

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**SETTING- UP OF INFRASTRUCTURE DEBT FUND THROUGH PUBLIC  
PRIVATE PARTNERSHIP WOULD MEET THE LONG TERM NEED OF  
INFRASTRUCTURE SECTOR FUNDING,SAYS FM; ICICI BANK, BANK OF  
BARODA, CITI BANK AND LIFE INSURANCE CORPORATION OF INDIA SIGN AN  
MOU TO SET-UP INDIA’S FIRST INFRASTRUCTURE DEBT FUND**

**New Delhi: Phalguna 15, 1933  
March 05, 2012**

The Union Finance Minister Shri Pranab Mukherjee said that setting up of Infrastructure Debt Fund through public private partnership would meet the long term need of infrastructure sector funding. The Finance Minister Shri Mukherjee said that he is confident that the establishment of Infrastructure Debt Fund through PPP model would be a guiding principle for our future activities. The Finance Minister said that funds to the tune of 1 Trillion US\$ would be required for Infrastructure Sector Funding in next five years, out of which 50 percent would come from private sector through PPP model. The Finance Minister was speaking after a Memorandum of Understanding (MOU) was signed, here today in his presence for setting-up India’s First Infrastructure Debt Fund (IDF) structured as a Non-Banking Finance Company (IDF-NBFC). The MoU was signed by Ms. Chanda Kochhar, Managing Director, ICICI Bank, Shri Pramit Jhaveri, CEO, CITI Bank, Shri M.D. Mallaya, CMD, Bank of Baroda and Shri Sushobhan Sarkar, MD, LIC. Others present on the occasion include Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Shri Gajendra Haldia, Member, Planning Commission, Shri R.S. Gujral, Finance Secretary, Shri R. Gopalan, Secretary, Economic Affairs, Shri Sumit Bose, Secretary, Expenditure, Shri Haleem M. Khan, Secretary, Disinvestment and Shri Bimal Julka, Addl. Secretary cum Director General, (Currency), Ministry of Finance alongwith other senior officials of the Ministry of Finance, representatives of Regulators and Financial Institutions among others.

The Union Finance Minister Shri Pranab Mukherjee in his Budget Speech for 2011-12 had announced setting-up of Infrastructure Debt Funds (IDFs) in order to accelerate and enhance the flow of long term debt in infrastructure projects for funding the government’s ambitious programme of infrastructure development. To attract off-shore funds into IDFs, the Finance Minister had also announced that withholding tax on interest payments on the borrowings by the IDFs would be reduced from 20% to 5%. Income of the IDFs has also been exempt from income tax.

The framework for establishment of IDFs was announced by the Ministry of Finance in June, 2011 wherein IDFs were allowed to be set up either structured as a non banking financial company (NBFC) or as a mutual fund. Reserve Bank of India issued the regulations for IDFs to be set up as a NBFC in November, 2011 and Securities Exchange Board of India issued the regulations governing an IDF structured as a mutual fund in August, 2011.

ICICI Bank (together with a wholly-owned subsidiary), Bank of Baroda, Citi and LIC will hold 31%, 30%, 29% and 10% shareholding respectively in the IDF-NBFC. The IDF would seek to raise debt capital from domestic as well as foreign resources and would invest in infrastructure projects under the Public-Private Partnership model that have completed one year of operations. The IDF will expand and diversify the domestic and international sources of debt funding to meet the large financing needs of the infrastructure sector, thereby giving an impetus to the creation of the infrastructure necessary to drive India's growth.

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