

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1974
ANSWERED ON:26.07.2002
INFRASTRUCTURE EQUITY FUND
IQBAL AHMED SARADGI

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government have finalised the contours. of the proposed Rs.1,000 crore Infrastructure Equity Fund;
- (b) if so, by what time this fund is likely to be floated;
- (c) whether the Government have worked out the initial equity contribution by the sponsoring insurance companies, banks and financial institutions;
- (d) if so, whether the corpus of the fund would be solely dedicated to commercially-viable core sector projects; and
- (e) if so, to what extent it will be helpful?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT.G.GEETE)

(a) to (c): The Finance Minister in his Budget Speech for the year 2002-2003 announced for setting up of an Infrastructure Equity Fund of Rs.1000 crores. The contributions to the Fund to be managed by Infrastructure Development Finance Company Ltd. (IDFC) would be initially made by public sector insurance companies, financial institutions -and some banks. IDFC is in the process of finalizing the modalities.

(d) & (e): IDFC has proposed that the fund would be utilised .

1. to provide equity, equity-linked or mezzanine capital.
2. to invest in equity capital of infrastructure projects or companies
3. for Investments in energy, oil production and distribution systems, product pipelines, telecom and information technology, integrated transportation, urban infrastructure, special economic zones, infrastructure for agriculture, biotechnology, health, education, tourism and service providers connected with these sectors. The fund would facilitate faster private investments in infrastructure facilities.