



India Infrastructure Project Development Fund

For Prelims: Infrastructure Finance Secretariat (IFS), [IIPDF](#), PPP, [Budget 2023-24](#), PM Gati Shakti, [NIP](#).

For Mains: Promoting Private Investment in Indian Infrastructure.

Why in News?

To support the Digital India initiative, the Infrastructure Finance Secretariat (IFS), under the Ministry of Finance has launched the [IIPDF \(India Infrastructure Project Development Fund\) Portal](#).

- This online platform allows the submission of applications **under the IIPDF Scheme, reducing processing time, paperwork**, and facilitating timely approvals.

What is IIPDF Scheme?

▪ Background:

- **IIPDF was created in the Department of Economic Affairs (DEA)**, Ministry of Finance, Government of India with an **initial corpus of Rs. 100 crore for supporting the development of Public Private Partnership (PPP)** projects that can be offered to the private sector.

▪ About:

- DEA has restructured the existing fund **IIPDF as a Central Sector Scheme** with total outlay of Rs.150 Crore for a period of 3 years from 2022-23 to 2024-25.
- It is available to the Sponsoring Authorities for **PPP projects for meeting the project development costs.**
 - It would be necessary for the Sponsoring Authority to create and empower a PPP Cell to undertake PPP project development activities and also address larger policy and regulatory issues.

▪ Objective:

- It is aimed at providing **financial support for quality project development** activities.

▪ Significance:

- The Sponsoring Authority will be able to source funding to cover a portion of the PPP transaction costs, thereby reducing the impact of costs related to procurement on their budgets.

▪ Financial Outlay:

- The IIPDF will contribute **upto 75% of the project development expenses** to the Sponsoring Authority as an interest free loan. The balance 25% will be co-funded by the Sponsoring Authority.
- On successful completion of the bidding process, the project development expenditure would be recovered from the successful bidder.
 - However, in the case of failure of the bid, the loan would be converted into grant.
- In case the **Sponsoring Authority does not conclude the bidding process** for some reason, the entire amount contributed would be refunded to the IIPDF.

▪ Approval Committee (AC):

- The IIPDF scheme shall be administered by the AC. The composition of the AC is as under:
 - Joint secretary, DEA- Chairperson
 - Representative of NITI Aayog
 - Deputy Secretary/Private Investment Unit, DEA- Member Secretary

What is the Status of the Infrastructure Sector of India?

▪ About:

- Infrastructure development plays a crucial role in **India's growth trajectory**, acting as a catalyst for economic development across various sectors.
- The Indian government has recognized the significance of **robust infrastructure and has launched several initiatives** and investments to drive progress.

▪ Current Market Size and Outlook:

- The infrastructure sector in India is poised to grow at a **CAGR of 8.2% by 2027**.
- The capital investment outlay for infrastructure in **Budget 2023-24** is being increased by **33% to Rs. 10 lakh crore (USD 122 billion)**, accounting for 3.3% of GDP.
- India is expected to be one of the largest economies in the world by 2047 with a GDP of about USD 35- 40 trillion as per **CII (Confederation of Indian Industry)** estimates from about USD 3.5 trillion in 2022 which increased by about 2 x since 2010.
- In addition, the country's industrial **output has increased by 56% since 2010**, which has supplemented the pace of urbanization which is expected to accelerate by 2047.

▪ Government Initiatives:

- [PM Gati Shakti Scheme](#)
- [National Infrastructure Pipeline](#)
- [Urban Infrastructure Development Fund](#)
- [National Logistics Policy](#)
- [Dedicated Freight Corridors](#)

Way Forward

- India has to enhance **its infrastructure to reach its 2025 economic growth target of USD 5 trillion**. India's population growth and economic development **requires improved transport infrastructure**, including through investments in roads, railways, and aviation, shipping and inland waterways.
- The government has also suggested an **investment of USD 750 Billion to strengthen railway infrastructure and** envisioned the [Maritime India Vision 2030](#) which estimates massive investments in world-class infrastructure development at Indian ports.
- India, it is estimated, needs **to invest USD 840 billion over the next 15 years into urban infrastructure to meet the needs of its fast-growing population**. This investment will only be rational as well as sustainable, if we additionally focus on long-term maintenance and strength of our buildings, bridges, ports and airports.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. With reference to 'National Investment and Infrastructure Fund', which of the following statements is/are correct? (2017)

1. It is an organ of NITI Aayog.
2. It has a corpus of Rs 4,00,000 crore at present.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

- The NIIF (National Investment and Infrastructure Fund) is overseen by the Investment Division of Department of Economic Affairs, Ministry of Finance. Hence, statement 1 is not correct.
- The NIIF is currently managing three funds which are registered as an Alternative Investment Funds (AIFs) under the SEBI Regulations. Those three funds are Master Fund, Strategic Fund and Fund of Funds and the proposed corpus of NIIF is Rs 40,000 crore and not 4,00,000 crore. Hence, statement 2 is not correct.
- **Therefore, option (d) is the correct answer.**

[Source: PIB](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/india-infrastructure-project-development-fund>

