

UPSC Civil Services Examination

UPSC Notes [GS-III]

Topic: National Investment and Infrastructure Fund (NIIF) - Objectives & Types

National Investment and Infrastructure Fund was established by the Government of India and is the first sovereign wealth fund of India. It was founded in February 2015 with an objective to provide infrastructure investment for maximizing the economic impact of the commercially available projects (Greenfield Projects and Brownfield Projects).

The idea to set up NIIF was addressed in the Union Budget 2015-2016 by the Finance Minister of India, Arun Jaitley. Department of Economic Affairs approved the National Investment and Infrastructure Fund (NIIF) in August 2015.

Some of the highlights of NIIF are mentioned in the table below:

National Investment and Infrastructure Fund (NIIF)	
Founded	February 2015
NIIF Headquarters	Mumbai, India
Government Ministry	Ministry of Finance
NIIF CEO	Sujoy Bose

National Investment and Infrastructure Fund (NIIF) is an important topic for the [IAS Exam](#) and is included under GS-III section of [UPSC Syllabus](#).

Objectives of NIIF

National Investment and Infrastructure Fund (NIIF) was set up as a sovereign wealth fund and is registered with the Securities and Exchange Board of India (SEBI) under SEBI Regulations, 2012 as a Category II Alternate Investment Fund (AIF). It provides long-term capital for infra-related projects.

Some of the major objectives of NIIF are as follows:

- To raise funds through the suitable instruments which also included the off-shore credit enhanced bonds.
- To attract the anchor investors for their participation as partners in NIIF.
- Servicing of the investors of the fund.
- To consider and approve the candidate companies, institutions and projects for investments.
- To invest in the corpus created by the Asset Management Companies (AMCs) to invest in private equity.

- To provide advisory service and prepare a shelf of infrastructure projects.

Types of NIIF Funds

The National Investment and Infrastructure Fund (NIIF) is currently managing three funds namely: Master Fund, Fund of Funds and Strategic Fund. These three funds under the NIIF were found for primarily investing in the infra-related projects of the country through the formation of capital from both domestic and international investors.

Master Fund: The Master Fund was founded for primarily investing in the well-established enterprises having a long-term agreement and which are operating in a regulated environment with a good history. This fund also invests in infra-related projects and follows the strategy of establishing sector-specific companies in association with prominent companies.

Fund of Funds: It aims at investing in funds that are managed by the renowned fund managers with an excellent track record. It also invests as anchor investors, thus, allowing the fund managers to accumulate more fund from the institutional investors. Fund of funds may also enter into joint ventures with the fund managers.

Strategic Fund: This fund invests primarily in equity and equity-linked instruments and is registered as an Alternative Fund II under the Securities and Exchange Board of India (SEBI).

Investors of National Investment and Infrastructure Fund (NIIF)

The first investment deal of worth USD 1 billion was signed by NIIF in October 2017 with the Abu Dhabi Investment Authority (ADIA). ADIA was the first international investor in the NIIF's master fund. 49% share is held in the National Investment and Infrastructure Fund by the Indian Government.

Some of the domestic investors of NIIF are HDFC Bank, Axis Bank, ICICI Bank and Kotak Mahindra Life. On June 2018, the Asian Infrastructure Investment Bank announced to invest an amount of USD 200 million in the NIIF. They invested USD 100 million in June 2018 and said they would invest another USD 100 million on a later date.

National Investment and Infrastructure Fund (NIIF) is an important initiative taken by the Government of India. Candidates preparing for [UPSC 2020](#) are also advised to keep a track on the latest [current affairs](#) related to several economic developments in the world.