

Green Growth Equity Fund

Why in news?

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India and the UK announce joint UK-India Fund, namely a Green Growth Equity Fund.

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What is the fund about?

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- It aims to leverage private sector investment from the City of London to invest in Green Infrastructure Projects in India.

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- Both Governments reaffirmed their commitment to anchor invest up to £120 million each (i.e. totally £ 240 million) in the Joint Fund which will be established under the NIIF framework.

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- It is part of the early market engagement.

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- To begin with, the fund aims to raise around £500 million, with the potential to unlock much more in future.

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- The two Finance Ministers announced that initial investments will focus on India's rapidly growing green energy and renewable market

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- And also a Fund Manager is expected to be selected in the next few months.

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- Progress will be accelerated through early market engagement via the publication of a blueprint, with the aim to identify additional and complementary sectors for fund investments.

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- The Fund will invest in mid to large-sized companies in the green infrastructure space in India.

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What are the governing principles for the Fund?

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- Developmental (i.e. for the purpose of inclusive economic growth)
- Sustainable (i.e. commercially viable)..
- Replicable (i.e. attract investors to successive funds).
- Leverageable, attracting both Indian, UK based and global capital into the fund as well as into investee companies/projects.
- Governed in line with best practice.

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What are the areas where fund will be utilised?

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- The Fund will target gross returns in the 14-16% INR range, investing primarily in the following sectors.
- Renewable energy.
- Energy distribution/transmission.
- Clean transportation, Water treatment, Waste management.
- Any other fledgling sub-sectors/ themes in the clean energy/environment space like energy storage/ fuel cells/ etc.

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Source: PIB

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