

The Gati Shakti initiative speeds up India's infrastructure mission

Infrastructure development's embrace of digital technology can reduce logistical costs and raise economy-wide productivity



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The infrastructure sector has emerged as a high policy priority and the launch of the Gati Shakti initiative by Prime Minister Narendra Modi this week adds a new dimension of implementation to the endeavour. This is a significant step forward for the country's logistics, where inefficiencies result in an estimated cost burden of 13-14% of gross domestic product (GDP), compared to 6-8% in more competitive economies.

The Gati Shakti National Master Plan is expected to deploy a geo-spatial digital platform that will provide real-time information on infrastructure projects across 16 ministries. The use of digital technologies to map infrastructure facilities has been lacking in India, and with the availability now of relevant data and satellite information, the launch of such a portal catapults the country towards a modern infrastructure process system. Greater visibility in core areas such as railways, shipping and roads and highways should serve to feed the development of facilities in an integrated manner. With a single portal including multi-layer levels of data, decision-making and various implementation processes can be streamlined and made both efficient and timely.

The initiative builds upon the government's previous actions and policies to promote infrastructure. Public-private partnerships have been redesigned and include new models such as toll-operate-transfer and a hybrid annuity model. Access to finance has opened up through innovative mechanisms such as infrastructure and real estate investment trusts and development finance institutions.

The National Infrastructure Pipeline has been launched with 8,200 projects, entailing a cost of ₹111 trillion, and it meets Indian industry's request for a shelf of ready projects for investment. Another landmark initiative is the National Monetisation Pipeline, which brings the private sector into India's infrastructure mission by leasing out assets for operations and maintenance as well as for new investments. As envisaged, ₹6 trillion can be mobilized this way for the government to infuse into new projects.

Gati Shakti comes with several potential benefits to the economy. At a time when public expenditure is expected to support growth, it would ensure better utilization of scarce funds and keep investments in new projects going. Faster infrastructure construction can be a large employment multiplier, creating new job opportunities in rural areas. New connectivity and linkages will enable regions that are currently excluded to join the economic mainstream, which in turn could generate multiple business opportunities as rural and urban commercial activity experience better integration.

Further, multimodal transportation has gaps in India on account of last-mile connectivity short-



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falls and the skewed nature of pricing among the available modes of transport, which results in higher transport costs overall. Several modes, such as waterways and air freight, are insufficiently developed. Once different transport routes are connected seamlessly, the Indian logistics sector will shift to greater containerization for the movement of goods, using the lowest-cost options available, be it by road, rail or waterways.

Time and cost overruns have characterized project implementation so far. According to the ministry of statistics and programme implementation, which monitors infrastructure projects worth ₹150 crore and above, of 1,736 projects, 449 suffered cost overruns and 547 were delayed. This has been a challenge in the infrastructure sector, with delays in clearances by ministries working in silos playing a role. Gati Shakti is expected to facilitate the planning, implementation, monitoring and administration of transport infrastructure projects so that they do not suffer delays. Time savings will lead to monetary savings, which can be ploughed back into the social sector, among others in need.

For industry, the availability of detailed data on the facilities at a particular location would save a lot of time and effort in taking investment decisions. A plug-and-play model for industrial parks, as promised through the scheme, has long been a request of Indian industry so that approvals and clearances are pre-obtained for an enterprise to start functioning expeditiously.

The plan envisages a targeted approach to the completion of industrial parks, with an end date of

2024-25. As many as 109 pharma and medical device clusters, 90 textile parks (or clusters), 197 food parks and agro-processing centres, 11 industrial corridors and two defence corridors are envisaged for integration through transport facilities. Our need for better hinterland connectivity and faster access to ports can now be addressed holistically. This will aid export competitiveness.

The vision of using a geo-spatial digital platform will need to be implemented by all ministries and agencies involved to ensure that it achieves its

objectives. With all projects uploaded on the portal, greater coordination among the relevant agencies on approvals, etc, should catalyse projects. Also, while working with state governments on project implementation, close cooperation with local departments on the ground would yield definitive results for last-mile connectivity. These local bodies can also be part of the portal. The monitoring of the projects is proposed to be undertaken through various committees of senior officials, and Gati Shakti will provide timely data on where processes are stuck,

enabling quick action. With the Prime Minister's focus on infrastructure, interventions are likely to be solution-oriented to get projects back on track.

To sum up, Gati Shakti ensures Indian infrastructure's embrace of digital technology, which will improve overall project execution and efficiency. Gains in productivity for India's economy promise to be significant, as also the lowering of logistical costs for industry. This is yet another transformative move of the kind we have come to expect from this government.

QUICK READ

The digital geo-spatial platform envisioned by Gati Shakti offers an innovative way to reduce bureaucratic delays and ensure that Indian infrastructure projects meet their timelines.

By speeding up approvals and allowing easy project monitoring, this new initiative is likely to cut logistical costs and deliver significant gains that could boost our economy over the years.