

What is National Investment and Infrastructure Fund (NIIF)



Introduction

NIIF is established by the Union government as a category II Alternate investment Fund (AIF)

Background of NIIF

- SEBI constituted the 21 member committee under the leadership of N R Narayan Murthy, Infosys Co-founder
- The committee was named Alternative Investment Policy Advisory Committee (AIPAC)
- On the recommendations of the committee, Alternate Investment Funds (AIF) were established as startup eco system in India
- AIFs are private equity and hedge funds defined in SEBI Regulations
- Any form of privately pooled investment both from foreign or India origin in the form of a company, trust, body, corporate or LLP are classified as AIF
- AIFs are established to raise capital to reach a size of as much as 2 % of the GDP
- NIIF is established as a Category II AIF

NIIF – Establishment

- NIIF will be established under SEBI regulations
- NIIF will be financed by GOI with 49% equity
- The rest of the funds will be done through foreign and domestic partners
- Initial corpus amount of NIIF is 40000 crore rupees
- The amount of NIIF will be changed from time to time

Objectives of NIIF

- To maximize economic impact through infrastructure development
- Investments made in brown field projects, green field projects, stalled projects and commercially viable projects
- NIIF would allow equity participation from anchor partners
- NIIF would also undertake nationally important projects

Tax Benefits of NIIF

- Investments made through NIIF enjoy certain tax benefits
- Exempted income of NIIF is not taxed withholding 10 percent
- Overseas investors investing in NIIF are not subject to indirect tax provisions of IT act
- FDI process made transparent through investment in NIIF
- Tax residence measures to be introduced in NIIF after making amendments to IT act, 1961
- NIIF will make tax procedures simplified for overseas investors to make their investments and establish their companies in India
- Tax policies are made consistent, clear and certain
- NIIF funds will have parity with public market funds considering the tax policies

Other Benefits

- NIIF is established to promote the “Make In India” flagship initiative of GOI to attract more FDI in a direct manner
- NIIF will help in infrastructure development of India as a whole in a more transparent manner compared to the old FIPB route suffering from Red Tapism
- NIIF is a measure towards good governance of India
- Ease of doing business is enhanced through NIIF
- Adoption of global best practices to increase transparency
- Cooperation among the various regulators

- Innovation of new business and investment practices

Recent MoU's made through NIIF

- India and UAE signed a MoU in March 2016 to mobilize long term investment into NIIF
- This will allow transparent mechanism between investment institutions of UAE in Indian Infrastructure through NIIF
- NIIF signed MoU with Russian investment firm RUSANO OJSC
- The Russian MoU will help set up a high end technology private equity fund
- The will enable joint implementation of investments into diverse projects in India
- This will establish a joint working group to develop cooperation between India and Russia
- NIIF will work on the development of the agreements signed in the MoU

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