

What is the Government's Road Map for Infrastructure Development?

1. **Focus on Public-Private Partnerships (PPP):** Government has emphasised on project development through PPP investment models.

This model allows private players to assume investment risks and manage the construction and maintenance of highways.

2. **Amendments to Concession Agreements:** Government has amended the Model Concession Agreement to make it more attractive for private investors, introducing liberal compensation, extended concession periods, and termination payments.

The earlier concession agreement system featured fixed compensation, short concession periods, low termination payments, and strict regulatory oversight, making it less appealing to private investors.

3. **Introduction of Construction Support:** A new 'construction support' mechanism will enable the National Highways Authority of India (NHAI) to pay up to 40% of the total project cost in ten instalments based on physical progress, enhancing financial viability for private developers.

4. **Economic Impact of High Speed Corridor Projects:** The projects aim to boost regional economies, particularly in states like West Bengal and the North East, by improving connectivity and reducing transportation costs.

Progress in Highway Construction in India:

- The length of National Highways has increased from 0.91 lakh km in 2013-14 to 1.46 lakh km in 2024.
- The average annual construction of National Highways has increased by about 2.4 times from about 4,000 km in 2004-14 to about 9,600 km in 2014-24.
- The total capital investment in National Highways including private investment has increased by 6 times from Rs. 50,000 Crore in 2013-14 to about Rs. 3.1 Lakh Crore in 2023-24.
- The government has adopted a corridor-based highway infrastructure development approach with a focus on consistent standards, user convenience, and logistics efficiency.

Related Infrastructure Development Schemes

- **PM Gati Shakti Scheme:** It aims to ensure integrated planning and implementation of infrastructure projects with focus on expediting works on the ground, saving costs and creating jobs.
- **Bharatmala scheme:** It is a flagship highway development programme launched under the Ministry of Road Transport and Highways.



- The first phase of Bharatmala, announced in 2017 and initially set to be completed by 2022, has now had its deadline extended to 2027-28.
- It focuses on enhanced effectiveness of already built infrastructure, multi-modal integration, bridging infrastructure gaps for seamless movement and integrating National and Economic Corridors.
- **National Infrastructure Pipeline (NIP):** It is a group of social and economic infrastructure projects to provide world-class infrastructure across the country and improve the quality of life for all citizens.
- **Sagarmala Project:** It was approved in 2015, aims to develop port infrastructure along India's 7,516-km coastline through modernisation, mechanisation and computerisation.
- **Ude Desh Ka Aam Nagrik (UDAN):** This scheme was with the aim to improve air connectivity to remote and regional areas of India, enable common people to access affordable air travel and create employment in the aviation sector.



Basic infrastructure facilities in the country provide the foundation of growth. In the absence of adequate infrastructure, the economy operates at suboptimal levels and remains distant from its potential and frontier growth trajectory. Infrastructure lies at the core of India's ability to realise a number of SDGs, both directly and indirectly. Hence, going forward, various initiatives such as NIP, Gati Shakti, NMP, NaBFID etc. need to be implemented efficiently to lay down a strong foundation for a truly Aatmanirbhar Bharat.

Investment in infrastructure is essential for more rapid and inclusive economic growth:

Creation of Jobs: Infrastructure development such as road construction, real estate, railway construction, etc. is labour intensive, leading to increase in employment opportunities in formal and informal sectors and thus, fuelling domestic demand.

MGNREGA is a shining example of this aspect.

Multiplier effect: Capital expenditure has a multiplier of 2.45 and hence it would revive both demand and supply leading to expeditious economic growth and more employment opportunities.

The National Infrastructure Pipeline (NIP) for FY 2019-25 aims to provide world-class infrastructure to citizens and improve their quality of life.

Improved connectivity: Infrastructure investment leads to improved connectivity within and between regions, which in turn leads to greater economic integration and interdependence. This can lead to increased trade and commerce, which can drive economic growth.

Example: Bharatmala and Sagarmala projects, Transit corridors, etc.

Logistic Cost: Building world class roads, railways, ports, inland waterways, will cut down logistic costs and improve competitiveness and promote exports. Currently, Indian logistic cost is around 12-14% of GDP while the benchmark is 7-8% of GDP.

Gati Shakti scheme or National Master Plan for multi-modal connectivity plan with the aim of coordinated planning and execution of infrastructure projects will bring down logistics costs.

Farmer's Income: Investment in infrastructure would play a critical role in ensuring doubling of farmers income through focus on increased irrigation infrastructure and storage, processing and marketing infrastructure.

Inclusive growth: Infrastructure investment can also contribute to more inclusive growth by providing access to education, healthcare, and other social services to underserved or disadvantaged communities.

For instance, Pradhan Mantri Awas Yojana (Housing for All by 2022) aims at providing a pucca house with basic amenities to all houseless households living in kutcha and dilapidated houses by 2022.

Increased productivity: Infrastructure investment also leads to increased productivity as it enables the smooth flow of goods and services, reduces transaction costs and enhances the efficiency of production processes.

Public Private Partnerships (PPP)

Public-private partnerships (PPPs) are formally established agreements between public and private parties to share risks and benefits in the provision of public services and infrastructure. During the year 2020-2021, India appraised a total of 125 PPP projects costing INR 1.72 lakh crore between the central and state projects.

Public Private Partnerships (PPP) in India have become a cornerstone for infrastructure development, enabling collaboration between government and private entities to deliver critical public assets and services.

As of March 2025, India has implemented over 1,800 PPP projects across various sectors, including transportation, energy, and urban development, with a cumulative investment exceeding ₹24 lakh crore.

The 2025 Union Budget has further prioritised Public Private Partnerships, especially in housing, power, and urban infrastructure, with ministries and states required to identify bankable projects for PPP implementation over the next three years.

Further, the National Infrastructure Pipeline (NIP) aims to invest ₹111 lakh crore over five years, with public-private partnerships playing a crucial role in bridging the financing gap.

Public Private Partnerships (PPP) is required in infrastructure projects because:

Private sector finance and expertise: PPPs provide a way for governments to access private sector financing to build complex infrastructural projects, while the private sector is assured of returns based on government guarantee.

Private sector is cost-effective: PPPs provide incentives for private sector companies to innovate and find cost-effective solutions and put to use their expertise in developing and maintaining infrastructure. It also ensures better quality of infrastructure.

Time-bound: While the public sector projects are often seen to be lagging on account of inefficiencies, private sector collaboration ensures that the projects are completed on time.

Government has complete control: The ownership of the project continues to be with the public sector and hence, there are no concerns of privatization.



The Indian government has promoted PPPs as a key model for the redevelopment of railway stations as seen in the case of Rani Kamlapati Station in Bhopal. The Kelkar Committee on PPP had recommended using the PPP model for airport, port and railway projects. In the case of the redevelopment of railway stations in India, PPPs can play a particularly important role because:

Developing railways is a costly affair: The development of railway infrastructure is costly while the railway sector in India faces a shortage of funds along with a backlog of maintenance and modernization projects. PPPs can help by providing access to private sector capital and technology.

Improve operating ratio: Currently Indian Railways suffers from a very poor operating ratio of about 98. The PPP model can bring opportunities for investment to improve operating efficiency by introducing modern and clean technology along with management expertise.

Increased revenue source: PPP railway projects provide for shared use of rail tracks. This would lead to efficiency and an increased revenue source for states and reduced cost basis for private investors.

Better services: Stations would be equipped with services like Wifi, well maintained restrooms, lounges, etc. This would act as a revenue source to private players while people get the benefit of quality service.

Increased competition: Entry of private sector would introduce competition in a sector that was earlier a monopoly. This would improve the service and allow for modernization of railway infrastructure.



India's demographic dividend with nearly 65% of its population under 35 presents a powerful opportunity for economic growth. But to truly harness this potential, India must go beyond job creation and focus on fostering a culture of mass entrepreneurship. The Draft National Skill Policy 2025 lays a strong foundation for large-scale skilling, but without complementary efforts to enable local enterprise, the demographic advantage may remain untapped.

Present State of India's Entrepreneurship Ecosystem

- 1. Rapid Expansion of the Startup Base:** India's startup ecosystem is now the world's 3rd largest, with over 1.57 lakh Department for Promotion of Industry and Internal Trade (DPIIT) recognised startups as of December 2024, up from just 502 in 2016.
- 2. Rise of Tier II and III Cities as Beacons of Growth:** While major hubs like Bengaluru, Hyderabad, Mumbai, and Delhi NCR have been at the forefront of India's Entrepreneurial transformation, smaller cities are increasingly contributing to the momentum with over 51% of the startups emerging from Tier II/ III cities.

Through initiatives like Startup India, the government has played a pivotal role in nurturing this growth and empowering the next generation of entrepreneurs.

- 3. Fintech Driving Entrepreneurial Momentum:** Fintech is leading India's Entrepreneurial Ecosystem with India ranking 2nd in global fintech adoption (~87% usage), with rapid growth in digital payments, lending, and insurtech.

The fintech sector in India is projected to reach a valuation of \$420 billion by 2029, with a compound annual growth rate (CAGR) of 31%.

- 4. AI-Led Innovation Surge:** Entrepreneurship in India is increasingly driven by AI in India with over 70% of startups are integrating artificial intelligence into their operations by mid-2025, especially in healthcare, edtech, and retail.

As per the BCG-NASSCOM Report 2024, India's AI market is projected to grow at a CAGR of 25-35%, reinforcing its potential for innovation and job creation.

While AI automates routine tasks, it is simultaneously generating new opportunities in data science, machine learning, and AI-driven applications.

- 5. Policy-Driven Entrepreneurial Reform:** India's entrepreneurship boom is no longer centralized states like Uttar Pradesh, Assam, and Gujarat are launching targeted startup and innovation policies with dedicated venture funds, incubation networks, and single-window clearances.

For instance, Delhi's Draft Industrial Policy (2025–35) includes a ₹400 crore startup Venture Capital (VC) fund and industry-academia tech parks. These sub-national ecosystems are localizing innovation and giving rise to "startup-ready" governance.



- 6. Entrepreneurship Beyond Tech- Agripreneurs & Artisans on the Rise:** India's entrepreneurial spirit is expanding beyond tech to include agripreneurs, artisans, and self-help groups (SHGs).

Platforms like DeHaat, KisanKconnect, and Loop are digitizing agri-supply chains for smallholder farmers.

- 7. Rise of the Solopreneur & Creator Economy:** India's gig and creator economy is booming, with more individuals monetizing content, expertise, and services via platforms like YouTube and Instagram.

As of 2025, India boasts over 2 to 2.5 million active digital creators, many operating without traditional teams or VC funding. From fitness coaches to vernacular educators and AI content designers, a new generation of individual entrepreneurs is reshaping the definition of "business."

