



Mobilization of funds for Infrastructure Development

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Government is very much conscious that development of infrastructure is crucial to boosting growth and expanding services in the country. The Government recently announced a major infrastructure push with launch of Bharatmala programme.

The Government has taken a number of steps to mobilize funds from various sources for development of infrastructure including launching of innovative financial vehicles such as Infrastructure Debt Funds (IDFs), Real Estate Investment Trusts (REITs)/Infrastructure Investment Trusts (InvITs), National Investment and Infrastructure Fund (NIIF), laying down a framework for municipal bonds, allowing complete pass through of income tax to securitization trusts including trusts of Asset Reconstruction Companies (ARCs), take-out finance etc.

Infrastructure projects are typically characterized by large financial outlays and long gestation period. While banks, have played a pivotal role in providing finance to infrastructure and supporting economic growth, bank financing of infrastructure is constrained by their inherent asset-liability mismatch. In addition, there is growing trend of stressed assets from this sector in bank balance sheets. Government has modified guidelines for advances to infrastructure sector including allowing banks to have flexible structuring and refinance of project loans, bringing in 5/25 Scheme to extend long tenor loans to infrastructure projects etc.

NITI Aayog's Three year Action Agenda (2017-18 to 2019-20) has also spelt out how infrastructure development is one of the most crucial elements of economic transformation. As per NITI Aayog, the revised projections for investment in infrastructure in the period 2012-17 are Rs. 38,22,822 crore which is 1.6 times the investment of Rs. 23,77,746 crore achieved in the period 2007-12 at current prices. The total allocation for infrastructure sector in Budget 2017-18 stands at Rs. 3,96,135 crores.

This information was shared by Union Minister of Finance and Corporate Affairs Shri Arun Jaitley in Lok Sabha today.

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