A STUDY ON ISSUES RELATED TO INFRASTRUCTURE SECTOR AND REGULATORY FRAMEWORK

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ABSTRACT

India is the fourth largest economy in the world but the state of infrastructure in India has been a source of concern for local and foreign investors interested in tapping its potential as a business destination. The factors that are obstructing its growth and development is the lack of world class infrastructure. Unlike other sectors, wherein market forces alone are enough for development, infrastructure sectors need much regulatory clarity and frameworks for both private and public investments. Projects in the sector typically involve many partners with the state playing a crucial role. As such appropriate contractual arrangements, credit enhancement and other forms of financial support from the state, and non-distortionary subsidies became crucial to the growth of infrastructure. With the increasing role of the private sector, the need for appropriate forms of public private partnerships and especially private finance initiatives cannot be overemphasized. Similarly, appropriate regulatory modes and market creating efforts are necessary in many sectors. The source of information has been secondary for this research.

In this paper we are focusing on the major challenges and impediments to infrastructure development in the country. The paper concludes that fiscal support will continue to be dominant for infrastructure development but equally important are enabling policies that could lead to streamlining of procedures and protection of interests of both investors and consumers.

KEY WORDS: Policies, regulation, fiscal support, Regulatory framework.

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