

INDIA TO SPEND USD 1.4 TRILLION ON INFRASTRUCTURE IN NEXT FIVE YEARS: NIRMALA SITHARAMAN

Relevant for: Indian Economy | Topic: Investment Models: PPP, SEZ, EPZ and others

As part of its goal to become a USD 5 trillion economy by 2024, India plans to spend USD 1.4 trillion on its infrastructure in the next five years, Union Finance Minister [Nirmala Sitharaman](#) said on Saturday.

Addressing the annual meeting of the [International Monetary Fund \(IMF\)](#) here, Sitharaman said a task force has been constituted in the finance ministry that will draw up a national infrastructure pipeline for the next five years.

"As we envisage becoming a five trillion-dollar economy by 2024-25, our focus on creating world-class infrastructure has become even more resolute. If we spent USD 1.1 trillion on infrastructure in the last 10 years (2008-17), we now are going to invest about USD 1.4 trillion in the next five years," she said.

India, she said, has taken various steps to enhance infrastructure investment by launching innovative financial vehicles such as Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs) and laying down a framework for municipal bonds.

"We are already applying Public Private Partnership (PPP) models in the country. We have adopted the Asset Recycling model to modernize existing infrastructure, like highways, while providing government with upfront capital to support new infrastructure," she said.

India is also trying to develop brownfield assets as a separate asset class for infrastructure investment, the [finance minister](#) said.

Such assets, having passed the stages of land acquisition and environmental and forest clearances, are considerably de-risked and hence, institutional investment from pension, insurance and sovereign wealth funds are forthcoming in such assets, she said.

Another initiative is the National Investment and Infrastructure Fund (NIIF), which is aimed at channeling investments from both domestic and international sources into infrastructure, the minister noted.

India's experience with such innovative modes of funding holds an important example in financing of infrastructure for other developing countries, she said.

Noting that the rural economy is vital for India, which depends heavily on agriculture, she said the country has achieved high food grains production but returns in the sector are somewhat subdued due to a dip in agricultural commodity prices globally and depressed food prices domestically.

"To provide relief by way of income support to the farmers, the government has announced the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) this year...nearly 145 million beneficiaries in total will stand covered under this scheme," she said.

Sitharaman said India is adopting Zero Budget Natural Farming model to promote the use of organic seeds and natural fertilizers by farmers.

"This will reduce their expenditure and remove their dependence on credit. Such a step would contribute to our goal of doubling farmers' income by 2022," she asserted.

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