

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:3439
ANSWERED ON:16.03.2011
INFRASTRUCTURE PROJECTS
Nagorao Shri Dudhgaonkar Ganeshrao

Will the Minister of PLANNING be pleased to state:

- (a) the details of infrastructure projects sanctioned during the current financial year i.e. 2010-11, State-wise;
- (b) the amount/investment required for the infrastructure sector for the next five years; and
- (c) the steps taken or proposed to be taken by the Government for the sufficient availability of financial investments in the country?

Answer

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

(a) : The details of infrastructure projects sanctioned by the Public Private Partnership Appraisal Committee (PPPAC), Standing Finance Committee (SFC) and Empowered Institution are given in Annex A.

(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. Further, preliminary assessment done by the Planning Commission suggests that investment in infrastructure during the Twelfth Plan (2012-17) would need to be of the order of about Rs. 41 lakh crore.

(c): The Government has taken the following steps for the sufficient availability of financial investments in the country:

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.

High Level Committee on Financing Infrastructure

Investment in infrastructure will have to expand to about Rs. 41 lakh crore during the Twelfth Plan period against about Rs. 20.54 lakh crore projected for the Eleventh Plan. Given the scarcity of public resources and the existence of other priority needs, about half of this investment would have to come from private sector. Even the public sector undertakings would have to raise a much higher level of borrowings. This will require several initiatives to be taken for ensuring that financing of this level of investment is achieved. The Government has constituted a High Level Committee on Financing Infrastructure under the chairmanship of Dr. Rakesh Mohan to suggest strategies for financing of the above programme.