



Infrastructure Finance – Some Emerging Trends

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Infrastructure Financing Projections -

- ▶ NITI Aayog estimates that the country would need around \$4.5 trillion for its infrastructure by 2040.
- ▶ Global Infrastructure Outlook observes Till 2040, India needs around investments worth USD 4.5 trillion
- ▶ The International Finance Corporation (IFC), climate-smart investment opportunities in infrastructure sectors estimates that between 2018 to 2030 India needs USD 2.2 trillion
- ▶ ADB estimates that the cost to address India's infrastructure deficit is around USD 230 billion per year, climate-adjusted, it will grow to USD 261 billion in the 2016-2020

Infrastructure Financing Estimates

- ▶ Under the Union Budget 2019 – 20, Government of India has given a massive push to the infrastructure sector by allocating Rs 4.56 lakh crore (US\$ 63.20 billion) for the sector.
- ▶ Similar projections by the World Bank, AIIB and others

Infrastructure in India -

- ▶ Mega Infrastructure projects such as - Smart Cities Mission, Industrial Corridors, Dedicated Railway Freight Corridors, Inland Waterways, Bharatmala and Sagarmala Programme
- ▶ Also include but not limited to metros, electric vehicles, water supply, power plants, transmission lines and distribution systems, solar parks, housing, climate resilience and others

Major Players

- ▶ IFIs – World Bank, ADB, IFC, AIIB, NDB
- ▶ Bilateral Agencies – JBIC, JICA, KfW, AFD, USAID, etc
- ▶ FIs – NIIF, IIF, IIFCL, TNIFMCL, etc
- ▶ NFIs – PSBs, LIC, PFC, etc
- ▶ Private Investors – IFC Emerging Asia Fund, AIG Asian Infrastructure Fund, AIF Capital's Asian Infrastructure Fund I, Pension Systems of countries such as Canada, US, Sweden, India, etc.

Private Financing Trends

- ▶ There are 36 active funds focusing solely on India with a target of investing over \$90 billion of capital.
- ▶ Investment funds from inter-governmental cooperation, alongside private capital.
- ▶ The UAE-India Infrastructure Investment Fund a \$75 billion partnership between the UAE's sovereign wealth fund and India's NIIF.
- ▶ Global Infrastructure Partners confirmed in January (2019) that it was launching an India-focused infrastructure fund.

Private Financing Trends

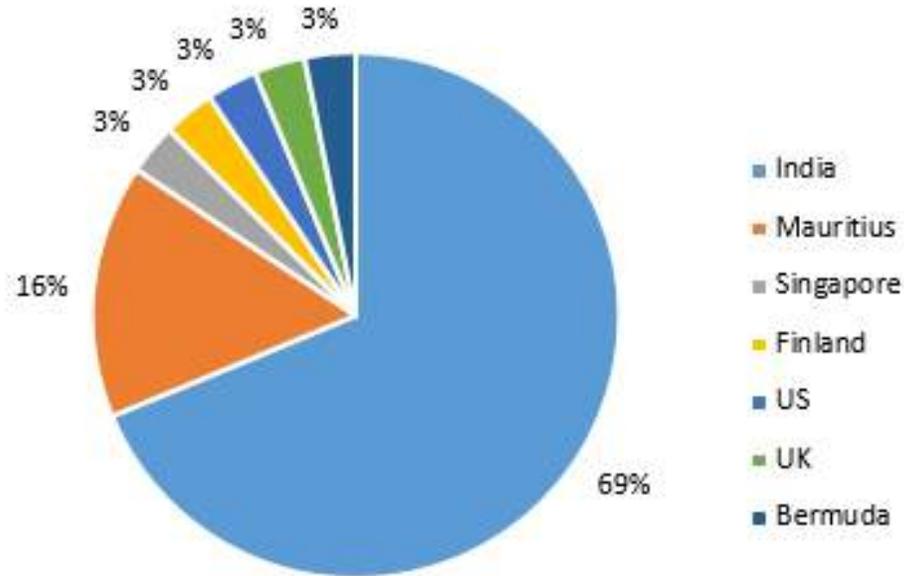
- ▶ London-headquartered Actis is looking to grow its presence in the country by creating a new company to house its operational renewable energy assets in India.
- ▶ Canadian pensions manager CDPQ bought a 40% stake in power generation company CLP India in September 2018. Its portfolio is a mix of renewable and convention power assets with a total generating capacity of 2.95GW.
- ▶ India is working with Russia, the UK, Japan and other major developed countries on similar investment vehicles.

Private Financing Trends

- ▶ Almost all infrastructure funds active in India are domiciled locally, while a significant portion of fund managers and investors are coming from MENA, Asia, Europe and North America.
- ▶ India has in recent years seen the close of significant investments in transport and oil and gas, with the volume of renewable energy investments comparatively small.

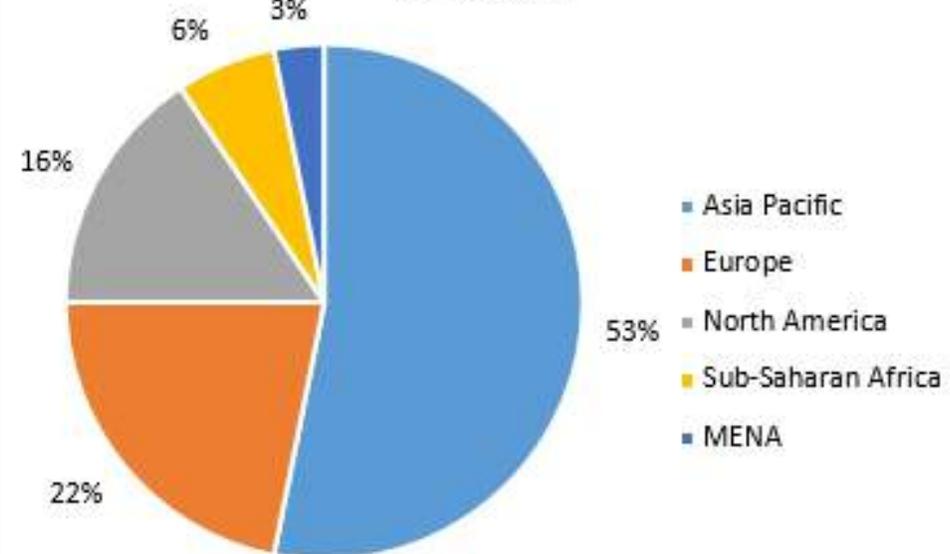
Private Financing Trends

Domicile of funds targeting India only



Source: IInvestor

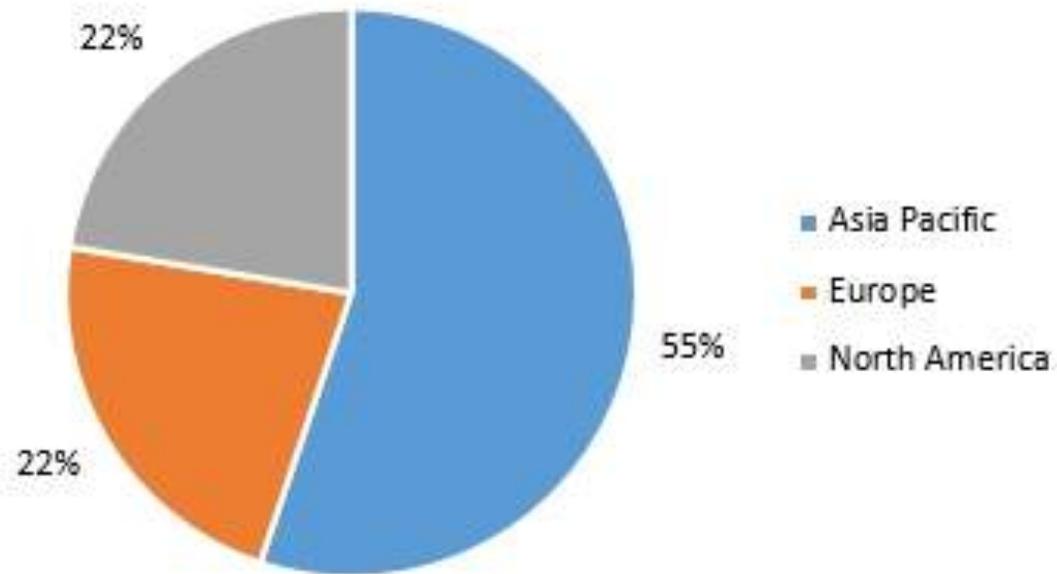
Managers of funds targeting India only
- by region



Source: IInvestor

Private Financing Trends

LPs of funds targeting India only
- by region



Source: IInvestor

Private Financing Trends

