

Union Budget 2022-23: Infrastructure Development to Propel Economic Growth

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India is at the cusp of a growth cycle and on track to become the fourth largest economy in the world with an ambition to reach \$5 trillion in few years. It is also expected to be the third largest construction market by this year, 2022. The latest report said investor confidence is strong in infrastructure sector, supported by favorable long-term financing conditions, recovery stimulus packages and overseas investment in terms of FDI inflows. In FY21, infrastructure activities accounted for 13% share of the total FDI inflows of US\$ 81.72 billion. India will require investments worth INR50 trillion across infrastructure segment for sustainable development in the country.

In the Union Budget 2022-23, the government has given a massive push to the infrastructure sector under the Prime Minister Gati Shakti scheme, which has received its first ever outlay of INR20,000 crore. The scheme envisages integrated planning and coordinated project execution, with sustained monitoring of projects consisting of several ministries, incorporating an all government approach under one umbrella while focusing on multimodal connectivity, which is a key aspect of India's economic progress.

Emphasizing the importance of investment for creating modern infrastructure, seven engines of growth have been identified — roads, railways, ports, airports, mass transport, waterways, and logistics infrastructure. The Budget aims to construct 25,000 kilometres of National Highways in 2022-23, almost double of the previous year, with the highest ever budget allocation of INR1,18,101 crores. The additional INR1,00,000 crore interest free support to the states for implementation of the Gati Shakti scheme and rural roads will accelerate the local economy.

Another significant announcement is the set-up of 100 cargo terminals under the PM Gati Shakti scheme. Transport and logistics infrastructure is a big constituent of the broader capital expenditure budget, estimated to be around 2.9 per cent of GDP. The announcement for manufacturing 400 new generations Vande Bharat trains by 2025 as part of the master plan will support the initiative of better energy efficiency and reducing carbon footprints while giving people a better riding experience. As part of the Atmanirbhar Bharat plan, 2,000 kilometres of railway network will be

brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in FY2022.

Apart from the dedicated Bharatmala, Sagarmala, inland waterways and UDAN schemes, the Finance Minister also announced Parvatmala, a national ropeways development programme that is being positioned as a sustainable alternative to conventional roads in difficult hilly areas. The government plans to award contracts for eight ropeway projects for a length of 60 kilometres this year.

Along with logistics efficiency, huge investment in creating drinking water infrastructure, irrigation and river-interlinking, sewerage and social infrastructure with clean energy have been the highlight of the budget. There is a growing recognition about the need of proper water management with adequate infrastructure development to propel economic growth, and the initiative under the Jal Jeevan Mission is a clear indication that Government of India is looking at a holistic and sustainable approach.

The outlay of INR60,000 crore for the Jal Jeevan Mission to cover 3.8 crore more households in 2022-23 will help expand the network of rural water connections making clean drinking water available to millions of people. At SPML Infra Limited, we are happy with the allocation as we have developed a number of projects in different states under the Jal Jeevan Mission to provide safe water to people. I am happy that the commitment of our Hon'ble Prime Minister of providing "Har Ghar Jal" is progressing well. A project completed by SPML Infra Limited under the Jal Jeevan Mission in Manipur has been inaugurated by our Hon'ble Prime Minister only the last month.

The budgetary allocation for water infrastructure development is an evidence of India moving forward with a conviction to resolve water issues and to modernize the water distribution system. The fund of INR44,605 crore allocated for the Ken-Betwa river linking project will help to provide drinking water facilities to 62 lakh people and better irrigation to 9 lakh hectares while supporting clean energy generation of 103 MW hydro power and 27 MW of solar power. At SPML Infra, we know that the project will make a big difference in people's lives and agriculture yields as we have been part of the progress of such a large project in Gujarat called Saurashtra-Narmada Avataram Irrigation Yojana (Sauni Yojana), which is quite successful in its target.

The allocation under the Swachh Bharat Mission (Rural) of INR9,994 crore and INR2,300 crore for the Urban, AMRUT Scheme with INR7,300 crore, the National Mission for Clean Ganga for INR600 crore, Major and Minor Irrigation Projects of INR4,904 crore along with other urban infrastructure development projects will certainly be a game changer in the water sector in India. The linking of five rivers — Damanganga-Pinja, Krishna-Godavri, Krishna-Pennar, Pennar-Cauvery, Par Tapi-Narmada — is going to have a long-term impact on water sustainability initiatives in the proposed regions.

I am happy that the budget is growth-oriented with a special focus on infrastructure development, which is a major instrument for growth. The focus on Aatmanirbhar Bharat and Infrastructure is encouraging and will be able to address the prevailing market challenges to propel the economy to surge ahead in the coming years, helping us with what we need to achieve. The capex of INR7.5 lakh crore once implemented will have a huge multiplier effect in creating employment and will further boost a virtuous cycle of growth.