

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2684  
ANSWERED ON:12.03.2010  
INFRASTRUCTURE FINANCING  
Rao Shri Nama Nageswara

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Reserve Bank of India (RBI) has created a new category of non-banking finance companies as infrastructure finance companies (IFCs) and extended more sops to the companies falling under this category;
- (b) if so, the details thereof and the reasons therefor;
- (c) the steps taken to encourage large inflows into infrastructure; and
- (d) the extent to which additional funds are expected to be made available to the infrastructure sector thereby?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): Yes, RBI has created a new category of NBFCs as Infrastructure Finance Companies (IFCs). Certain concessions have been extended to IFCs subject to their fulfilling the eligibility criteria of an IFC.

(b): IFCs have been granted concessions to exceed the concentration of credit norms under NBFC (Prudential Norms) Directions, 2007 as under:

(i) in lending to:

- (a) any single borrower by ten percent of its owned fund; and
- (b) any single group of borrowers by fifteen percent of its owned fund;

(ii) in lending and investing (loans/investments taken together) by

- (a) five percent of its owned fund to a single party; and
- (b) ten percent of its owned fund to a single group of parties.

This has been allowed in view of the critical role played by them in providing credit to the Infrastructure sector.

(c) & (d): Government has enhanced the Plan outlay for infrastructure development to Rs. 1,73,552 crores in BE 2010-11. Government had established India Infrastructure Finance Company Limited (IIFCL) to provide long term financial assistance to infrastructure projects. Disbursements of IIFCL to Infrastructure projects are expected to touch Rs. 9000 crores by March 2010 and Rs. 20,000 crores by next Financial year. Creation of IFC by RBI as a separate category of NBFC is expected to encourage financing to infrastructure.