; water supply, agriculture, food production and distribution, public health (hospitals, ambulances), transportation systems (fuel supply, railway network, airports, harbours, inland shipping), financial services (banking, clearing), and security services including police, military, etc.,** are included in the critical infrastructure category.

Transport Infrastructure

Road Transport

- National Highways Network to be expanded by 25000 Km in 2022-23.
- Rs 20000 Crore to be mobilized for National Highways Network expansion.

Multimodal Logistics Parks

- Contracts to be awarded through PPP mode in 2022-23 for implementation of Multimodal Logistics Parks at four locations.

Railways

- One Station One Product concept to help local businesses & supply chains.
- 2000 Km of railway network to be brought under Kavach, the indigenous world class technology and capacity augmentation in 2022-23.
- 400 new generation Vande Bharat Trains to be manufactured during the next three years.
- 100 PM GatiShakti Cargo terminals for multimodal logistics to be developed during the next three years.

Parvatmala

- National Ropeways Development Program, **Parvatmala to be taken up on PPP mode.**
- Contracts to be awarded in 2022-23 for 8 ropeway projects of 60 Km length.

Urban Infrastructure

- Urbanization is an integral part of the process of economic growth. As in most countries, India's towns and cities make a major contribution to the country's economy. **With less than 1/3 of India's people, its urban areas generate over 2/3 of the country's GDP and account for 90% of government revenues.**
- Hard infrastructure systems owned and operated by municipalities, such as roadways, water distribution, and sewage, are referred to as urban or municipal infrastructure. It may also contain certain soft infrastructure assets, such as parks, public pools, and libraries.

Green Infrastructure

- Green infrastructure is a concept that highlights the **value of natural environment**.
- The life support service provided by a network of natural ecosystems are emphasized. **Examples include** green belts, wildlife sanctuaries, environmentally sensitive areas, tiger, lion, and elephant reserves, bird sanctuaries, and the conservation of the Western Ghats.

Concept Of Social Sector & Social Infrastructure

- The Indian social sector is very important to the **country's growth and development**.
- It comprises multiple key components, all of which contribute to general human development.
- The expenditure on these elements is a critical indicator of the government's commitment to India's social sector.
- Positive externalities are associated with social infrastructure.
- Plays an important role in a country's economic development and wellbeing.

Social Sector:

- Health,
- Education,
- Water supply,
- Transportation,
- Agriculture and allied activities,
- Infrastructure,
- Irrigation,
- Management of natural resources such as water, forest, land, energy,
- Welfare programmes and services, and so on
- Investing in human capital including education, skill development, training, and the provision of healthcare facilities increases labour productivity and societal welfare.
- For inclusive development: Public investments in social infrastructure such as education, health, housing, and connectivity are critical.

At the time of independence:

- Literacy level: barely 17%
- Life expectancy: 32.5 years at birth.

Present time:

- Literacy rate = 74.04%
- Average life expectancy = 70 years.

ESG

- **ESG has gained a foothold among the stakeholders** and is considered a modern dimension of corporate social responsibility.
- **ESG (Environmental, Social, and Governance)** refers to the three most essential factors which determine the long-term and ethical impact of a business or company investment. The majority of socially responsible investors use ESG criteria to screen investments.

Health, Education, Family Welfare**Health**

Health is the most crucial component of social infrastructure. Healthcare has evolved to be one of India's most important industries, both in terms of income and employment. **Hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance, and medical equipment** are all part of the industry.

- The necessity for a strong and resilient health infrastructure was emphasised during the recent COVID-19 pandemic, which exposed the weaknesses in social infrastructure across geographies

According to the Economic Survey 2021-22,

- **2021-22: the healthcare sector's budgeted spending = Rs. 4.7 lakh crore (roughly 2.1% of GDP and 6.6% of total Expenditure)**
- Over time, both the government and private entities have increased their investments in the healthcare industry.
- **The 2017 National Health Policy** aimed to boost government **health spending to 2.5% of GDP by 2025.**

National Health Mission

The Union Budget 2021-22 announced the Ayushman Bharat Health Infrastructure Mission, a new Centrally Sponsored Scheme.

- Outlay of approximately Rs. 64,180 crores,
- Implemented over the next 5 years

Purpose:

- To develop capacities of primary, secondary, and tertiary care Health Systems,
- Strengthen existing national institutions,
- Establish new institutions to cater to the detection and cure of new and emerging diseases.

Family Welfare

The primary goal of the Family Welfare programme is to stabilise the population and offer high-quality health services, **including immunisation of pregnant women and children. In 1952**, India became the first country in the world to implement a National Programme for Family Planning.

The following are the fundamental premises of the Family Welfare Programme

- Acceptance of Family Welfare services is voluntary;
- **Family Welfare programme will provide:** integrated Maternal and Child Health (MCH) and family planning services, effective information education & communication (IEC) to improve awareness; easy and convenient access to Family Welfare services at free of cost.

Trends in Social Service Sector Expenditure by General Government

Item	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 (RE)	2021-22 (BE)
(in lakh crore)								
Total Budgetary Expenditure	32.85	37.61	42.66	45.16	50.41	54.11	65.24	71.61
Expenditure on Social Services:	7.68	9.16	10.41	11.40	12.78	13.65	16.34	19.06
i) Education	3.54	3.92	4.35	4.83	5.26	5.80	6.21	6.97
ii) Health	1.49	1.75	2.13	2.43	2.66	2.73	3.50	4.72
iii) Others	2.65	3.48	3.93	4.13	4.86	5.13	6.63	7.37
(As percentage to GDP)								
Expenditure on Social Services:	6.2	6.6	6.8	6.7	6.8	6.7	8.3	8.6
i) Education	2.8	2.8	2.8	2.8	2.8	2.8	3.1	3.1
ii) Health	1.2	1.3	1.4	1.4	1.4	1.3	1.8	2.1
iii) Others	2.1	2.5	2.6	2.4	2.6	2.5	3.4	3.3
(As percentage to total expenditure)								
Expenditure on Social Services:	23.4	24.3	24.4	25.2	25.4	25.2	25.0	26.6
i) Education	10.8	10.4	10.2	10.7	10.4	10.7	9.5	9.7
ii) Health	4.5	4.7	5.0	5.4	5.3	5.0	5.4	6.6
iii) Others	8.1	9.3	9.2	9.1	9.6	9.5	10.2	10.3
(As percentage to social services)								
i) Education	46.1	42.8	41.8	42.4	41.2	42.5	38.0	36.6
ii) Health	19.4	19.1	20.5	21.4	20.8	20.0	21.4	24.7
iii) Others	34.6	38.0	37.7	36.2	38.0	37.6	40.6	38.7

Note:

- **Budget Estimate (BE) & Revised Estimate (RE).**
- Social services include, education, sports, art and culture; medical and public health, family welfare; water supply and sanitation; housing; urban development; welfare of SCs, STs and OBCs, labour and labour welfare; social security and welfare, nutrition, relief on account of natural calamities etc.
- Expenditure on '**Education**' pertains to expenditure on '**Education, Sports, Arts and Culture**'.
- Expenditure on 'Health' includes expenditure on '**Medical and Public Health**', '**Family Welfare**' and '**Water Supply and Sanitation**'.
- The ratios to Gross Domestic Product (GDP) at current market prices are based on 2011-12 base.
- Projected GDP for **BE 2021-2022 is Rs 222,87,379 crore.**

Development Of Health Infrastructure

- Health infrastructures are the essential services or social capital of a country or region that support economic and social activity.
- **In other words, these are the structures that contribute to public health.**
- Health infrastructure is an essential metric for assessing a country's healthcare policy and welfare system.
- Health disparities exist in India as a result of the uneven distribution of health infrastructure between Indian states, **which is primarily characterised by:**

(a) Institution

(b) Knowledge, capacity,

(c) healthcare service.

- All these challenges are linked to economic growth, with a specific emphasis on India.
- India has made significant progress in terms of health infrastructure and mass population access to healthcare services.
- The infrastructure of a health system is a critical part of any economy, because, it increases efficacy, safety, timeliness, patient-centredness, access, and efficiency.
- **Inadequacies:** limit access to services and contribute to poor quality of care and results, especially among underprivileged communities.
- **Challenges:** Inadequate financial resources, poor facilities, inadequate physical infrastructures, lack of efficient personnel and materials planning, lack of good transportation facilities, and others.

5 Basic area o health infrastructure

- Skilled labour,

- Integrated electronic information systems,
- Public health agencies,
- Resources,
- Research

Important Health Scheme


- **The PM-Ayushman Bharat Health Infrastructure Mission (PM-ABHIM)** : designed to improve primary, secondary, and tertiary care health systems and to establish new institutions to address the diagnosis and treatment of new and emerging illnesses.
- It has evolved to become the largest pan-India public health infrastructure initiative since 2005.
- **2021: Ayushman Bharat Digital Mission (ABDM)**, formerly known as the National Digital Health Mission (NDHM), was launched with the purpose of establishing the backbone built to support the country's integrated digital health infrastructure.
- In addition to the National Health Mission, the Union Budget 2021-22 announced the Ayushman Bharat Health Infrastructure Mission.




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