

## **National Investment and Infrastructure Fund (NIIF)**

On July 29, 2015, the Government of India created a fund that aims to promote investment through infrastructure development in commercially viable (greenfield and brownfield) projects.

**Structure:** It will be an 'Alternate Investment Fund' raising funds through private placement with a minimum investment of Rs. 1 Crores (INR 10 million). Public subscription will not be allowed. Taxation structure will be dependent on the Category of investment<sup>1</sup> (with income to be taxed with the investor in case of Category I and II, and the AIF in case of Category III). Initial corpus will be Rs. 20,000 Crores (INR 200 billion) raised whenever needed as decided by Ministry of Finance. GoI's corpus will be fixed at 49%.

**Sources of Funds:** NIIF would solicit equity from strategic anchor partners including overseas sovereign/quasi-sovereign/multilateral/bilateral investors. GoI's corpus will be fixed at 49%, but other public sector enterprises can contribute over and above this portion. Investor preferences will be taken into account in the details by the Ministry of Finance.

**Governance:** NIIF will be a trust with a governing council, with representatives from the government, experts from international finance, and other professionals, non-governmental shareholders, etc. This will be supported by one or more CEOs, investment team and limited but expert staff with market-linked salaries, working at arm's length from the government. Fund managers may also be appointed if needed.

**Functions:** Fund-raising, servicing investors, Investing (including in the corpus created by Assets Management companies), keeping shelf of projects and providing advisory services; all with full autonomy, but following due-processes for selection criteria for AMCs and NBFCs/FIs. Appropriate rules for bidding, including potential conflicts of interest will be worked out.

**Investment:** Equity/quasi-equity/debt support for projects directly or to NBFCs/FIs/funds engaged primarily in infrastructure-sector. While infrastructure would be the core sector, NIIF will work out priorities in consultation with the GoI.

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<sup>1</sup> Category-I AIFs include venture funds, social venture funds and infrastructure funds, among others. Category-II includes private equity funds and debt funds. Category-III includes hedge funds.