

## THE CONCEPTS OF ECONOMIC INFRASTRUCTURE AND SOCIAL INFRASTRUCTURE DEVELOPMENT IN INDIA

Dr. Mudakappa

Assistant Professor, Department of PG Studies and Research in Economics, Sahyadri Arts College, Kuvempu University, Shivamogga, Karnataka State – 577203.

### Abstract:

The present study explained the term ‘infrastructure’ in detail, including the types of infrastructure such as economic infrastructure and social infrastructure. Study also described the key characteristics of infrastructure. The key objective of this paper is to study the current status of economics infrastructure and social infrastructure development in India, covering both sectors economic as well as social infrastructure. The study concluded that infrastructure services positively impacts on economic development and both infrastructure and economic development are interlinked with each other and having a strong relationship.

**Keywords:** *Infrastructure Financing, Social Infrastructure, Infrastructure Development, Physical Infrastructure, Economic Growth.*

### Introduction:

Infrastructure is the support system of industrial and agricultural production, and foreign and domestic business. It is the basic organizational and physical structure that is required to run a business smoothly. In an organization or for a country, a basic infrastructure includes communication and transportation, sewage, water, education system, health system, clean drinking water, and monetary system.

A country’s economic and social development is directly dependent on a country’s infrastructure. Many developed countries make a lot of progress because of the enormous growth of economic and social infrastructures. A good infrastructure makes the work process easier, resulting in a positive and high productivity.

### Economic infrastructure and Social infrastructure:

Economic infrastructure is important because it improves the productivity levels in productive sectors such as agriculture and industry by providing support services like energy, transport, communication, etc.

1. Economic infrastructure directly supports economic growth.
2. It provides product support services such as energy, transport, communication, etc.
3. It improves the productivity levels in productive sectors like agriculture and industry.

Social infrastructure is import for the economy because it improves human productivity and efficiency by providing facilities for education, health, housing, etc.

1. Social infrastructure improves human productivity and efficiency through facilities for education, health, housing, etc.
2. It directly supports social growth in the economy.

### Types of Infrastructure:

**Economic infrastructure:** This infrastructure is directly linked with the economic development of a country or an organization. This includes the basic amenities and services that directly influence and benefit the production process of economic distribution. A few examples of economic infrastructures are power, transportation, irrigation, communication, etc.

**Social infrastructure:** This type of infrastructure has the basic services that improve individual productivity and achieve social objectives. Social infrastructure contributes

indirectly to the country's economic development. For instance, the education sector does not contribute directly to the economic development of a country. However, it helps indirectly by providing high-quality education to the studies, therefore producing doctors, scientists, engineers, and technologists. Few examples of social infrastructure are water supply, sanitation, health, housing, etc.

### **Objectives of the Study:**

The main objective of the present paper is to analyze the status of Economic infrastructure and Social infrastructure development in India.

1. To analysis the status of Economic infrastructure and Social infrastructure development in India.
2. To analyses the trends in social sector expenditure by general government (Combined Centre and States).
3. To explains the term infrastructure including its classification and characteristics in India.
4. To study the role of infrastructure in different sectors.

### **Methodology**

The study is based on secondary data collected from internal sources. Its will be collected on the basis official records, and their official website. Data presented in the study for the period 2011 to 2020 which has been accumulated from Economic Survey of India, ministry of statistics, annual reports and various websites. Further, study described the imperative role of infrastructure in various sectors, and other trusted publications will be studied like Newspapers, research articles, research journals, E-journals, books and magazines, better understanding.

### **Importance of Economic Infrastructure:**

Economic infrastructure is the nerve centre of the economic system. It plays an important role in the development of not only the economy but of the civilization as well. It is a public utility service which gives place and time utility to goods and services. They link production, distribution centres and the end consumers as well. Therefore, infrastructures bring together elements of the economic system.

1. To conclude, let us discus some of the prime importance of infrastructures.
2. They help in the development of the market and all the elements within.
3. It also facilities large-scale productions for the purpose of smooth functioning of the economy.
4. They result in the territorial division of labour which is great.
5. They also ensure price stability in the market.
6. Economic infrastructure definity ensures the mobility of labour and capital within/from the economy.
7. It results in the overall growth of towns and cities.
8. Infrastructures provide for a lot of employment generation and employment opportunities.
9. They also play a crucial role in national defiance activities.
10. Infrastructures in the economy directly result in the unity of various economic components.
11. The economy and the nation will be able to meet any emergencies that arise.
12. It creates a place and time utility.
13. Infrastructural development plays a vital role in the development of agriculture and industry.
14. Infrastructure like transportation, communication nod telecommunication breaks any economic isolation that prevails in the country.
15. They are a great and rich source of revenue to the Government.
16. The development of economic infrastructure will directly result in the development of economic trade.

**Importance of social infrastructure;**

Well, social infrastructure has its own importance. It helps in the development of the economy of the nation and also improves quality of life of the people. There are people who live in slums and are below the poverty line. These social infrastructures help in providing facilities to these people so that they can have a quality check-up in good hospitals.

In addition to this, various medical camps are also organized by the government. These camps are held for free and people from different areas come and get themselves checked up. Social infrastructures hence play a vital role in the development of the economy.

Now, people often ponder over the fact that what is the **role of social infrastructure in economic development?** Social infrastructure plays a very vital role in economic development. Everything is interconnected in terms of quality, the standard of living, education and economic development. When people are educated, it adds to the literacy rate of the nation. People get a good career and job opportunity which in turn adds to economic development.

The economic development of the nation is directly proportionate to the quality of life the people live. Social infrastructures provide facilities to the people who cannot afford quality Education or medications. As a result with the help of these social infrastructures, there is an increase in employment opportunities.

These infrastructures also play a crucial role in national defense activities. With economic development the trade increases and improves. Thus, these infrastructures are built for these kinds of people who can improve their standard of living.

Now let's talk about the **evaluation of the role of social and infrastructure in the promotion of business activities.** There are some pointers that you refer to if you want to know the role of social and economic infrastructure.

**1. Agriculture:**

With the help of these social and economic infrastructures, there is a development of agriculture in terms of irrigation machinery, power, marketing, transport facilities and many more.

**2. Industry:**

The industrial sector also develops with the development of infrastructures. Along with all the advancements and availability equipments, there is an increase in manpower, management, transportation, banking and many more.

**3. Increase in productivity:**

The development in the transportation and education sectors leads to an increase in productivity. Economic productivity is seen in terms of science and technology along with extensive research work.

**4. Development of Lower Classes:**

The people residing in chaws and slums are in the dire need of these infrastructures which leads to the development of the backward classes. The Social and economic infrastructures play a key role in the development of these regions as quality services and facilities are provided to these people at a very low rate or for free.

There are certain reputed companies which undertake the job of building these infrastructures in order to develop the economy.

**Social infrastructure** plays a key role in the development of the nation. Economic infrastructure also adds to economic development. These infrastructures are the initiatives taken up by the Government and are fulfilled in a given time-frame thereby, increasing the literacy rate, admissions in sports, indulging in public safety and many more.

These all factors lead to the development of the economy and the standard of living of people.

### Trends in Social Sector Expenditure:

The expenditure on social services (education, health and other social sectors by Centre and States combined as a proportion of GDP increased from 6.2 to 8.8 per cent during the period 2014-15 to 2020-21 (BE). This increase was witnessed across all social sectors. For education, it increased from 2.8 per cent in 2014-15 to 3.5 per cent and for health, from 1.2 per cent to 1.5 per cent during the same period. Relative importance of social services in government budget, as measured in terms of the share of expenditure on social services out of total budgetary expenditure, has also increased to 26.5 per cent in 2020-21 (BE) from 23.4 per cent in 2014-15 (Table 1).

**Table 1: Trends in Social Service Sector Expenditure by General Government (Combined Centre and States)**

Item	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 RE	2020-21 BE
<b>( in Lakh Crore)</b>							
<b>Total Budgetary Expenditure</b>	32.85	37.61	42.66	45.16	50.41	58.76	64.70
<b>Expenditure on Social Services of which:</b>	7.68	9.16	10.41	11.40	12.78	15.31	17.16
<b>i) Education</b>	3.54	3.92	4.35	4.83	5.26	6.13	6.75
<b>ii) Health</b>	1.49	1.75	2.13	2.43	2.66	3.12	3.51
<b>iii) Others</b>	2.65	3.48	3.93	4.13	4.86	6.06	6.90
<b>As percentage to GDP</b>							
<b>Expenditure on Social Services of which:</b>	6.2	6.6	6.8	6.7	6.7	7.5	8.8
<b>i) Education</b>	2.8	2.8	2.8	2.8	2.8	3.0	3.5
<b>ii) Health</b>	1.2	1.3	1.4	1.4	1.4	1.5	1.8
<b>iii) Others</b>	2.1	2.5	2.6	2.4	2.6	3.0	3.5
<b>As percentage to total expenditure</b>							
<b>Expenditure on Social Services of which:</b>	23.4	24.3	24.4	25.2	25.4	26.1	26.5
<b>i) Education</b>	10.8	10.4	10.2	10.7	10.4	10.4	10.4
<b>ii) Health</b>	4.5	4.7	5.0	5.4	5.3	5.3	5.4
<b>iii) Others</b>	8.1	9.3	9.2	9.1	9.6	10.3	10.7
<b>As percentage to social services</b>							
<b>i) Education</b>	46.1	42.8	41.8	42.4	41.2	40.0	39.3
<b>ii) Health</b>	19.4	19.1	20.5	21.4	20.8	20.4	20.5
<b>iii) Others</b>	34.6	38.0	37.7	36.2	38.0	39.6	40.2

Source: Budget Documents of Union and State Governments, Reserve Bank of India.

Note: 1. 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 of account of natural calamities etc.

2. Expenditure on 'Health' includes expenditure on 'Medical and Public Health', 'Family Welfare' and 'Water Supply and Sanitation'.

Investment in social infrastructure played a crucial role in India's economic growth. The government is committed to invest in social sector viz education, healthcare, skill development, providing employment opportunity, housing, Sanitation etc. In order to bring overall improvement in socio-economic indicators and achieving SDGs. In spite of COVID-19 pandemic, public spending on social sector has increased in 2020-21 and efforts continued through Aatma Nirbhar Bharat Rojgar Yojana, higher allocation under MGNREGS, Garib Kalyan Rozgar Abhiyan and path-breaking labour reforms etc. India's progress towards vibrant economy is deep-seated in investing in social capital.

### Conclusion:

The present study described the term infrastructure in brief and also explained its types, characteristics, risks associated with infrastructure projects. Mainly this study focused on the status of infrastructure in India. Study found that the rate infrastructure development is very low as compared to other countries. There are various resources available for infrastructure financing in India but PPP is the best source of financing; it brings a lot of funds as well as better operating techniques which helps to government in well maintaining infrastructure assets and overall development of infrastructure sector. Indian government and policy makers need to focus on to make better operating system for infrastructure sector.

### Reference:

1. Ghosh, B., & De, P. (1998). Role of infrastructure in regional development: A study over the Plan period. *Economic and political weekly*, 3039-3048.
2. Chatterjee, S., & Turnovsky, S. J. (2012). Infrastructure and inequality. *European Economic Review*, 56(8), 1730-1745.
3. Fan, S., Chan-Kang, C., (2005),. Road development, economic growth, and poverty reduction in china. IFPRI Research Report No. 138. International Food Policy Research Institute, Washington, DC.
4. Rao V.K.R.V (1980), Infrastructure and Economic Development, *Commerce Annual Number*, Vol no. 141, pp 9-11.
5. Sahoo, Pravakar, Kumar Ranjan and Nataraj Geetanjanli (2012), China's Growth story: The Role of Physical and Social Infrastructure, *Journal of Economic Development*, Vol. 37, no.1, March, pp 53-75.
6. Srinivasa B. and Rao P. Srinivasa (2013), Infrastructure Development and Economic Growth, *Journal of Business Management and Social Science Research*, Vol.2, No. 1, January 2013, pp. 81-91. *Statistical Abstract of Punjab, Various Issues*.
7. Varshney, Shikha (2008), Financing of infrastructure development in India since 1991 Ph.D submitted to Aligarh Muslim University.
8. Wollasa L. Kumo(2012), Infrastructure Investment and Economic Growth in South Africa: A Granger Causality Analysis, Working paper, African Development Bank Group, No. 160, November.
9. World Bank, World Development Report 199: Infrastructure for Development, Published by Oxford University Press.
10. Budget Documents of Union and State Governments, Reserve Bank of India.
11. Esty, B. C. (2004). *Modern project finance: A casebook*. New York, NY: Wiley.
12. Calderon, C., & Servén, L. (2004). The effects of infrastructure development on growth and income distribution (No. 270). World Bank Publication.
13. *Economic Survey of India* (2005).