

**GOVERNMENT OF INDIA
PLANNING
LOK SABHA**

UNSTARRED QUESTION NO:4032
ANSWERED ON:19.02.2014
INVESTMENT IN INFRASTRUCTURE PROJECTS
Tagore Shri Manicka

Will the Minister of PLANNING be pleased to state:

- (a) whether the investment in infrastructure projects has been on decline since 2010-11;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps being taken by the Government to increase investment in infrastructure sector in the country?

Answer

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

(a) & (b): The investment in infrastructure (defined to include electricity, renewable energy, roads & bridges, telecommunications, railways, mass rapid transit system, irrigation (including watershed), water supply & sanitation, ports (including inland waterways), airports, storage and oil & gas pipelines sectors) during the last three years is tabulated below:

Year	Investment (Rs. crore)
2010-11	6,45,175#
2011-12	5,60,823
2012-13	5,76,855
(Provisional)	
#i ncludes spectrum auction charges of Rs. 1,06,262 crore	

(c): 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.