



India's infrastructural challenge

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Inadequate infrastructure development is a key factor behind the diminishing productivity and competitiveness of our workforce. That is also a key reason as to why we had to withdraw from the RCEP at the eleventh hour. However, the government has chalked out an ambitious plan envisaging an investment of Rs. 100 trillion in the infrastructure sector over the next five years. India has also sought a review of its free trade agreements (FTAs) with ASEAN and Japan. India needs to gradually transit from being an import-led economy to an export-led one, and a sustained thrust on infrastructure development is an important factor determining the success of this strategy. On the flip side, slowing growth and rising infrastructure spending would elevate state-level deficits, which, in turn, would challenge our fiscal consolidation efforts. That is a

balancing act we have to learn to manage.

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