

AATMANIRBHAR BHARAT 3.0: GOVT TO INVEST 6,000 CRORE IN NIIF DEBT PLATFORM

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Finance minister Nirmala Sitharaman on Thursday said that the government will infuse 6,000 crore equity in National Infrastructure Investment Fund's (NIIF's) debt platform, in its attempt to drive infrastructure creation in the country.

NIIF will leverage this equity to raise 1.1 trillion over the next five years to finance infrastructure projects under the national infrastructure pipeline.

"NIIF attracts a lot of sovereign fund for investment in infrastructure-related activities. It also has a debt platform through which it also raises a lot of money and by 2025 it has to provide and infra funding to the extent of 1.1 trillion national infrastructure pipeline (NIP)," Sitharaman said at a press briefing.

In her budget speech, finance minister had said that about 22,000 crore has been provided, as support to infrastructure pipeline, which would cater for equity support to infrastructure finance firms such as IIFCL and a unit of NIIF. "This would create a major source of long-term debt for infrastructure projects and fulfil a long-awaited requirement," she had said.

Focus on infrastructure projects is expected to help revive the economy battered by covid. The 111-trillion investment plan under NIP to develop social and economic infrastructure over the next five years is in line with Prime Minister Narendra Modi's vision of a \$5-trillion economy.

"This 6,000 crore is a follow through to the earlier budget announcement of seeding further capital to NIIF. By further leveraging this, NIIF could deploy in such infrastructure projects which may not necessarily pass the risk adjusted hurdle rate requirement of other private players," Jagannarayan Padmanabhan, Director, Transport & Logistics, CRISIL Infrastructure Advisory.

The finance minister also said that an additional budget outlay of 10,200 crore will be provided towards capital and industrial expenditure, which would benefit sectors such as domestic defence equipment, industrial infrastructure and green energy.

"Allocation of additional 10,200 cro will help in the creation and augmentation of Industrial estates, warehouses and other common infrastructure facilities which can in-turn be used by MSME. This will help them to get integrated into mainstream and also help in scaling up their operations," Padmanabhan said.

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