PM Gati Shakti Scheme

Why in News

Recently, the government of India has launched the ambitious Gati Shakti scheme or National Master Plan for multi-modal connectivity plan, with the aim of coordinated planning and execution of infrastructure projects to bring down logistics costs.

Key Points

- **About the Scheme**
  - **Aim:** To ensure integrated planning and implementation of infrastructure projects in the next four years, with focus on expediting works on the ground, saving costs and creating jobs.

  - The Gati Shakti scheme will subsume the Rs 110 lakh crore National Infrastructure Pipeline that was launched in 2019.
  - Besides cutting logistics costs, the scheme is also aimed at increasing cargo handling capacity and reducing the turnaround time at ports to boost trade.
  - It also aims to have 11 industrial corridors and two new defence corridors - one in Tamil Nadu and other in Uttar Pradesh. Extending 4G connectivity to all villages is another aim. Adding 17,000 kms to the gas pipeline network is being planned.
  - It will help in fulfilling the ambitious targets set by the government for 2024-25, including expanding the length of the national highway network to 2 lakh kms, creation of more than 200 new airports, heliports and water aerodromes.

- **Integrated Approach:** It intends to bring together 16 infrastructure related Ministries.

  - This will help in removing long-standing issues such as disjointed planning, lack of standardisation, problems with clearances, and timely creation and utilisation of infrastructure capacities.

- **Gati Shakti Digital Platform:** It involves the creation of a common umbrella platform through which infrastructure projects can be planned and implemented in an efficacious manner by way of coordination between various ministries/departments on a real-time basis.

- **Expected Outcomes**

  - The scheme will help mapping the existing and proposed connectivity projects.
  - Also, there will be immense clarity on how different regions and industrial hubs in the country are linked, particularly for last mile connectivity.
  - A holistic and integrated transport connectivity strategy will greatly support Make in India and integrate different modes of transport.
  - It will help India become the business capital of the world.

- **Need for Integrated Infrastructure Development:**

  - There exists a wide gap between macro planning and micro implementation due to the lack of coordination and advanced information sharing as departments think and work
in silos.

- According to a study, the **logistical cost in India is about 13% of GDP**, which is higher than developed countries.
  
  - Due to this high logistical cost, the **competitiveness of India’s exports is greatly reduced**.
  - It is globally accepted that the **creation of quality infrastructure for Sustainable Development** is a proven way, which gives rise to many economic activities and creates employment on a large scale.
  - The scheme is in synergy with the **National Monetisation Pipeline (NMP)**.

- The NMP has been announced to provide a clear framework for monetisation and give potential investors a ready list of assets to generate investment interest.

**Associated Concerns**

- **Low Credit Off-take**: Although the government had taken up ‘strong’ banking sector reforms and the **Insolvency and Bankruptcy Code** had yielded about Rs. 2.4 lakh crore of recoveries on bad loans, there are concerns about declining credit offtake trends.
  
  - Banks give credit off-takes to help businesses acquire financing for future projects through the promise of future income and proof of an existing market.
  - **Lack of Demand**: In the post-Covid-19 scenario, there is a lack of private demand and investment demand.
  - **Structural Problems**: Due to land acquisition delays and litigation issues, the rate of implementation of projects is very slow on global standards.

  - Getting approvals is very difficult in terms of land access, environmental clearances; also impending litigation in court delays the infrastructure projects.

**Way Forward**

- PM Gati Shakti is a step in the right direction. However, it needs to address structural and macroeconomic stability concerns, emanating from high public expenditure.
- Thus, it is imperative that this initiative is underpinned by a stable and predictable regulatory and institutional framework.

**Source: IE**

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