

FM: Fresh perspective needed on infra funding

GHANASHYAM BHADKAR



Finance Minister P Chidambaram during the launch of the Rajiv Gandhi Equity Savings Scheme (RGESS), in Mumbai on Saturday flanked by Sebi Chairman U K Sinha (L) and Ashok Jha (R).

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Seeking to augment funding for infrastructure sector, Finance Minister P Chidambaram asked banks to play a complimentary role to make Infrastructure Debt Funds (IDF) a success. "I would appeal to banks that please recognise the importance of this new instrument that we are introducing and acknowledge the complementarity of your role and role of the IDF's so that we can make these IDF's a success," he said after launching the IDF of IL&FS Financial Services.

"When an IDF steps in the bank must be willing to release the loan... the banker will normally say that I have lived with the risk so far and I have lent money, when all the risk is behind me, why should I release my loan? Let me enjoy my interest income. But that will not be a correct approach," he said.

Infrastructure development is important for growth of economy, he said, adding the anticipated investment in infrastructure during 12th plan period is USD 1 trillion of which half will come from the private

FM vows to make RGESS attractive

Mumbai

Concerned over the reluctance of savers to park surplus funds in financial instruments, Finance Minister P Chidambaram said he would modify the Rajiv Gandhi Equity Savings Scheme (RGESS) in the forthcoming Budget to make it more attractive for first time investors. Some have pointed out that the provision of 50% of the contribution up to Rs 50,000 be permissible as reduction is not an adequate incentive," he said. He also expressed surprise that if one has a bank account, then why can't one open demat account straight away.

sector. "There are large funds available outside the country -- pension funds, sovereign wealth funds, private equity. We need to respond with better project execution with no time and cost over runs," he said.