



Higher Education Funding Agency (HEFA) approves projects for Rs. 2,066.73 Cr to six higher education institutions.

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For providing additional funds for research and related infrastructure, Higher Education Funding Agency (HEFA), has started its operations. The HEFA Board had held its 2nd meeting today and approved projects for Rs. 2,066.73 Cr for six institutions - IITs Bombay, Delhi, Madras, Kharagpur, Kanpur and NIT Suratkal. These funds would be used to improve the research infrastructure in these institutions to further improve their standing at the global level.

The HEFA Board approved projects for Rs. 2,066.73 Cr for six institutions as per the details below:

	Number of projects	Project cost (Rs Cr)	% of total
Projects for Research/academic facilities	16	1028.73	50%
Projects for other supporting infrastructure	11	1038.00	50%
Total	27	2066.73	

These institutions can avail of these funds as per the progress of the project and complete them. The funding under HEFA would be in addition to the grants being given to these institutions.

Expressing happiness over the approval of interest-free loans by HEFA Board, Union HRD Minister Shri Prakash Javadekar said that **today is a historic day for financing the needs and promotion of research and innovation beyond budgetary allocations**. The Union Budget gives ample allocation and grants to Higher Education institutions but still there is a greater need. The vision of Prime Minister Narendra Modi and the resolve of Finance Minister Arun Jaitley has made possible the operationalisation of HEFA to extend funds beyond budgetary allocations.

These funds are in addition to the grants that Government gives to these institutions. As per the scheme, HEFA would mobilise Rs. 20,000 Cr through market borrowing and would release the same to the Government institution as interest-free loans.

HEFA was born out of the vision of Prime Minister Shri Narendra Modi for providing additional finance for promoting research in the higher educational institutions. The intent to create HEFA was made in the Budget speech of 2016-17 which stated that, *"We have decided to set up a Higher Education Financing Agency (HEFA) with an initial capital base of Rs.1,000 crores. The HEFA will be a not-for-profit organisation that will leverage funds from the market and supplement them with donations and CSR funds. These funds will be used to finance improvement in infrastructure in our top institutions and will be serviced through internal accruals"*. The Union Cabinet has approved setting up HEFA on 12th September 2016.

Modalities of operation of HEFA

The HEFA is a novel method of funding the premier institutions by using the instrument of 'securitising the future flows'. Under this, each institution agrees to escrow a specific amount from their internally earned resources (not govt grants) to HEFA. This forms basis for a credit line which can be used by the institution for creating the

required capital and research assets. The Principal portion is repaid from the escrowed amount and the interest is met by Govt. For the institution, this is an interest-free amount and gives facility to the institution to build the required research infrastructure of world class.

Operationalising HEFA

The HEFA was registered as a Section – 8 Company under the Companies Act on 31st May 2017. Canara Bank has been identified as the partner for setting up the Company. Government has released Rs. 250 Cr equity and the Canara Bank has given Rs. 50 Cr equity in the HEFA. RBI has granted a license under the RBI Act for HEFA to operate as NBFC on 21st November 2017 and to leverage the equity to mobilise money from market as per the requirements of the institutions.

The Board has been constituted and held its first meeting under the Chairmanship of Secretary Higher Education on 12th June 2017.

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