

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:2382
ANSWERED ON:05.02.2014
GROWTH TARGET
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Will the Minister of PLANNING be pleased to state:

- (a) whether Planning Commission has envisaged about 500 billion dollar private investment in infrastructure projects during the Twelfth Plan;
- (b) if so, the details thereof;
- (c) whether it is possible to achieve the targeted annual average growth of 8% without private sector investment; and
- (d) if so, the details thereof and if not, the measures proposed to be taken to achieve growth targets?

Answer

MINISTER OF STATE FOR PARLIAMENTARY AFFAIRS AND PLANNING (SHRI RAJEEV SHUKLA)

(a) & (b) The Twelfth Five Year Plan has recognised that adequate investment in the development of infrastructure is a pre-requisite for higher growth. The Plan has, therefore, projected an investment of Rs. 55,74,663 crore in infrastructure during the Plan period (2012- 17) of which Rs. 26,83,840 crore is expected from private sector. Sector-wise shares of private investment projected for the Twelfth Plan are tabulated below:

Projected Investment in Infrastructure in the Twelfth Plan

Sector	Public Investment (%)	Private Investment (%)	Total Investment (%)	Share of Private Investment (%)
Electricity	7,87,839	7,13,826	15,01,666	47.5
Renewable Energy	38,428	2,80,198	3,18,626	87.9
Roads & Bridges	6,10,527	3,04,010	9,14,536	33.2
Telecommunications		72,110	8,71,789	9,43,899 92.4
Railways	4,19,221	1,00,000	5,19,221	19.3
MRTS	71,601	52,557	1,24,158	42.3
Irrigation (incl. Watershed)	5,04,371	-	5,04,371	-
Water Supply & Sanitation	2,48,964	6,355	2,55,319	2.5
Ports (+ILW)	26,232	1,71,548	1,97,781	86.7
Airports	17,490	70,224	87,714	80.1
Oil & Gas pipelines		77,563	71,370	1,48,933 47.9
Storage	16,478	41,963	58,441	71.8
Total	28,90,823	26,83,840	55,74,663	48.1

(c) No, Madam.

(d) The Government has taken following steps to increase investment in infrastructure:

Cabinet Committee on Investment (CCI)

The Government has constituted a Cabinet Committee on Investment on January 2, 2013 under the chairmanship of the Prime Minister. The key objective of the Committee is to fast track approvals and clearances of key projects involving investments of Rs. 1000 crore or more or any other critical projects required to be implemented on a time-bound basis in infrastructure, manufacturing etc.

High Level Committee on Financing Infrastructure

In order to review the existing framework for financing infrastructure and to make recommendations in this regard, a High Level Committee on Financing Infrastructure has been constituted. The Committee will make a range of recommendations to enable the requisite flow of investment in infrastructure during the Twelfth Plan.

Public Private Partnership Appraisal Committee (PPPAC)

For streamlining and simplifying the appraisal and approval process for Public Private Partnership (PPP) projects, the PPPAC has been constituted under the chairmanship of Secretary, Department of Economic Affairs.

Empowered Committee / Institution (EC/EI)

An institutional framework has been established for appraising and approving states sector PPP projects for availing the Viability Gap Funding (VGF) grant of up to 20 per cent of the cost of infrastructure projects.

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 project sponsoring authority.

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.

Model Documents

Model documents that incorporate key principles and best practices relating to the contract terms and 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.

Infrastructure Debt Funds (IDF)

Infrastructure Development Funds (IDFs) are being set up for channelizing long-term debt from domestic and foreign pension and insurance funds, as well as from other sources. These IDFs will also carry adequate credit enhancement in terms of implicit government guarantees for repayment of debt. These funds will raise resources and through take-out finance, credit enhancement and other innovative means, provide long- term low-cost debt for infrastructure projects.

Tax-free Bonds

Union Budget 2011-12 allowed National Highways Authority of India (NHA), India Railway Finance Corporation Ltd. (IRFC), IIFCL, Housing and Urban Development Corporation Ltd. (HUDCO), National Housing Bank (NHB) and Small Industries Development Bank of India (SIDBI) to issue tax-free bonds for Rs. 30,000 crore. The sizes of tax-free bonds were raised to Rs. 60,000 crore in Union Budget 2012-13 and Rs. 50,000 crore in Union Budget 2013-14.

Rural Infrastructure Development Fund (RIDF)

The National Bank for Agriculture and Rural Development (NABARD) operates the Rural Infrastructure Development Fund (RIDF). RIDF has successfully utilised 18 tranches so far. The Government has raised the corpus of RIDF-XIX in Union Budget 2013-14 to Rs. 20,000 crore.

Financing Construction of Storage for Agriculture Produce

Union Budget 2013-14 has announced that a sum of Rs. 5000 crore will be made available to NABARD to finance construction of warehouses, godowns, silos and cold storage units to store agricultural produce, both in the public and the private sectors. This window will also finance, through the State Governments, construction of godowns by panchayats to enable farmers to store their produce.