

National Investment and Infrastructure Fund (NIIF)- Established for Infrastructure Projects

National Investment and Infrastructure Fund was established by the Government of India and is the first sovereign wealth fund of India. This article gives an introduction of NIIF, briefly covers the idea behind it, divulges information on the objectives, types of and investors in NIIF.

Aspirants can find information on the structure and other important details of the [IAS Exam](#), in the linked article.

National Investment and Infrastructure Fund Latest News

- In May 2023, it was reported that the NIIF plans to launch its second fund, which will try to raise \$1 billion.
- This new fund will invest in funds managed by local asset managers, spreading out its investments across various industries, markets, and asset classes.
- The first fund raised \$600 million and aimed to invest in up to 10 private equity funds managed by experienced fund managers in India.
- NIIF's fund-of-funds (FoF) is one of the biggest in India, focused on investing in other funds.

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	Rajiv Dhar

It was founded to provide infrastructure investment for maximizing the economic impact of commercially available projects (Greenfield Projects and Brownfield Projects). The idea to set up NIIF was addressed in the Union Budget 2015-2016 by the former Finance Minister of India, Arun Jaitley. Department of Economic Affairs approved the National Investment and Infrastructure Fund (NIIF) in August 2015.

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:

1. To raise funds through suitable instruments which also included off-shore credit-enhanced bonds.
2. To attract the anchor investors for their participation as partners in NIIF.
3. Servicing of the investors of the fund.
4. To consider and approve the candidate companies, institutions, and projects for investments.
5. To invest in the corpus created by the Asset Management Companies (AMCs) to invest in private equity.
6. 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 primarily by investing in 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 renowned fund managers with an excellent track record. It also invests as anchor investors, thus, allowing the fund managers to accumulate more funds 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).

National Investment and Infrastructure Fund (NIIF) - Investors

The first investment deal 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. In 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.

NIIF's Investment Plan and limited partners (LPs):

- NIIF's second fund-of-funds aims to invest in various local asset managers' funds, diversifying its portfolio across different asset classes, industries, and markets.
- The portfolio companies of these funds will be from various sectors such as green infrastructure, affordable housing, infrastructure services, agri-business, healthcare, and education, among others.
- NIIF aims to reduce its risks by building a diversified portfolio.
- The first FoF by NIIF, which also invests in private equity funds managed by experienced fund managers in India, received commitments of \$600 million and is supported by the Indian government and multilateral institutions like the Asian Infrastructure Investment Bank, Asian Development Bank, and [New Development Bank](#).
- The first FoF also has foreign and domestic limited partners.

NIIF's Strategic Opportunities Fund and Master Fund:

- NIIF is a government-backed investment fund that manages more than \$4.3 billion of equity capital commitments across three funds.
- These funds are the Master Fund, FoF, and Strategic Opportunities Fund. The Strategic Opportunities Fund directly invests in companies and has supported FirstCry and Ather Energy.
- The Master Fund invests in businesses and assets in core infrastructure sectors and is one of the largest India-focused infrastructure funds.
- NIIF also plans to launch its first InvIT for its road assets, with an estimated portfolio of about \$2 billion.

National Investment and Infrastructure Fund (NIIF) - Latest News/ New Developments

1. At the end of March 2020, the Asian Development Bank (ADB) invested \$100 million into the National Investment and Infrastructure Fund (NIIF). There are 3 types of Funds in the National Investment and Infrastructure Fund (NIIF). The investment of the Asian Development Bank (ADB) was in the **Fund of Funds (FoF)** type.
2. On November 22, 2020, the Union Cabinet had approved Rs. 6000 crore investment as a part of Atma Nirbar Bharat Abhiyan.
3. In December 2019, the Canada Pension Plan Investment Board (CPPIB) had agreed to invest \$ 600 million in the National Investment and Infrastructure Fund (NIIF). Canada Pension Plan Investment Board (CPPIB) is the largest pension fund in Canada.

4. With the addition of the Asian Development Bank (ADB) investment in the National Investment and Infrastructure Fund (NIIF), the Fund of Fund (FoF) type has secured \$ 700 million in commitments.
5. National Investment Infrastructure Fund (NIIF) manages over \$ 4 billion of capital commitments across 3 types of funds.
6. The National Investment and Infrastructure Fund (NIIF), Fund of Fund (FoF) was created in 2018. The three funds are focused on climate, green energy, entrepreneur-driven mid-market growth companies, affordable and middle-income housing. Fund of Funds invests in a variety of sectors.
7. In April, the National Investment and Infrastructure Fund (NIIF) had launched a platform that will invest in road projects in India.
8. National Investment and Infrastructure Fund (NIIF) will buy assets of Essel infrastructure projects in Telangana and Karnataka.

Frequently Asked Questions on National Investment and Infrastructure Fund

Q 1. What is a sovereign wealth fund?

Ans. A sovereign wealth fund is a state-owned investment fund comprised of the money generated by the government, often derived from a country's surplus reserves. The National Investment and Infrastructure Fund (NIIF) is India's first-ever Sovereign wealth fund.

Q 2. When was NIIF found and where are its headquarters?

Ans. NIIF was found in February 201 and its headquarters are in Mumbai, India.

Q 3. What are the different types of NIIF funds?

Ans. There are three different types of NIIF funds:

- Master Funds
- Fund of Funds
- Strategic Funds

Q 4. Is NIIF an organ of NITI Aayog?

Ans. Yes, the National Investment and Infrastructure Fund is an organ of NITI Aayog.