

# A Review on “Impact of Large Infrastructure Project on Local Economy”

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**Abstract** – India’s rise in recent years is a most prominent development in the world economy. India has known as one of the fastest growing economies in the world. India’s growth is particularly in manufacturing and services, has boosted the sentiments, both within country and abroad. With an the investment and robust macroeconomic fundamentals, the future outlook for India is distinctly upbeat. Therefore, Indian government’s first priority is rising, maintaining and managing high growth through investment in large infrastructure sector, among others. Large infrastructure projects not only benefit the society but they also bring development in the surrounding areas with employment, housing, education, healthcare and retail outlets. When infrastructure projects come up in a particular area, other facilities automatically come up along with it. People engaged in the infrastructure projects need housing facilities for their families, schools and colleges for their children, healthcare, entertainment and shopping facilities for themselves and their families. Thus existing facilities at a place needs to be upgraded or the facilities need to be developed by the local developers along with the ongoing infrastructure projects

and physical capital and hence growth. Need of efficient, reliable, and affordable infrastructure is essential for economic growth. Infrastructure in particular, is absolutely necessary to the prosperity of regions.

### 3. LITERATURE REVIEW

**Vytautas Snieska & Ineta Simkunaite (2009):** It is very hard to find a generally agreed definition of infrastructure even though economists in their early works already stressed that transport infrastructure is crucial for economic development. Infrastructure is usually understood as basic public infrastructure, which forms the foundation for society and economics. As it is mentioned in World Bank report (2004): infrastructure is an umbrella term for many activities, it plays a very important role for industrial and overall economy.

Various descriptions of infrastructure and its features create possibilities to analyze infrastructure in different ways which result in different and hardly comparable conclusions. Clear definition of infrastructure is crucial in order to evaluate its possible impact. The authors of the article provide the analysis of scientific literature in order to build the most explicit description of infrastructure for further research.

**Abu Naser Chowdhury (2008):** Highlights about how to capture faster economic growth in power sector, concerned efforts from the government for developing an appropriate legal framework is essential. It should be noted that government’s involvement in independent power producer (IPP) project is a prerequisite for its development which eventually has significant influence on the financial structure of a project.

**Bloch and Tang (2003) :** The relationship between transport infrastructure and economic growth has attracted a lot of research effort and attention from economists, policy makers and politicians since the early 1990s. They said it remains essentially unclear whether the direction of causation is from transport infrastructure to economic growth or vice-versa or both they notes that one of the main shortcomings of research on the economic impact of transportation infrastructure is that it has so far not adequately accounted for simultaneity effects on which economic growth can lead to development of the transport system as well as result from it. Several previous studies could not confirm the direction of causation between the development of the transport sector and economic growth.

**Key Words:** infrastructure, economic growth, Land Economics, Land Rent Theory, real estate, Transportation.

### 1. INTRODUCTION

The role of infrastructure in spearheading economic development of a country and also setting its pace can hardly be over emphasized. Like a foundation in an edifice, the place of infrastructure as well as its soundness, are crucial to the nation’s total development. The economic growth of a country has evidently happened hand in hand with the development of its infrastructure.

The example which have been taken is Balewadi, Pune, Maharashtra. These area have seen a drastic development with the infrastructure projects which changed the topography of place.

### 2. RELEVANCE

The infrastructure can encourage specialization and long-run growth, even though its effect on the latter is non monotonic, reflecting its resource costs.

The infrastructure matters to growth is now relatively well recognized and widely understood among practioners and policy makers. There is required, more technical proof that better standard and quality of infrastructure can directly raise the productivity of human

In addition, most of these studies have typically relied on cross-sectional or panel data regressions.

A general problem associated with such studies is that they implicitly impose or assume cross-sectional homogeneity on coefficients that in reality may vary across countries because of differences in geographical, institutional, social and economic structures. Hence, the overall results obtained from these regressions represent only an average relationship, which may or may not apply to individual countries in the sample.

**Barro (1990)** : In Barro's model this is the welfare maximizing infrastructure level. However, in the presence of shocks, increasing expected growth may also increase the volatility of the growth rate. If agents are risk averse, maximizing expected growth need not maximize expected welfare. Our model is adapted from Barro.

We add stochastic disturbances to his structural equations and investigate how this affects the reduced form. The simple form presented here is for illustrative purposes. As we shall see, our estimation procedure actually allows for a somewhat more general structure. Aggregate output  $Y_t$ , at time  $t$ , is produced using infrastructure capital,  $G$ , other capital,  $K$ , and labor,  $L$  such that  $Y_t = A_t k_t^\alpha G_t^\gamma L_t^{1-\alpha-\gamma}$

**Gohar Badalyan (2014)** : There have been numerous studies on the transport infrastructure and economic development related issues in the past decades. All the studies detect an effect of investments in infrastructure and economic growth. However, the views differ with respect to the size of this effect. The first studies dealing with this topic, revealed that transport acts as a necessary condition for the growth to occur. Contrary to high estimates in these first studies, later results were predicting impacts that are more moderate.

**Aysha Albarqi (2015)** : The demand for securing communications is increasing dramatically day by day. Along with this demand, more techniques have been proposed to achieve the maximum security. The most commonly used technique is the encryption with two kinds of cryptography.

First one is called private key or symmetric cryptography; it can be applied really fast but the key is hard to be managed since there is just one key each user. Despite this issue, it still plays a role in the most encryption systems. Other kind of cryptography is proposed to overcome this issue under the name of public key or asymmetric cryptography where each user is provided with a pair of keys: public and private keys. Since the public key is not a secret, then the key management problem was solved but equivalent problem was raised which is the authentication or name management problem. Public key infrastructure (PKI) was developed to solve this problem and support the public key cryptography. Authentication is the process of using all PKIs. We have introduced several PKIs with different architectures and processes and briefly discussed a comprehensive survey of these PKIs.

**Colin Jones (2004)** : Even if the geographical setting of each city varies considerably, the urban form and its spatial structure are articulated by two structural elements:

*\*Nodes:* These are reflected in the centrality of urban activities, which can be related to the spatial accumulation of economic activities or to the accessibility to the transport system. Terminals, such as ports, rail yards and stations, and airports, are important nodes around which activities agglomerate at the local or regional level. Nodes have a hierarchy related to their importance and contribution to urban functions, such as production, management, retailing and distribution.

*\*Linkages:* These are the infrastructures supporting flows from, to and between nodes. The lowest level of linkages includes streets, which are the defining elements of the urban spatial structure. There is a hierarchy of linkages moving up to regional roads and railways and international connections by air and maritime transport systems.

**Stuart Donovan (2013)** : The evolution of transportation has generally led to changes in urban form. The more radical the changes, the more the urban form have been altered. Among the most fundamental changes in urban form is the emergence of new clusters expressing new urban activities and new relationships between elements of the urban system.

In many cities, the **central business district (CBD)**, once the primary destination of commuters and serviced by public transportation, has been changed by new manufacturing, retailing and management practices. Whereas traditional manufacturing depended on centralized workplaces and transportation, technological and transportation developments rendered modern industry more flexible. Retail and office activities too are suburbanizing, producing changes in the urban form.

*\* Dispersed urban land development patterns* have been dominant in North America over the last 50 years, where land is abundant, transportation costs are low, and the economy has become dominated by service and technology industries.

Under such circumstances, it is not surprising to find that there is a strong relationship between urban density and automobile use. For many cities their built up areas have grown at a faster rate of growth than their populations.

#### 4. OBJECTIVES

- To study the spatial Impact of Big Infrastructure project on the surrounding area in balewadi, pune region in terms of the change in urban form, etc.
- To assess the change in property market in terms of real estate prices, rents, development chain.

- To study the scale of development, process of redevelopment and regeneration, etc.
- To come up with development guidelines around the large infrastructure projects.

## 5. METHODOLOGY

In order to accomplish the objectives, the project work has been divided into five major parts. They are:

- Collection of required data to carry out the analysis from the journals, technical magazines, reference books and web source.
- Surveys and interviews are conducted, in which the Impact of large infrastructure project on local economy are identified.
- Preparation of deep beams with three number of specimen of each material.
- In this study finally come up with growth pattern & effective development of surrounding area around large infrastructure projects.

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## BIOGRAPHIES



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