Patient Capital

Prelims: *Current events of national and international importance | Infrastructure*

Why in News?

Recently, Ministry of Finance has established a specialized committee to simplify the Mobilization of "Patient Capital" long-term investments from domestic sources like pension funds and insurance companies into a large-scale infrastructure project.

- **Declared during –** World Bank & IMF Spring Meetings held in Washington DC, 2026.

Patient Capital

- **Definition -** Capital invested for a long-term duration (10–30 years) where the investor does not expect quick returns on investment but seeks for a stable & long-term return.
- **Sources -** Pension Funds (*National Pension Scheme, Employee Provident Fund)* and Insurance Funds (Private Insurance & LIC).
- **Importance -** Infrastructure projects have Higher Initial costs & a long gestation periods.
- Unlike Banking Credits which faces *Asset-Liability Mismatch (ALM)* issues, patient Capital in this case aligns Perfectly with this time.

Framework - Government is using a specific framework to *provide Transparency and Visibility* for these long-term investors:

- **National Monetisation Pipeline (NMP) -** By leasing them to Private sector it is aiming at unlocking the value of brownfield public sector assets.
- **National Infrastructure Pipeline (NIP) -** A Clear roadmap of greenfield and brownfield projects across all sectors like energy, roads & railways.
- **Public-Private Partnership (PPP) -** Structured frameworks to ensure risk-sharing between the government and private entities.

Role of Insurance sector

- **FDI Limits -** India currently is allowing 100*% FDI* in insurance sector (specifically intermediaries, with 74% in insurance companies).
- **Goal to expand -** Government is targeting deprived or Unserved segments like *Agriculture, Services* & MSMEs to increase insurance Foothold.
- **Dual Benefit -** Increased Foothold would provide *social Safety* (risk mitigation for citizens) & would simultaneously generate a huge *corpus of funds* for nation-building.

Economic Strategy & Viksit Bharat 2047 - Secretary for Economic affairs & Chief Economic Advisor highlighted India's long-term trajectory:

- **Global Benchmarking –** Introducing Indian firms to international competition to drive productivity & innovation.
- **Institutional Reliability -** It Focusing on Predictable regulatory Environment & policy continuity to attract International and National institutional investors.

- **Productivity Push -** Moving from just mere growth to growth driven *by competitiveness and innovation.*

Reference

Economic standard | Govt pushing for more infrastructure

