

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

UNSTARRED QUESTION NO:2271  
ANSWERED ON:09.03.2011  
INVESTMENT IN INFRASTRUCTURE  
Maadam Shri Vikrambhai Arjanbhai

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

(a) whether the Government may fall short of achieving the target fixed for investment for the development of infrastructure during the current Five Year Plan; and

(b) if so, the details thereof and the steps proposed to be taken to address the situation ?

**Answer**

MINISTER OF STATE FOR PLANNING, PARLIAMENTARY AFFAIRS, SCIENCE & TECHNOLOGY AND EARTH SCIENCES(DR. ASHWANI KUMAR)

(a) : No, Madam.

(b): The Eleventh Five Year Plan had projected an investment of Rs. 20,56,150 crore over the Plan period in ten major physical infrastructure sectors (electricity incl. NCE, roads & bridges, telecommunications, railways incl. MRTS, irrigation incl. watershed, water supply & sanitation, ports incl. inland waterways, airports, storage and oil & gas pipelines). The Planning Commission as a part of Mid Term Appraisal of the Plan has projected that the investment in infrastructure over the Plan period would be Rs. 20,54,205 crore, which is almost equal to the initial target. The Government has taken the following steps to promote investment in infrastructure:

Cabinet Committee on Infrastructure (CCI)

The Cabinet Committee on Infrastructure (CCI) was constituted under the chairmanship of the Prime Minister on July 6, 2009. CCI approves and reviews policies and projects across infrastructure sectors.

Public Private Partnership Appraisal Committee (PPPAC)

With a view to streamlining and simplifying the appraisal and approval process for PPP projects, a Public Private Partnership Appraisal Committee (PPPAC) has been constituted consisting of Secretary, Department of Economic Affairs as its chairman and Secretaries of Planning Commission, Department of Expenditure, Department of Legal Affairs and the concerned Administrative Department as its members.

Empowered Committee/Institution (EC/EI)

An institutional framework comprising an inter-ministerial Empowered Committee has been established for the purpose of appraising and approving projects for availing the VGF grant of upto 20 per cent of the cost of infrastructure projects undertaken through PPP.

Viability Gap Funding (VGF)

Recognising that the externalities engendered by infrastructure projects cannot always be captured by project sponsors, a Viability Gap Funding (VGF) Scheme was notified in 2006 to enhance the financial viability of competitively bid infrastructure projects which are justified by economic returns, but do not pass the standard thresholds of financial returns. Under the scheme, grant assistance of upto 20 per cent of capital costs is provided by the Central Government to PPP projects undertaken by any Central Ministry, State Government, statutory entity or local body, thus leveraging budgetary resources to access a larger pool of private capital. An additional grant of up to 20 per cent of project costs can be provided by the sponsoring Ministry, State Government or project authority.

India Infrastructure Finance Company Limited (IIFCL)

India Infrastructure Finance Company Limited (IIFCL) was set up as a non-banking company for providing long-term loans for financing infrastructure projects that typically involve long gestation periods. IIFCL provides financial assistance of up to 20 per cent of the project costs, both through direct lending to project companies and by refinancing banks and financial institutions. Upto one-half of the lending by IIFCL can also be in the form of subordinated debt, which often serves as quasi-equity.

Model Documents

Standardised guidelines and model documents that incorporate key principles and best practices relating to the bid process for PPP projects relating to the bid process for PPP projects have also been developed.

Guidelines for the pre-qualification of bidders along with a Model Request for Qualification (RFQ) document have been issued by the Ministry of Finance for application to all PPP projects.