

(\*) To give India's infrastructure sector a further boost, National Infrastructure Bank can be major reform along with already existing policies. Substantiate.

India aspires to become \$5 trillion economy by 2025 through its ambitious "National Infrastructure Pipeline" project. The \$100 trillion worth project is timelined between 2021-25.

Due to pandemic, it will be a mammoth task for Government to raise adequate capital. So a robust financial institution like National Infrastructure Bank will provide boost to the infrastructure sector.

→ NIB will serve 3 purposes :-

- (a) Long term finance
- (b) Attract private capital through debt market
- (c) Reduces <sup>risk</sup> and improves returns.

⇒ Need for NIB :-

- Huge burden on Central Government post pandemic. Need to focus on Health, education & employment

- India requires ₹ 235 trillion infrastructure spending between 2021-30. Last decade it spent only ₹ 77 trillion.
- Central Government share on infrastructure spending increased from 25% to 40%. On other hand, the states share declined from 45% to 35% between 2010-20.
- Commercial banks lending for infrastructure has declined < 10% due to NPAs.
- Private participation is poor due to poor implementation of projects, legal hurdles & low returns.
- Sovereign wealth funds & other investments prefer operating assets over greenfield assets due to high risk.

## 2) Success story:-

- 2017, Canada set up Infrastructure bank & raised \$ 35 billion to achieve low carbon economy.

Thus, NIB can be a major reform to boost India's infrastructure sector along with already existing project pipeline and public policy.