

Budget 2024-25: Infrastructure Allocation and Development Plans

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What's in today's article?

- Why in News?
- Target sectors of Budget 2024-25
- Performance on road, railways, shipping and airports
- Attracting private investments

Why in News?

- In the 2024-25 Budget, Finance Minister Nirmala Sitharaman has allocated ₹11 lakh crore for capital expenditure, representing **3.4% of the GDP**. To encourage states to invest in infrastructure, ₹1.5 lakh crore will be provided to them as long-term interest-free loans.

Target Sectors of Budget 2024-25

- **Overall expenditure remains steady**

- The government's expenditure on infrastructure as a share of the total budget remains steady at 13.9%, slightly down from 14.3% in FY2024.
- **Transport sector**
 - The transport sector constitutes the largest portion of infrastructure spending, at 11.29% of the budget, though its share has decreased by 0.4 percentage points from last year.
- **Power sector**
 - The allocation for the power sector has seen a slight increase.
- **Roads, Transport and Highways**
 - The Ministry of Roads, Transport and Highways has been allocated ₹2.78 lakh crore for 2024-25.
- **Railways outlay**
 - The Railway outlay remains above 5%, with a record allocation of over ₹2.55 lakh crore.
 - Funding for signalling and telecom work, including the KAVACH automatic train protection system, has increased compared to FY2024.
- **Civil aviation and shipping**
 - The Ministry of Civil Aviation's allocation decreased by 20% to ₹2,357 crore.
 - The outlay for shipping remains unchanged at ₹2,377 crore.
- **Regional Connectivity Scheme**
 - The regional connectivity scheme is set to receive ₹502 crore.

Performance on road, railways, shipping and airports

- **Road**
 - National highways have expanded by 1.6 times from 2014 to 2024.
 - The **Bharatmala Pariyojana** has significantly contributed to this growth, increasing high-speed corridors by 12 times and 4-lane roads by 2.6 times during the same period.
 - The government is developing 11 **industrial corridor projects** in phases.
 - To attract private investment, the Ministry of Road Transport and Highways has revised the model concession agreement for Build-Operate-Transfer projects, including offering construction support for timely completion.
 - The industry is cautious about the profitability of the new agreements and emphasizes the need to shift focus from asset creation to asset management, maintenance, and safety as many projects near completion.
 - Experts recommend establishing standard operating procedures for constructing bridges and tunnels to prevent safety incidents like the Silkyara tunnel collapse in Uttarakhand in 2023.
- **Railways**
 - The capital expenditure for Indian Railways has increased by 77% over the past five years, reaching ₹2.62 lakh crore in FY24, with investments in new lines, gauge conversion, and doubling.
 - Despite this growth, challenges remain. As per the experts, there is need to adjust the freight movement share, which currently favors roads.
 - Long-haul road freight transportation is 25-30% more expensive than railways for distances under 500 km.

- Other issues include uncertainty in rake supply, delays in providing adequate infrastructure, and the sharing of lines by passenger and freight trains.
- Improving the smooth entry and exit of freight vehicles is necessary for efficient loading and unloading operations.

- **Shipping and airports**

- Since its launch in 2015, the **Sagarmala national program** has initiated 839 projects valued at ₹5.8 lakh crore across five key areas, including new development projects.
 - To date, 262 projects worth ₹1.4 lakh crore have been completed.
- Experts note that while there are over 230 maritime ports in India, nearly 40% of export and import cargo is handled by just two ports, JNPT and Mundra, highlighting the need for a development plan for the other ports.
- Regarding airports, under the second phase of privatization in 2019, six AAI airports were privatized, with plans to privatize 25 more airports.

Attracting Private Investments

- From FY2019 to 2023, the Central Government contributed 49% of total infrastructure investments, state governments contributed 29%, and the remaining investments were expected from the private sector.
- Experts highlight that the private sector is hesitant to invest due to market risks associated with project delays, which affect returns.
- There is a need to identify more assets for monetizing-built infrastructure.
- To address policy and regulatory challenges, as mentioned by Finance Minister Nirmala Sitharaman, the government should implement the recommendations of the Kelkar Committee report of 2015.

Q.1. What is Bharatmala Pariyojana?

Bharatmala Pariyojana is a flagship infrastructure development program launched by the Government of India aimed at improving the country's road network. It focuses on developing highways and expressways to enhance connectivity across India, facilitate economic growth, reduce travel time, and boost trade by creating efficient transport corridors and logistics hubs.

Q.2. What is Gross Domestic Product (GDP)?

Gross Domestic Product (GDP) is the total monetary value of all goods and services produced within a country's borders over a specific period, usually annually or quarterly. It is a key indicator of economic health, reflecting the size and performance of an economy and guiding policy decisions and comparisons between countries.

Source: [What's the Budget push for infrastructure?](#)

Source: <https://vajiramandravi.com/current-affairs/budget-2024-25-infrastructure-allocation-and-development-plans/>

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