

**Boost to Higher Education**

Cabinet Committee on Economic Affairs (CCEA)

**Boost to Higher Education****Cabinet approves Revitalising Infrastructure and Systems in Higher Education (RISE) by 2022****Higher Education Financing Agency (HEFA) scope expanded to meet the rising financial requirements of educational infrastructure in the country**

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The Cabinet Committee on Economic Affairs chaired by Prime Minister Shri Narendra Modi has approved the proposal for expanding the scope of Higher Education Financing Agency (HEFA) by enhancing its capital base to Rs. 10,000 crore and tasking it to mobilise Rs. 1,00,000 crore for Revitalizing Infrastructure and Systems in Education (RISE) by 2022.

**Details:**

In order to expand this facility to all institutions, especially to the institutions set up after 2014, Central Universities which have very little internal resources, and the school education/health education infrastructure like AIIMSs, Kendriya Vidyalayas, the CCEA has approved the following five windows for financing under HEFA and the modalities of repaying the Principal portion of the fund (interest continues to be serviced through Government grants in all these cases):

1. Technical Institutions more than 10 years old: Repay the whole Principal Portion from the internally generated budgetary resources.
  2. Technical Institutions started between 2008 and 2014: Repay 25% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.
- Central Universities started
    1. prior to 2014: Repay 10% of the principal portion from internal resources, and receive grant for the balance of the Principal portion.
    2. Newly established Institutions (started after 2014): for funding construction of permanent campuses: Grant would be provided for complete servicing of loan including the

Principal and interest.

3. Other educational institutions and grant-in-aid institutions of Ministry of Health: All the newly set up AIIMSs and other health institutions, the Kendriya Vidyalayas / Navodaya Vidyalayas would be funded and the Department/Ministry concerned will give a commitment for complete servicing of the principal and interest by ensuring adequate grants to the institution.

The Cabinet has also permitted the HEFA to mobilise Rs 1,00,000 crore over the next 4 years till 2022 to meet the infrastructure needs of these institutions. The CCEA has also approved increasing the authorized share capital of HEFA to Rs. 10,000 crore, and approved infusing additional Government equity of Rs. 5,000 crore (in addition to Rs. 1,000 crore already provided) in HEFA.

The CCEA has also approved that the modalities for raising money from the market through Government guaranteed bonds and commercial borrowings would be decided in consultation with the Department of Economic Affairs so that the funds are mobilized at the least cost.

This would enable addressing the needs of all educational institutions with differing financial capacity in an inclusive manner.

This would enable HEFA to leverage additional resources from the market to supplement equity, to be deployed to fund the requirements of institutions. Government guarantee would eliminate the risk factor in Bonds issue and attract investment in to this important national activity.

#### **Background:**

HEFA has been set up on 31<sup>st</sup> May 2017 by the Central Government as a Non -Profit, Non Banking Financing Company (NBFC) for mobilising extra-budgetary resources for building crucial infrastructure in the higher educational institutions under Central Govt. In the existing arrangement, the entire principle portion is repaid by the institution over ten years, and the interest portion is serviced by the Government by providing additional grants to the institution. So far, funding proposals worth Rs. 2,016 crore have been approved by the HEFA.

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