

Social Infrastructure

Discuss the financial mechanisms that can work for the development of social infrastructural projects in the country.

Social infrastructural projects are vital for any nation for development of welfare of society and economy as a whole. The Indian economy has to invest 2% of GDP continuously for 5 years in order to attain in the top list of Human Development Index through Social infrastructure projects.

Partial Credit Guarantee by Government:

1. The guarantee by government to private players is a new method through Capital market instruments.
2. This motivate private players to lower-cost credit and guarantee by government in case of default.
3. (e.g) Australia uses this way for its social infrastructure project that will work for India.

Replicating Emergency credit line of MSME:

1. MSME usually has 3 lakh crore Emergency Credit Line Guarantee Scheme.

2. This will work as a financial mechanism for National Infrastructure Pipeline project which needs 10 lakh crore.
 3. Replicating this funding mechanism will motivate private players through investment.
- Using airport construction financial Model:
1. Usually it has minimum return from profit causing stable mechanism for investor.
 2. By using this, tenders can be used for gaining trust among people in Atal Mission for Rejuvenation in Urban Transformation projects.

Pooled funding:

1. Famous for Community projects and this financial mechanism can be mimicked.
2. (e.g) School projects and Road projects under Smart city Mission can be easily implemented.

Value Capture financial Model:

1. This successful model focus upon the investor to gain potential value from projects.
2. (e.g) Street lightning and National Green Mission projects can use NHO and Community people funding through value capture.

Although India has many financial mechanism, new mechanism always finds attractive investments in developed nations which necessarily has to be mimicked in social infrastructure projects in India.