

## Empirical Analysis of Infrastructure Investment and State Domestic Productivity (A Study on the State of Chhattisgarh)

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### Abstract

*The accessibility of quality infrastructure is vital for sustainable socioeconomic development and improvement of human well being of any country. It has been found that the Infrastructure shortcomings are among the chief obstacles to accelerated economic growth. Same has been realized by the Indian planners and all out efforts have been made, within the available resources, to improve the infrastructure. Driven by this realisation, key infrastructure sectors like Electricity, telecommunications and roads are undergoing reforms at various levels of policy, regulation and governing statutes. Through these reforms, large additional investments are being attracted and economic growth is receiving a fillip. The infrastructure facilities in a Country/State directly determine the quality of life and productivity of the people. Hence, infrastructure sector has been accorded high priority by GOI. This paper tries to assess the status of key physical infrastructure in Chhattisgarh, to analyse the contribution of different infrastructure services on GDP of India and Chhattisgarh and to find out the infrastructure obstacles that require to be addressed to realise growth potential of Chhattisgarh state. Descriptive statistic and t-test are used as statistical tools in analysis. This study is based on secondary data collected from various sources such as articles, research papers, and official websites of related ministry, annual reports, and sustainability reports.*

**Keywords:** Chhattisgarh, infrastructure, GDP, Electricity, Transport, economic development.

### 1. Introduction:

A sustained growth of the Indian economy is critical for equitable development for all strata of society. Availability of adequate infrastructure facilities is an important pre-condition for sustainable economic and social development. Recognizing their importance in economic development these services are also referred to as Social Overhead Capital (Hirschman, 1985). There are several studies examining the relationship between different physical infrastructure services and per capita income / output. These studies suggest that infrastructure does contribute towards the growth of output, income and employment of the economy and ultimately the quality of life of the people in the concerned economy (Looney and Frederiksen 1981; Hardy and Hudson 1981; Aschauer 1989; Ebert et al 1991; Queiroz and Gautam 1992; Gramlich 1994; Cutanda and Paricio 1994; Esfahani and Ramirez 2003). Studies also exist on the inter-state disparities on the level of economic development and infrastructure facilities, e.g., Rao (1977), Elhance and Lakshmanan (1988), Ghosh and De (1998, 2004), Sahoo and Saxena (1999) are only a few to name.

Revamping up investment in infrastructure is not only critical for India's growth and to sustain the country's battle against poverty but also to lay the foundations for stronger economic growth in the future. The Eleventh Plan emphasized the importance of investment in infrastructure for achieving a sustainable and inclusive growth of 9% to 10% in GDP over the next decade. The development of infrastructure is a central theme of the GOI. The governments, both at Centre and State, have been increasingly providing public goods in crucial areas such as education, health, sanitation, housing, etc. and also the governments both at centre and state are spending huge amounts on the expansion and

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