



INFRASTRUCTURE NEWSLETTER

Infrastructure Finance Secretariat
Department of Economic Affairs
Ministry of Finance

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In – Focus

Presentation of Union Budget 2023-24 in Parliament: Capital Investment Outlay Increased by 33% to ₹ 10 Lakh Crore

Continuing with the trend, Union Budget 2023-24 proposed a **steep increase in capital investment outlay** – envisioning capital investment as the driver of growth and jobs. Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman while presenting the Budget 2023-24 in Parliament stated that “*This substantial increase in recent years is central to the government’s efforts to enhance growth potential and job creation, crowd-in private investments, and provide a cushion against global headwinds*”.

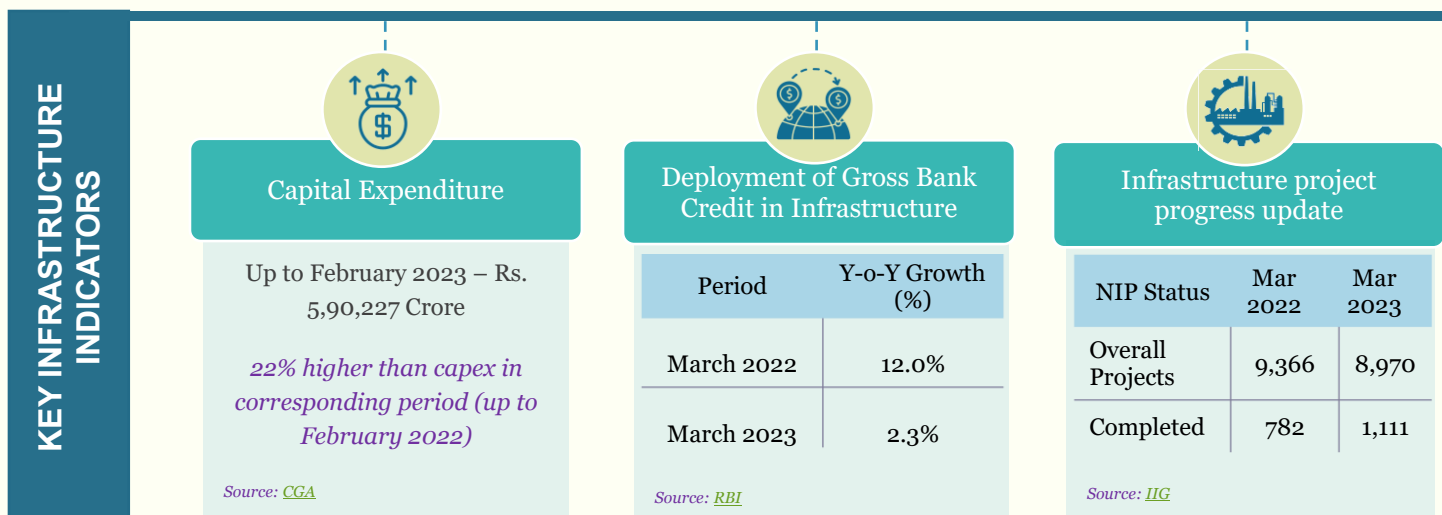
The Finance Minister proposed to **increase capital investment outlay** for the third year in a row, **by 33% to ₹ 10 lakh crore**, which would be **3.3% of GDP** and almost three times the outlay in 2019-20. The direct capital investment by the Centre is complemented by the provision for creating capital assets through Grants-in-Aid to States and this “**Effective Capital Expenditure**” of the Centre would be budgeted at **₹ 13.7 lakh crore i.e. 4.5% of GDP**.



Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2023-24

Further, to spur investment in infrastructure and to incentivize States for complementary policy actions, the Finance Minister proposed to continue the **50-year interest free loan to State Governments** for one more year – with the outlay in this regard being enhanced significantly to **₹ 1.3 lakh crore**. Finance Minister in her Budget 2023-24 speech stated that the newly established **Infrastructure Finance Secretariat** will assist all stakeholders for more private investment in infrastructure sectors like railways, roads, urban infrastructure, and power.

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INFRASTRUCTURE POLICY ENABLEMENT

IREDA gets 'Infrastructure Finance Company' status from RBI

The Reserve Bank of India (RBI) has granted an '**Infrastructure Finance Company** (IFC)' status to Indian Renewable Energy Development Agency (IREDA) today. It was earlier classified as 'Investment and Credit Company (ICC)' and now with IFC status, IREDA will be able to take higher exposure in RE financing. The IFC status will also help the company to access wider investor base for fund mobilisation, resulting in competitive rates for fund raising.

The recognition of IREDA as an IFC will increase the investors' confidence, enhance the brand value, and generate positive outlook in the market. The grant of IFC status is a recognition of IREDA's 36 years of infrastructure financing and development with focused development of Renewable Energy.

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High Level Committee to draft revised Guidelines for Ro-Ro and Ro-Pax ferry services

The Union Budget 2023-24 proposed that Coastal shipping will be promoted as the energy efficient and lower cost mode of transport, both for passengers and freight, through PPP mode with viability gap funding which is in line with country's focus on Green Growth.

Ministry of Ports, Shipping, and Waterways has now constituted a High-Level Committee under the Chairman, Deendayal Port Authority for drafting revised Guidelines for operationalization of Ro-Ro and Ro-Pax ferry service. The Committee would simultaneously **draft Model Concession Agreement** for Ro-Ro / Ro-Pax Terminal Operator and **Model License Agreement** for Operation of Ro-Ro/ Ro-Pax/ Fast Passenger Ferry.

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MoHUA signs MoU to develop Waste to Wealth plants in million plus cities

In the 'Green Growth' segment listed as the '*Saptarishi*' of Budget 2023-2024, it was proposed that 500 new Waste to Wealth plants will be established under the GOBARdhan scheme for promoting circular economy. These will include 200 compressed biogas plants, 75 in urban areas, 300 community or cluster-based plants, at a total investment of Rs 10,000 Cr.

As part of furthering the 'Green Growth' agenda, the Ministry of Housing and Urban Affairs signed a Memorandum of Understanding with Engineers India Limited to develop **Waste to Energy and bio-methanation projects** in cities with a population of million plus.

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M/o Railways have been allocated ₹ 2,40,000 crore as Gross Budget Support for CAPEX during 2023-24

It comprises ₹ 1,85,000 crore under Capital, ₹ 45,000 crore under Railway Safety Fund and ₹ 10,000 crore as contribution towards Rashtriya Rail Sanraksha Kosh.

A total of ₹ 31,850 crore out of Gross Budgetary Support has been allocated to the Plan head "New Lines" for 2023-24. Development of 35 hydrogen fuel cell-based trains for various heritage/hill routes included in Budget

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Approval for development of 32 km long 6-lane Access Controlled Greenfield Highway on NH-544G under Bharatmala Pariyojana

Union Minister for Road Transport and Highways Shri Nitin Gadkari approved ₹1292.65 Crore under Bharatmala Pariyojana for the development of 32.00 Km long 6-lane Access Controlled Greenfield Highway from Chandrasekhara puram to Polavaram on (NH-544G) Bengaluru-Vijayawada Economic Corridor in Hybrid Annuity Mode in Andhra Pradesh.

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Urban Infrastructure Development Fund

Union Budget 2023-24 has announced the setting up of the Urban Infrastructure Development Fund (UIDF) through use of priority sector lending shortfall. Rs. 10,000 crore per annum are expected to be available for this purpose.

The Fund will be managed by the National Housing Bank and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities on the basis of stipulated guidelines.

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INFRASTRUCTURE POLICY ENABLEMENT

Namami Gange Mission-II Approved with a Budgetary Outlay of Rs.22,500 Crore till 2026

Namami Gange Programme was launched in June 2014 for a period up to 31st March 2021 to rejuvenate River Ganga and its tributaries with a budgetary outlay of Rs.20,000 crore. Considering the need and spread of the Programme, Government of India has further approved **Namami Gange Mission-II** with a budgetary outlay of Rs.22,500 crore till 2026 interalia including projects for existing liabilities (Rs.11,225 Cr) and new projects/interventions (Rs.11,275 crore).

A total of Rs.14,084.72 crore has been released by the Government of India to the National Mission for Clean Ganga (NMCG), from Financial Year (FY) 2014-15 till 31st January 2023, out of which Rs.13,607.18 crore have been released by NMCG to State Governments, State Missions for Clean Ganga, and other agencies for implementation of projects related to Ganga rejuvenation.

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TRAI releases consultation paper on the 'Introduction of Digital Connectivity Infrastructure Provider Authorization under Unified License'

The Telecom Regulatory Authority of India (TRAI) has released the Consultation Paper on '**Introduction of Digital Connectivity Infrastructure Provider Authorization under Unified License** (UL)'.

The National Digital Communications Policy (NDCP-2018) emphasizes a lot on digital infrastructure stating that "Digital infrastructure and services are increasingly emerging as key enablers and critical determinants of a country's growth and well-being". NDCP-2018 also envisages "Enabling unbundling of different layers (e.g., infrastructure, network, services, and applications layer) through differential licensing" as one of the strategies for fulfilling its 'Propel India' mission.

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Detailed feasibility studies completed for 8 projects for implementation of Ropeways under PARVATMALA program

National Highways Logistics Management Limited (NHLML), 100% owned SPV of NHAI has been mandated by MoRT&H for implementation of Ropeways in the Country. Ministry of Road Transport & Highways has approved Model Concession Agreement (**MCA**) for Hybrid Annuity Mode (**HAM**), after due consultation with Inter-Ministerial Committee. Further, the bidding documents on HAM mode has been approved. Based on above approved documents the bids for these projects have been invited.

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IREDA plans to finance Renewable Energy projects in foreign currency

IREDA is planning to establish an office in Gujarat's GIFT City to finance Renewable Energy projects in foreign currency. The office at GIFT City, Gandhinagar, will be classified as an overseas office, allowing the IREDA to avoid foreign exchange hedging cost.

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NTPC ranked as the top Independent Power Producers and Energy Traders Globally by S&P Platts

NTPC Limited, the country's largest power generating company has been ranked No.1 Independent Power Producers and Energy Traders Globally in the S&P Global Commodity Insights Top 250 Global Energy Company Rankings®-2022. These rankings are based on four key metrics- asset worth, revenues, profits and return on investment.

By 2032, NTPC is targeting non-fossil fuel-based capacity to make up nearly 50 per cent of the company's portfolio, which includes renewable energy capacity of 60 GW and total portfolio of 130GW.

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India Energy Week 2023 sees launch of key initiatives in Green Energy sector

Hon'ble Prime Minister, Shri Narendra Modi inaugurated the India Energy Week (IEW) 2023 and launched several initiatives including the 'Unbottled' initiative of Indian Oil, E20 fuel at 84 retail outlets of Oil Marketing Companies in 11 States/UTs along the lines of the ethanol blending roadmap and flagged off commercial roll-out of the twin-cooktop model of the Indian Oil's Indoor Solar Cooking System and the Green Mobility Rally

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INITIATIVES BY INFRASTRUCTURE FINANCE SECRETARIAT (IFS)

IFS participated in 1st FMCBG & 2nd FCDB meeting under G20 India Presidency

IFS participated in the 'Infrastructure' sessions of the **first Finance Ministers and Central Bank Governors (FMCBG) meeting and second Finance and Central Bank Deputies (FCBD) meeting** under the G20 Indian Presidency during 22nd-25th February 2023 in Bengaluru, Karnataka. The **1st FMCBG meeting** was held during 24th-25th February 2023 in Bengaluru, Karnataka under the Indian Presidency. The meeting intended to provide clear mandate for the various workstreams of the G20 Finance Track. Finance ministers and central bank governors of member countries finalized the outline of reports planned under various workstreams.



Hon'ble Finance Minister, Smt. Nirmala Sitharaman at the 1st FMCBG meeting



Secy. Economic Affairs at the 2nd FCBD meeting along with Dy. Governor, RBI

The **2nd FCBD meeting** was inaugurated by Hon'ble Union Minister for Information & Broadcasting and Youth Affairs & Sports, Shri Anurag Singh Thakur. Under the co-chairmanship of Secretary, Economic Affairs and Deputy Governor, RBI, the deputies discussed pressing issues affecting global economy and finalized the Communique to be endorsed by the G20 finance ministers and central bank governors

IFS organized G20 2nd IWG meeting at Visakhapatnam, Andhra Pradesh

IFS organized the 2nd Infrastructure Working Group (IWG) meeting under the Finance Track of G20 India Presidency at Visakhapatnam, Andhra Pradesh during 28th-29th March 2023. Under the chairmanship of Joint Secretary (IPP), DEA, MoF, the group deliberated on its flagship priority - "**Financing Cities of Tomorrow: Inclusive, Resilient and Sustainable**" with focus on various aspects of infrastructure investments.



JS (IPP) chairing the 2nd IWG meeting at Visakhapatnam, Andhra Pradesh

The meeting witnessed participation of around 63 delegates from G20 member countries, invitee countries and international organisations. The next IWG meeting is scheduled in June 2023. The outcomes of IWG would feed into the G20 Finance Track priorities and promote Infrastructure Development.

IFS participated in the 1st BRICS Task Force Meeting on PPP and Infrastructure

The **1st meeting of the BRICS task force on 'Public Private Partnership (PPP) and Infrastructure'** was held on 15th March 2023, under South Africa's Presidency where India was represented by Joint Secretary (ISD), DEA, MoF. Since inception in 2018, the Task Force has been effective in providing technical reports and inputs for policy making in Infrastructure space.

South Africa, under its current presidency, focused on developing a partnership towards equitable just transition, strengthening post-pandemic growth, socioeconomic development, and attainment of the Sustainable Development Goals (SDGs) agenda for 2030. Deliberations were undertaken on the following infrastructure themes:

- i. Greater focus on PPPs and other blended-finance solutions to expand infrastructure delivery
- ii. Promote use of green finance in infrastructure development
- iii. Adopt a programmatic approach to infrastructure development and delivery

INITIATIVES BY INFRASTRUCTURE FINANCE SECRETARIAT (IFS)

Portal to capture Best Practices from 2nd National Conference of Chief Secretaries

As a follow up to the action points envisaged in the 2nd National Conference of Chief Secretaries chaired by Hon'ble Prime Minister in Jan 2023, IFS has initiated development of portal to showcase multi-sector and multi-State/UT 'Best Practices and Case Studies'.

The Best Practices being collated are aligned to the sub-theme of 'Infrastructure and Investments'. A standardized format seeking information on best practices has been circulated to all State Governments & Union Territories.

The portal will act as a **repository of Best Practices** for ease of dissemination and cross learning among State Governments & Union Territories.

Proposal for hiring Transaction Advisors for State of Arunachal Pradesh under IIPDF

Proposal for **hiring Transaction Advisor (TA)** by the Directorate of Medical Education, Training & Research, Government of Arunachal Pradesh was approved under the **IIPDF scheme**. The selection of TA was carried out using DEA's 'Manual for use of the empaneled TAs'.

The State currently has one newly started medical college with an annual intake of 50 students (MBBS seats) and is committed to develop new infrastructure facilities to provide better healthcare services. Due to financial constraints the Directorate has sought **Rs. 1.44 crore** under the IIPDF scheme for hiring TA for preparation of 'Medical College & Hospital Project' at Namasi, Arunachal Pradesh under Aspirational District on **Public Private Partnership (PPP)** mode.

Capacity Building workshops organized in collaboration with premier institutes

IFS organized total of 9 trainings programmes in Feb'23 and Mar'23 in collaboration with premier institutes like NITIE Mumbai, IIBF, IIM Kozhikode, AJNFIM, IIM Calcutta, SPJIMR, NLSIU, IIM Raipur, and IIM Shillong. The 5-day trainings programs covered topics like Infrastructure Project Procurement, Risk Management, Project Finance for Infrastructure sector, Mega Project Management, Public Private Partnerships, Contracts & Dispute management, Project Planning, Change Management etc. and witnessed active participation from 250 senior government officials.

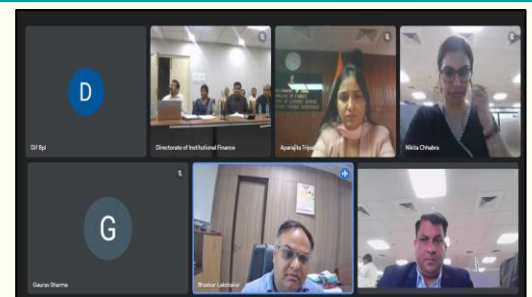


Group photographs of Participants from trainings at NITIE Mumbai, IIM Kozhikode and IIM Shillong

Handholding Support & Consultation with Project Sponsoring Authorities

An online training workshop was organized on the request of Finance Department (Project Management Unit), Government of Madhya Pradesh which was attended by officials from over 13 key departments from State involved in different infrastructure sectors.

The focus of the workshop was to extend knowledge support to officials of various departments participating on the key concepts of PPPs, process for DPR approvals, empanelment of TAs, modes of PPP implementation. The workshop also included information on existing funding schemes of DEA and how these can be availed for infrastructure projects particularly social sector projects being taken up in the state.



Workshop conducted under Chairmanship of Shri Bhaskar Lakshakar, OSD-cum-Commissioner-cum-Director, Directorate of Institutional Finance, Govt. of Madhya Pradesh

STATE INITIATIVES

Tamil Nadu to develop rural infrastructure at par with urban infrastructure

Government of Tamil Nadu is planning to upgrade its rural infrastructure adjoining the urban centers through development of infrastructure projects worth **more than ₹2,500 crores**. Approx. ₹1,500 crores have been allocated towards **enablement of marginalized sections** with basic amenities such as roads, drainage, streetlights and drinking water facilities.

The state has also allocated **₹1,000 crores** for providing **drinking water connections to 10 lakh households** in rural areas under the Jal Jeevan Mission. These developments would be accomplished by integrating urban infrastructure schemes of Central and State governments.

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Haryana & Punjab approve MRTS to decongest the Tricity of Chandigarh, Mohali & Panchkula

The Governments of Punjab and Haryana, and the UT administration of Chandigarh have unanimously approved the **Comprehensive Mobility Plan** for the Tricity. The integrated multi-modal transport plan envisages investment of **₹10,570 crores**, distributed across 3 phases – short, medium, and long-term.

As part of this plan, a **39 km long metro network** has been proposed to reduce traffic congestion in the Tricity. The project aims to connect Panchkula via Madhya Marg to the Secretariat, Vidhan Sabha, High Court, PGI and Panjab University in its first phase of development, with a future vision to improve and facilitate airport connectivity.

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Case Study

Successful implementation of Urban infrastructure projects through VGF support



Project Name	Setting up of Bulk Water Supply Project at Bhubaneswar, Odisha in PPP mode
Project Authority	Public Health Engineering Organization, Odisha
Project Structure	Design, Build, Finance, Operate and Transfer (DBFOT)
Project Features	Capacity for supplying potable water with 83 MLD
Project Cost	INR 187.71 crore

Project Highlights

PHEO, Odisha has successfully implemented the Bulk Water Supply Project in Bhubaneswar on PPP mode with Viability Gap Funding support of 37 crores from the Central Government. This flagship PPP project is among India's 1st drinking water supply project implemented on PPP mode and became successful due to its excellent forward and backward linkages and assured market returns viz-a-viz other sources of financing such as Municipal bonds.

MEIL-Bhubaneswar Bulk Water Project Pvt. Ltd has been engaged as concessionaire with a concession period of 25 years. Major project beneficiaries (bulk users) include IDCO (Sea food park, Infocity II and Khorda Industrial area), NISER, IIT Bhubaneswar and PHEO (Khordha – Municipality, Jatni – Municipality)

The project can be used as a reference benchmark by other Municipalities to develop projects like Sewage Treatment Plants or Bulk water supply on PPP mode.



The Infrastructure Finance Secretariat (IFS) has been established by the Department of Economic Affairs (DEA), Ministry of Finance with the idea of harmonizing policies and initiatives related to infrastructure financing and development. It plans to leverage the collective strengths of its Infrastructure Policy & Planning (IPP) and Infrastructure Support & Development (ISD) Division with technical assistance from a team of consultants and experts housed at the secretariat. The key goals of IFS are to mobilize private investments, stimulate infrastructure financial reforms, catalyze sectoral reforms work in collaboration with ministries and bridge gaps across implementing agencies through capacity building plans to improve capabilities for efficient and effective infrastructure development.

Infrastructure Newsletter

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