GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:5496
ANSWERED ON:09.05.2012
SHORTAGE OF FUNDS
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Will the Minister of PLANNING be pleased to state:

(a) the quantum of investment made by the private sector for developing infrastructure projects like road, power, railways etc., during each of the last three years, company-wise; and

(b) the estimated amount required for developing infrastructure projects during the next five years and the steps taken or proposed to be taken thereon?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PLANNING, SCIENCE & TECHNOLOGY AND EARTH SCIENCES (DR. ASHWANI KUMAR)

(a): The quantum of investment (provisional) made by the private sector for developing infrastructure during the last three years is as follows:Revised projected private sector investment in infrastructure sectors

(Rs. crore at 2006-07 prices)

Sectors	2009-10	2010-11	2011-12
Electricity (incl. NCE)	55,237	60,760	66,836
Roads & Bridges	9,043	10,370	11,893
Telecommunications	51,019	70,351	97,007
Railways (incl. MRTS)	1,233	1,947	3,999
Water Supply & Sanitation	97	113	128
Ports (incl. Inland waterways)	6,593	7,582	8,720
Airports	4,615	4,615	4,615

Storage	1,552	2,082	2,794
Oil & gas pipelines	10,476	11,407	12,421
Total	1,39,865	1,69,227	2,08,413

Source: Table 14.3, Mid Term Appraisal of the Eleventh Five Year Plan

(b): The Approach Paper for the Twelfth Plan as approved by the NDC on October 22, 2011 has indicated that the total investment in infrastructure would have to be over Rs. 45 lakh crore during the Twelfth Plan period. About half of this investment is expected to come from the private sector. The Government has taken the following steps to augment funds to infrastructure sector in the Twelfth Five Year Plan:

High Level Committee on Financing Infrastructure

The Government has appointed a High Level Committee on Financing Infrastructure under the chairmanship of Dr. Rakesh Mohan to make a range of recommendations to enable the requisite flow of investment in infrastructure during the Twelfth Five Year Plan. The Committee has set up four key sub-groups on developing capital markets for intermediating long-term savings for investment in infrastructure projects, taxation and debt, foreign capital inflows in infrastructure financing, and flow of equity to infrastructure projects to make recommendations in their respective areas.

India Infrastructure Finance Company Limited (IIFCL)

The IIFCL was set up as a non-banking company for providing long-term loans for financing infrastructure projects that typically involve long gestation periods. The IIFCL lends up to 20 per cent of the project costs. The IIFCL has initiated several new measures such as Take Out Finance Scheme and Credit Enhancement Scheme besides direct financing of infrastructure projects.

Infrastructure Debt Fund (IDF)

India's first Infrastructure Debt Fund (IDF) of US $ 2 billion has been launched on March 5, 2012. This IDF would be structured as a non-banking finance company with an initial equity share of Rs. 300 crore and is envisaged to expand the availability of debt to infrastructure projects. Further, a few more IDFs are also proposed to be launched soon and by the end of 2012 at least two IDF's would be functional.

Viability Gap Funding (VGF) Scheme

To enhance the financial viability of competitively bid PPP infrastructure projects, which do not pass the standard thresholds of financial returns, VGF grant up to 20 per cent of capital costs is provided by the Central Government to projects undertaken by any Central Ministry, State Government, statutory entity or local body. An additional grant of up to 20 per cent of the project costs can be provided by the sponsoring authority.