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INFRASTRUCTURE DEVELOPMENT AND ECONOMIC GROWTH: PROSPECTS AND PERSPECTIVE

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ABSTRACT

Infrastructure investment is an important driving force to achieve rapid and sustained economic growth. The presence of sufficient infrastructure will require for the modernization and commercialization and commercialization of agriculture and the achievement of income surpluses for capital accumulation. It can provide a base for the expansion of local manufacturing industries, as well as enlarging markets for the outputs of these industries. Many studies have found a positive relationship between the level of economic development (measured by per capita income and other indicators), and quality of housing and access to basic amentias like electricity, safe drinking water, toilets. There is a precise link between infrastructure and development infrastructure investment directly effects the economic development. Therefore, that the only way to build up a country's productive potential and raise per capita income is to expand the capacity for producing goods, this need not refer simply to the provision of plant and machinery, but also to roads, railways, power lines, water pipes, schools, hospitals, houses and even incentive" consumer goods such as consumer durables, all of which can contribute to increased productivity and higher living standards. The paper focuses upon the role of infrastructure development in economic growth.

KEY WORDS: Agriculture Production, Economic Growth, Infrastructure Development,

INTRODUCTION

The prosperity of a country depends directly upon of development of Agriculture and Industry. Agriculture production, however, requires power, credit, transport facilities, etc. Industrial production requires not only machinery and equipment but also skilled manpower, management, energy, credit facilities, marketing facilities, transportation service which include railways, roads, shipping, communication facilities, etc. All these facilities and services constitute collectively the infrastructure of an economy.

Infrastructure investment is an important driving force to achieve rapid and sustained economic growth. The presence of sufficient infrastructure will require for the modernization and commercialization of agriculture and the achievement of income surpluses for capital accumulation. It can provide a bases for the expansion of local manufacturing industries, as well as emerging markets for the outputs of these industries. Many studies have found a positive relationship between the level of economic development (measured by per capita income and other indicators), and quality of housing and access to basic amentias like electricity, safe drinking water, toilets (Human Development Report of India 2011). There is a precise link between infrastructure and development infrastructure investment directly affects the economic development. Therefore, that the only way to build up a country's productive potential and raise per capita income is to expand the capacity for producing goods, this need not refer simply to the provision of plant and machinery, but also to roads, railways power lines, water pipes, schools, hospitals, houses and even inventive" consumer goods such as consumer durables, all of which can contribute to increased productivity and higher living standards. The prosperity of a country depends directly upon the development of Agriculture and Industry. Agriculture production, however, requires power, credit transport facilities, etc. Industrial production requires not only machinery and equipment but also skilled manpower, management, energy, credit facilities, marketing facilities transportation services which include railways, roads, shipping, communication facilities, etc. All these facilities and services constitute collectively the infrastructure of an economy.

CONCEPT OF INFRASTRUCTURE

Infrastructure, in general, defines as a set of facilities through which goods and services are provided to the public. Its installations do not produce goods and services directly but provide inputs for all other socio-economic activities. Infrastructure is the stock of basic facilities and capital equipment needed for the functioning of a country of area; the term to refer collectively to the roads, economy, or a portion of it, to function. The term originated during the World Was II as a military term to mean underlying structures in the early days of Marshal Plan, as preferable to Social Overhead Capital' , to avoid confusion with hospitals, schools and similar welfare type facilities. Since then, the term has been widely used by economists but does not have a precise definition till now. Different economists have used the term with different connotations, without, however, sacrificing the basic idea that they provide the base over which the structure of the economic is built. Consequently, there have been efforts to encompass a variety of activities within in the term infrastructure like differentiating between different components of infrastructure (social and economic, for example).

GROWTH LINKAGES:

Provision and maintenance of adequate infrastructure facilities are absolutely necessary if rapid economic growth is to be achieved and sustained. The availability of infrastructure like power, telecommunication and transport is absolutely vital for accelerated development and modernization of a country. The 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 and followed by progress in infrastructure, if are to fulfill our declared objectives of self accelerating process of economic development.

An infrastructural facility both economic and social constitutes the core of development strategy and efforts. Efficient and affordable infrastructural services are key bone to the higher productivity and output growth. Energy, transportation, electricity, telecommunication, availability of skilled labors, technical and general education, health facilities, agricultural and rural infrastructure like rural roads, irrigation facilities, fertilizers and pesticides, credit facilities, availability markets all the social and economic infrastructure services are made positive and strong impacts on output growth of as well as eliminates the poor performance the different sectors of the economy.

The linkage between infrastructure and economic growth is multiple and complex, because not only does it affect production and consumption directly, but it also creates many direct and indirect externalities, and involves large flows of expenditure thereby creating additional employment. In this framework infrastructure affects output in two ways. One is the direct channel where infrastructure increases the output by reducing the cost of intermediate goods. The other channel is through externality effect. This channel works through higher human capital returns due to education, good quality health and higher efficiency of human capital due to lower marginal depreciation of capital. The experience across the world has shown that increases in stock of infrastructure is associated with the increase in output and the quality of life of the people. Fulfill and achieve the objective of economic and non economic dimensions of the development especially the standards of living and quality of the life of the people is directly depends on the availability facilities. Progress in the developing countries will require a combination of three elements maintaining high rates of growth in incomes, modifying the pattern of growth so as to raise the productivity and incomes of the poorer sections of the population; and improving the access of the poor to essential public service. The poor suffer not only from low incomes but also from inadequate access to public services essential to their health and productivity. As many of these services, such as sanitation and water supply, cannot be privately purchased, an expanded public program for wider distribution of services must be an important element of strategies to alleviate poverty. Evidence and analysis shed some light on the magnitude of the impact of infrastructure on economic development, defined in these ways. World Development Report (1994) on the vital role if infrastructure in growth has been reinforced by subsequent research for example on Africa's economic performance. Not only does development of infrastructure services contribute to growth, but growth also contributes to infrastructure development, in a virtuous circle.

Moreover, investment in human capital and in infrastructure interact each increasing the returns to the other. Identified the various channels through which investment in infrastructure can contribute to growth. These are:

- Reducing transactions costs and facilitating trade flows within and across borders;
- Enabling economic actors individuals, firms, government to respond to new types of demand in different places;
- Lowering the costs of inputs for entrepreneurs, or making existing businesses more profitable;
- Lowering the costs of inputs for entrepreneurs, or making existing businesses more profitable;
- Creating employment, including in public works (both as social protection and as a counter-cyclical policy in times of recession);
- Enhancing human capital, for example by improving access to schools and health centers;
- improving environment conditions, which link to improved livelihood
- Better health and reduced vulnerability of the poor.

Infrastructure investment generally has two types of effects. First in has demanded creation effect in other economic activities which is flow impact second, it has stock impact which makes better availability of service and improves productivity of the private sector and the economy as a whole Therefore, infrastructure development contributes to investment and growth through increase in productivity and efficiency as it links between resources to factories, people to jobs and products to markets. But many of the benefits of infrastructure services accrue to firms in France, for example, that input output tables reveal that firms consume two-thirds of all infrastructure services. Thus it is through this channel that costs are lowered and most importantly, market opportunities are expanded especially growth telecommunications and transport). The resulting gains in competitiveness and production are what drive the gains in economic growth and ultimately welfare.

CONCLUDING REMARKS:

However, the importance of infrastructure goes far beyond its impact on growth. It speeds up the nation's production and distribution of economic output as well as to its citizens' overall quality of life. It is often said that infrastructure can be considered, if not the engine, then the wheels of economic growth. This is one part of the infrastructure story. The other part is that infrastructure helps to spread the benefits of growth, which makes the development process more inclusive. Lack of such infrastructure facilities is considered to be a major structural weakness, which holds back to underutilization of existing productive capacity and constrain, that may have unfavorable impacts on profits and production levels adversely. Weak and inadequate infrastructure leaves the country backward and allows its people to stagnate in poverty and a lower standard of living. Investigate the relationship between physical infrastructure and per capita NSDP. Patna and Acharya (2011) examine the spatial disparities in infrastructural facilities across 16 major states in India and in turn analyses its impact on regional economic growth. Empirical evidence suggests that there is a positive relationship between Infrastructure Development Index & per Capita Net State Domestic Product and negative relationship between Infrastructure Development Index & Poverty. Hence, effort should be directed to create more infrastructure facilities at the state level to raise the state domestic product and reduce the level of poverty and unemployment of the people concerned.

The relationship between the availability of social and economic infrastructure and the ratio of poverty positive correlates with providing social and economic infrastructure. In which state or country providing these basic amenities or infrastructural facilities to the majority of population will benefit from these facilities, especially mass poorer sections of the society will escape from their poverty, in others words higher infrastructure facilities lower levels of poverty ratio, and low level infrastructure facilities higher levels of poverty ratio, and low level infrastructure facilities, higher levels of poverty ratio. Infrastructure is a source of positive externalities in the development process. In fact, the absence of infrastructure is positively related to the incidence of poverty.

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