

RBI GOVERNOR AT CII EVENT

# 'Banks can't Fund Infra Plans, Need to Find New Ways'

Das hails setting up of National Investment and Infrastructure Fund

Our Bureau

Mumbai: India will have to find new ways of funding infrastructure projects, as banks — struggling with bad loans — will not be able to do so, said central bank governor Shaktikanta Das. According to government policy think tank Niti Aayog's estimates, the country will need about \$4.5 trillion in infrastructure investment by 2030.

"On financing options for infrastructure, we are just recovering from the consequences of excessive exposure of banks to infrastructure projects," Reserve Bank of India (RBI) governor Das said at an event organised by the Confederation of Indian Industry (CII) on Monday.

"Non-performing assets relating to infrastructure lending by banks have remained at elevated levels. There is clearly a need for diversifying financing options," Das said.

In this regard, Das hailed the setting up of the National Investment and Infrastructure Fund (NIIIF), saying it was a major strategic policy response in finding new ways to finance infrastructure projects. He also suggested expressways and railway lines connecting the four corners of the country as kind of mega projects that could act as a catalyst for economic growth.

"As in the case of the golden

SHAKTIKANTA DAS SAYS



**Non-performing assets relating to infrastructure lending by banks have remained at elevated levels**

**Both public & private investment will be key to financing infrastructure investment**

**Expressways and railway lines connecting four corners of the country could act as catalyst for economic growth**

**State govts must stop cross-subsiding electricity and should instead move to direct benefit transfer schemes**

5-YEAR FUNDING NEEDS

## 'Finance Panel in Talks on Bank Recap'

The government is in talks with the 15th Finance Commission (FC) on bank recapitalisation and will decide on the sector's needs for a five-year period, said its chairman NK Singh. >>> 9

quadrilateral, a big push to certain targeted mega infrastructure projects can reignite the economy," the RBI governor said.

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## 'Significant Progress'

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"This could begin in the form of a north-south and east-west expressway together with high-speed rail corridors, both of which would generate large forward and backward linkages for several other sectors of the economy and regions around the rail-road networks," he said.

Both public and private investment will be key to financing infrastructure investment, he said. Das argued, citing statistics, that India had progressed significantly in the creation of physical infrastructure over the past few years. Road construction has increased from 17 km per day in FY16 to about 29 km per day in the last two years, he said. India is the third-largest domestic market for civil aviation in the world with 142 airports. On airport connectivity, India ranked fourth among 141 countries in the Global Competitiveness Report of the World Economic Forum. In telecommunications, the overall tele-density at the end of February was 87.7% while internet and broadband penetration in India have increased at a rapid pace, he said.