

Book Review

India Infrastructure Report 2001

Edited by Sebastian Morris, Oxford University Press, New Delhi.
Rs. 450.00

The members of the 3i Network, the Infrastructure Development Finance Company, IIT Kanpur and IIM Ahmedabad need to be congratulated for their great effort in bringing out the "India Infrastructure Report (IIR) 2001" in such a short time.

In fact while private sector participation in infrastructure investment is becoming more and more necessary, the contradictions in policies and regulatory aspects are hampering the process of large scale investment. As such it becomes an absolute necessity to bring out those contradictions for the attention of the policy makers for speedier resolution of the issues to provide fillip to commercialisation of infrastructure investments. The report under review fulfills this particular need.

The theme of the report is market structure and regulation. It has focussed on institutional and organizational inadequacies for the development of the infrastructure sector. It aims to suggest modifications for an appropriate market structure and corresponding regulatory framework. It brings to the notice of the readers that the development of infrastructure is greatly hampered due to inefficient project implementation and subsequent maintenance, huge amount of failure in the allocation of scarce resources, backlash from the poor affected people due to their systematic exclusion from the development of the projects and highly distortionary prices of the infrastructure services. It is highly satisfying to note that the authors of the various articles have not only identified the failures but also suggested restructuring issues for improvement. The functioning of the sectoral regulators and the planners have been analysed with an idea to provide forward looking suggestion so that the infrastructure development can be on a much more smoother plane in future.

Everybody agrees that the days of public development of infrastructure is coming to an end in many sectors and to keep pace with the demand for development, there is no other option but to commercialise them by roping in private sector partners of various sizes. This report adequately discusses this aspect of the development process.

In "Issues in Infrastructure Development Today : the Interlinkages", Sebastjan Morris mentions that in a large market economy many infrastructural sectors could not indefinitely be run non-commercially like earlier days when bulk of the infrastructures were funded by Central and State Governments. It is no longer a case of signalling that the country welcomes private and foreign capital. More urgent and prudent is the need to remove obstacles to their positive participation on a large scale. The financial condition of the Central and State Governments are precarious and the opportunities thrown open in various sectors like Telecom, Transport, Urban development etc. are huge, calling for immediate deployment of large amount of capital. Keeping this in mind he opines that commercialisation of investment decision is the real challenge.

Jayanth Verma mentions in his article on the "Regulatory dilemmas in infrastructure financing" that nobody denies that infrastructure is very urgently needed and clearly beneficial to the country, but some argue that there are no real risks in the infrastructure projects. The author analyses this argument and cautions that in our hurry to develop infrastructure it will be dangerous to relax credit standards for lending to infrastructure projects. He concludes that private financing of infrastructure in India is very much possible and the difficulties standing in the way can certainly be overcome.

In "Structural Issues and Constraints" Rakesh Basant discusses the case of Indian Telecom sector. The role of the sectoral regulatory bodies and competition agencies and their interface are discussed and he suggests certain changes in the institutional design between the

two. M. Y. Rao brings out the role of the bureaucracy and the political hurdles in reform and restructuring of the electricity sector by taking the example of the Orissa State Electricity Board. According to him, the vested interests in politics and bureaucracy and various biases that they have are still a major stumbling block in infrastructure development.

Atanu Chakraborty writes in "Need for a BOT Law" that it is very much necessary to consolidate and bring out BOT Laws. They certainly can impart more operational efficiency for the private sector participation in infrastructure sectors. He cites the case of Gujarat in this matter.

Shivamurthy and Sinha in their article on "Land Acquisition : Law and Practice" mention that no infrastructure, however socially beneficial, can be built on inadequate compensation for those whose land had to be taken away. His argument is valid not only from the point of view of justice but also useful in reducing time and risks for land acquisition. Ajay Narayanan in his article "Environment and social risk in infrastructure development" argues for larger compensation and some involvement of those affected in the infrastructure projects to reduce social risks which in turn will help implement infrastructure projects faster and without cost overrun.

The India Infrastructure Report 2001 has also taken up three sectors - electricity, transport and telecom for more detailed investigation and study. In the article "Missing interconnections in the power systems" the three authors, Chitkara, Sekhar and Kalra, take a look at certain proposals of the Central Electricity Regulatory Commission. They focus on the limitations and suggest the direction for change. According to them the commission is trying to convert the problem of indiscipline in grid frequency by working out commercial schedule of varying rates to provide incentives to adhere to grid rules. They feel that the solution will certainly not work to curb indiscipline which really calls for special measures and discussion.

Sebastian Morris in his article "Power sector reforms and regulation: The road ahead" delves into the roots of the current problems and the increasing regulatory and policy risk. He puts forward a stamp-based system for administering subsidies in the electricity sector. According to him no other system would work more equitably.

G. Raghuram in his article "The transport sector" points out the transport myopia which is due to inefficient allocation of resources and inefficient management and poor maintenance of transport infrastructure. The transport myopia adversely affects safety of the passengers and keeping in mind the figure of the road deaths, he comments that India is at least six times worse than the worst of the European countries. He traces the roots of the transport myopia. He also discusses the effect of absurd prices on investment choice and traffic patterns and the huge return which can be made available by relaxation of congestion both in rail and road transportation. In "Sectoral issues in transportation" he again discusses each of the sectors in detail - air, rail, road, maritime transport, pipelines and multi modal transport.

Samir K. Barua and T. Madhavan opine in their article "At the cross roads : Pipeline infrastructure for oil products" that the present policies of joint ventures and stand alone companies will not allow pipeline construction to take off. They argue for a common carrier mode for regulation and access to pipeline infrastructure. G. Ranghram again in his article on "Integrating coastal shipping with the national transport network" writes that coastal shipping has been constrained by archaic customs and cabotage laws while the potential is huge and untapped.

In "Review of the Indian telecom sector" Rekha jain looks at the major development in the institutions, policy, regulation, network and

industry in the telecom sector which has seen most rapid changes during the nineties. According to her the challenge now is to create new demand for services. Ashok Jhunjunwala in "Looking beyond NTP 99" argues for local and small scale solutions of the telecom sector if we are to achieve the target of 100 million subscribers. He pleads that Indian technology can be used and the shackles of international credit and technology need to be broken if a fast pace of development is desired.

The IIR 2001 has many other interesting articles on finance and functioning of urban local bodies, urban and inter-urban road designs, vehicular air pollution, water and waste water sector, rural drinking water supply, bus transport in Delhi and dealing with drought.

Indeed the editor and the subscribers of the various articles have done a wonderful job in bringing out this report which is quite research based and contemporary. The editor mentions that they could not go deep into certain issues and even omitted subjects like land use, housing sector, industrial parks etc. In spite of these shortcomings IIR 2001 is certainly a land mark publication in discussing the issues on regulation of the market structure of the infrastructure sector.

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The Politics of Cultural Practice : Thinking through Theatre in an Age of Globalization by Rustom Bharucha, Oxford University Press, New Delhi, 2001. Rs. 545.00

Indian cultural studies are rapidly becoming known all over the world. Although they do not enjoy the academic support and official recognition cultural studies have in the USA, still Indian protagonists