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Centre readies infra war chest

■ Sets up ₹40,000cr fund to invest in infra

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The government on Tuesday said that it has set up ₹40,000-crore National Investment and Infrastructure fund (NIIF) as it seeks make infrastructure as the key growth driver of the Indian economy.

Finance minister Arun Jaitley said that several sovereign funds and pension funds from Russia, Singapore, the UK and the UAE are willing to participate in the fund and cooperate with it at various levels.

In July, the Cabinet had approved creation of NIIF, a sort of sovereign fund, for development of infrastructure projects, including the stalled ones.

According to some estimates, Indian infrastructure requires \$1 trillion of investments in the next five years.

The Indian power sector itself has an investment potential of \$250 billion in the next five years as the country to add more power generation and increase distribution and transmission capacity.

The country also requires huge funds to make Indian railway infrastructure at par with developed countries.

The proposed fund is expected to play a key role in boosting investments in the infrastructure as private companies, which are saddled with debt, are not in a position to drive growth

■ National Investment Infrastructure Fund was set up to invest in infra projects as private companies are too weak financially to infuse funds.

■ While the government will invest ₹20,000 crore in NIIF, another ₹20,000 crore is expected to come from private investors.

■ Sovereign funds and pension funds from Russia, Singapore, the UK and the UAE have shown interest in joining the fund.

■ The government's equity is capped at 49 per cent and the fund will be run by professional management.

in the core sectors.

While the government will invest ₹20,000 crore in NIIF from the Budget, another ₹20,000 crore is expected to come from private investors.

The minister said that the NIIF Governing Council will meet again in March to review the progress in the participation of the funds that are willing to invest.

India Infrastructure Finance Company Ltd (IIFCL) has been appointed as investment advisor to NIIF and IDBI Capital Market Services Ltd as advisor to NIIF Trustee initially for six months and one year respectively.

The governing council discussed possible projects that may be taken

up under the NIIF.

"We hope the CEO selection process is completed over the next few weeks," Mr Jaitley said after the first meeting of the NIIF Governing Council.

The finance ministry had in October constituted a search-cum-selection committee under the chairmanship of economic affairs secretary Shaktikanta Das for selecting a CEO for the Investment Management Company, which operates under NIIF.

The Investment Management Company would be responsible for taking investment decision on behalf of NIIF. The government's share in the corpus shall not exceed 49 per cent.

