

**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA**

**UNSTARRED QUESTION NO. 1699**

TO BE ANSWERED ON FRIDAY, JULY 27, 2018 / SHRAVANA 5, 1940 (SAKA)

**NATIONAL INFRASTRUCTURE AND INVESTMENT FUND**

**1699: SHRI K. PARASURAMAN:**

Will the Minister of **FINANCE** be pleased to state:

- (a) whether the Government has set up the National Infrastructure and Investment Fund (NIIF) for development of infrastructure project;
- (b) if so, the details of the functions as well as the aims and objectives of setting up the said fund and the manner in which the said fund is likely to be utilized;
- (c) the details of the categories and the number of infrastructure projects existing and new proposed to be developed by the Government as on date with the support of NIIF;
- (d) whether the Government has taken steps to set up a supervisory body which oversees the sanction, allocation and utilization of the fund towards different infrastructure projects in order to prevent misappropriation of fund; and
- (e) if so, the details thereof and if not, the reasons therefor?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE**

**(SHRI PON. RADHAKRISHNAN)**

(a) to (b): Yes Madam. The establishment of the NIIF was announced vide para 47 of the Budget Speech, on 28th February 2015 and approved by the Union Cabinet on 29th July, 2015. NIIF has been formed to invest in commercially viable projects, both greenfield and brownfield, including stalled projects for infrastructure development, combining government's contributions together with international and domestic commercial capital. NIIF has been set up as a trust registered with Securities and Exchange Board of India ("SEBI") as a Category II Alternate Investment Fund ("AIF") under the SEBI (Alternative Investments Funds) Regulations, 2012 ("AIF Regulations"). The proposed corpus of NIIF is Rs. 40,000 Crores (around USD 6 Billion). Government's contribution/ share in the corpus will be 49% in each entity set up as an AIF and will neither be increased beyond, nor allowed to fall below 49%. The whole of 49% would be contributed by the Government of India directly.

As on date, three funds have been established under the NIIF platform and registered with SEBI as Category II Alternative Investment Funds. NIIF Funds are managed by NIIF

Limited, a company registered under the Companies Act, 2013 and regulated by SEBI as a fund manager of SEBI-registered AIFs.

The NIIF Funds work on a model whereby equity participation from strategic partners (including overseas sovereign / quasi-sovereign / multilateral / bilateral investors) is invited, alongside Government's contribution.

Functions of NIIF and its investment manager, NIIF Limited are:

- (i) Fund raising, which would include attracting investors into NIIF Funds;
- (ii) Servicing of the investors in the funds;
- (iii) Investing the NIIF Funds, which would entail considering investment opportunities, analyzing them and investing funds in companies, projects, or other funds; and
- (iv) Periodic monitoring of investments.

(c): Of the three funds set up with SEBI, two funds have commenced making investments. The first fund registered by SEBI is National Investment and Infrastructure Fund, or Master Fund, which aims to focus on investing in companies and projects in core infrastructure sectors such as ports and logistics, roads, airports and potentially others. The Master Fund investors currently include Government of India, Abu Dhabi Investment Authority (ADIA), Axis Bank Ltd, HDFC Asset Management Company Ltd, HDFC Standard Life Insurance Company Ltd, Housing Development Finance Company Ltd, ICICI Bank Ltd, and Kotak Mahindra Life Insurance Company Limited. The NIIF Master Fund has invested in a Ports and Logistics company named Hindustan Infralog Private Limited, in a joint venture with DP World, a global ports operator. Hindustan Infralog Private Limited has recently consummated its first investment.

The second fund is the NIIF Fund of Funds – I, which has been set up to make investments in various funds in infrastructure services and allied sectors. A term sheet has been signed with Asian Infrastructure Investment Bank (AIIB) thereby making it an anchor investor in the NIIF Fund of Funds-I. NIIF Fund of Funds-I's first investment has been in the Green Growth Equity Fund (GGEF). Department for International Development (DFID), an arm of the UK government, has committed to invest GBP 120 million in GGEF.

(d) & (e): The NIIF Funds are registered with, and regulated by, SEBI as Category II Alternative Investment Funds. Since 51% of the corpus of NIIF Funds is from investors other than Government of India, NIIF Limited is set up to operate at arm's length from the Government. For this purpose, it was decided that NIIF Limited would have full autonomy for investment selection on the basis of an established process agreed by investors.

The governance structure for NIIF is in line with practices used in the funds industry, and under supervision of SEBI. NIIF Limited comprises a team of professionals. Its Board of Directors includes representatives from investors, including the Government of India, and industry veterans as independent directors. In addition, NIIF has a Governing Council, which is chaired by the Hon'ble Finance Minister and includes senior Government officials and industry experts.

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