

January 31, 2023

Sir/Madam,

Economic Survey: Infrastructure Capex Increased by 35%

Finance Minister today presented the Economic Survey 2022-23 in the Parliament. Some of Key highlights includes:

CAPITAL EXPENDITURE OUTLAY FOR 2022-23 INCREASED SHARPLY BY 35.4 % WITH APPROXIMATELY 67 PER CENT SPENT BETWEEN APRIL -DECEMBER 2022

8,964 PROJECTS WITH MORE THAN ₹108 LAKH CRORE INVESTMENT AT DIFFERENT STAGES OF IMPLEMENTATION UNDER NATIONAL INFRASTRUCTURE PIPELINE

MONETIZATION OF ₹0.97 LAKH CRORE ACHIEVED UNDER ROADS, POWER, COAL AND MINES, BEYOND TARGET OF ₹0.9 LAKH CRORE IN FY22 UNDER NATIONAL MONETIZATION PIPELINE

10,457 KM OF ROADS CONSTRUCTED IN FY22

This is for your kind perusal please.

With kind regards,

(Shiv Rawat)

Deputy Director

CONSTRUCTION FEDERATION OF INDIA

Capex:

Increase in infrastructure investment provides a critical push to the potential growth of the economy. The outlay for capital expenditure in 2022-23 (BE) was increased sharply by 35.4 per cent from 5.5 lakh crore in the previous year (2021-22) to 7.5 lakh crore, of which approximately 67 per cent has been spent from April to December 2022.

Public-Private Partnerships:

The Public Private Partnership Appraisal Committee has cleared 79 projects with a total project cost of ₹2,27,268.1 crore from FY15 to FY23 it adds.

To provide financial assistance to financially unviable but socially/ economically desirable PPP projects, the **Economic Survey notes that the Department of Economic Affairs launched the Viability Gap Funding (VGF) scheme in 2006. From 2014-15 to**

2022-23, under the VGF Scheme, 56 projects with TPC of ₹57870.1 crore were granted In-Principle Approval and 27 projects with TPC of ₹25263.8 crore were granted final approval with a Total Viability Gap Funding approval of ₹5813.6 crore (Both GoI & State Share). The total VGF amount disbursed by DEA under the scheme from FY15 to FY23 is ₹2982.4 crore.

Further, a scheme for financial support for project development expenses of PPP Projects – the 'India Infrastructure Project Development Fund Scheme' (IIPDF) – was also notified by the government on 3 November 2022 with an outlay of ₹150 crore for a period of 3 years from FY23 to FY25 states the Economic Survey.

National Infrastructure Pipeline

- 89,151 projects costing ₹141.4 lakh crore under different stages of implementation
- 1009 projects worth ₹5.5 lakh crore completed
- NIP and Project Monitoring Group (PMG) portal linkage to fast-track approvals/clearances for projects

National Monetization Pipeline - Creation through Monetization

- 9.0 lakh crore is the estimated cumulative investment potential.
- ₹ 0.9 lakh crore monetisation target achieved against expected ₹0.8 lakh crore in FY22.
- FY23 target is envisaged to be ₹1.6 lakh crore (27 per cent of overall NMP Target)

GatiShakti

- PM GatiShakti National Master Plan creates comprehensive database for integrated planning and synchronised implementation across Ministries/ Departments.
- Aims to improve multimodal connectivity and logistics efficiency while addressing the critical gaps for the seamless movement of people and goods.

Electricity Sector & Renewables

- As on 30 September 2022, the government has sanctioned the entire target capacity of 40 GW for the development of 59 Solar Parks in 16 states.
- 17.2 lakh GWh electricity generated during the year FY22 compared to 15.9 lakh GWh during FY21.
- The total installed power capacity (industries having demand of 1 Mega Watt (MW) and above) increased from 460.7 GW on 31 March 2021 to 482.2 GW on 31 March 2022.

Developments in Physical Infrastructure Sectors

Highways/Road

According to the Economic Survey, there has been an increase in the **Construction of National Highways /roads over time, with 10,457 km of roads constructed in FY22 as compared to 6,061 km in FY16. Total budgetary support for investment in the sector has been increasing rapidly in the last four years and stood at around ₹1.4 lakh crore during FY23 (as of 31 October 2022).**

In line with the vision of monetisation of public sector assets, NHAI launched its InvIT in FY22. So far, NHAI InvIT has raised more than ₹10,200 crore from high quality foreign and Indian institutional investors (up to December 2022).

Rural Infrastructure

Since its inception, the Pradhan Mantri Gram Sadak Yojana helped create 1,73,775 number of roads measuring 7,23,893 km and 7,789 Long Span Bridges(LSBs) against the sanctioned, 1,84,984 roads measuring 8,01,838 km and 10,383 Long Span Bridges (LSBs) under all its verticals/interventions points the survey.

Railways

Freight traffic was sustained by Indian Railways (IR) despite the Covid-19 shock. During FY22-23 (up to November 2022), IR carried 976.8 million tonnes of revenue-earning freight traffic (excluding KRCL), as against 901.7 million tonnes during the corresponding period in FY21-22 (excluding KRCL), which translated into an increase of 8.3 per cent observes the Economic Survey.

Further, the capital expenditure (Capex) on infrastructure in railways has seen a continuous increase in the last four years with Capex (B.E.) of ₹2.5 lakh crore in FY23, up by around 29 per cent compared to the previous year.

Major initiatives under the Indian Railways include Mumbai Ahmedabad High-speed Rail Project, Dedicated Freight Corridor Project, Gati Shakti Multi Modal Cargo Terminal, Induction of Vande Bharat Trains, Electrical/Electronic Interlocking System, Development of Hyperloop technology and introduction of Kisan Rail trains in FY21 to enable speedy movement of perishables states the Economic Survey.

Ports

The capacity of major ports, which was 871.5 Million Tonnes Per Annum (MTPA) at the end of March 2014, has increased to 1534.9 MTPA by the end of March 2022. Cumulatively they handled 720.1 MT traffic during FY22 notes the Economic Survey.

ECONOMIC SURVEY 2022-23

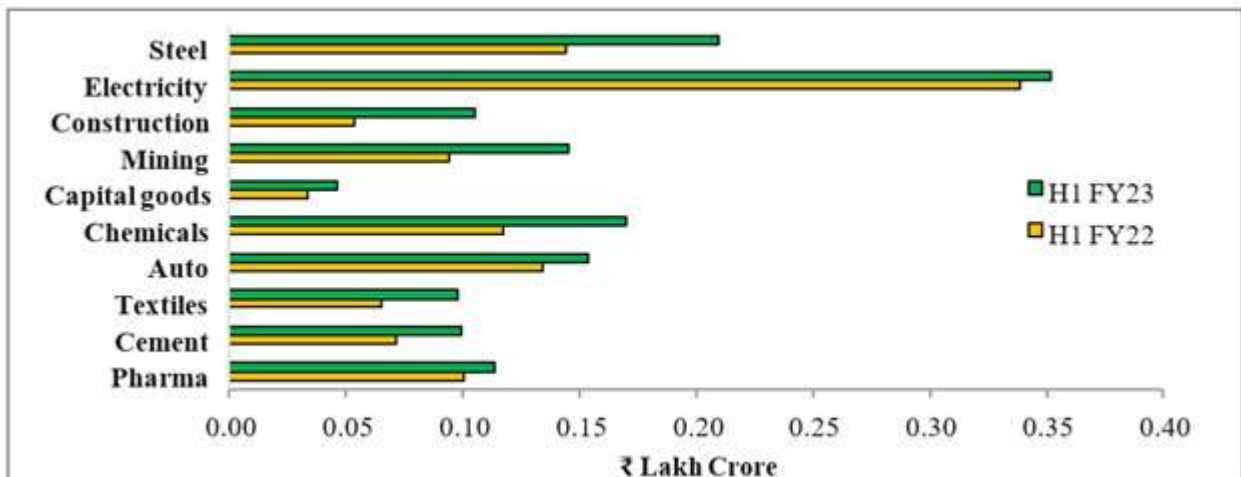
LIFTING POTENTIAL GROWTH WITH PHYSICAL & DIGITAL INFRASTRUCTURE

- PM GatiShakti National Master Plan for seamless movement of people and goods
- National Monetisation Pipeline with ₹ 9.0 lakh crore investment potential
- UPI touched its highest ever mark with 782 crore transaction in Dec 2022
- National Logistics Policy for making Indian logistics competitive globally
- Capacity of major ports nearly doubled in 8 years
- Open Network for Digital Commerce in pipeline
- Open Credit Enablement Network for democratising lending operations

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DEMAND STIMULUS TO INDUSTRIAL GROWTH

Private Final Consumption Expenditure (PFCE) as a share of GDP in H1 of FY23 was the highest among all half years, H1 or H2, since FY15, the Survey stated. The Survey optimistically expressed that with world commodity prices on a downward trajectory and showing up in declining rates of India's wholesale inflation, core retail inflation is expected to relent, making domestic consumption demand much stronger to further induce industrial growth in the country.



Private Investment gathers momentum

Housing For All

The Government rolled out “Housing for All by 2022” to provide shelter with dignity for each and every one. With this target, the Pradhan Mantri Awaas Yojana –Gramin (PMAY-G) was launched in November 2016 with the aim of providing around 3 crore pucca houses with basic amenities to all eligible houseless households living in kutcha and dilapidated houses in rural areas by 2024.

Under the scheme, landless beneficiaries are accorded the highest priority in the allotment of houses. A total of 2.7 crore houses have been sanctioned and 2.1 crore houses have been completed by 6th January 2023 under the said Scheme. Against the total target of completion of 52.8 lakh houses in FY23, 32.4 lakh houses have been completed.

Finance for Sustainable Development

Recognizing finance as a critical input for achieving climate action goals, the Survey throws light on the efforts that India has taken towards mobilizing private capital.

Green Bonds

The issuance of Sovereign Green Bonds will help the government to tap the requisite finance from potential investors for deployment in public sector projects aimed at reducing the carbon intensity of economy. A framework in this regard has been issued in compliance with International Capital Market Association (ICMA) Green Bond Principles (2021), the survey states. A Green Finance working committee has also been set up to oversee and validate key decisions on the issuance of Sovereign green bonds. The RBI has notified the indicative calendar for the issuance of Sovereign Green Bonds for the fiscal year 2022-23, totaling ₹16,000 crore.

India to remain the fastest growing major economy in the world.

Indian economy to grow 6.5% in 2023-24, compared to 7% this fiscal and 8.7% in 2021-22.

Survey has projected the FY23 GDP growth rate at 7%.

Govt forecasts FY24 GDP growth at 6-6.8%. Nominal GDP to expand at 11%.