

FM launches first IDF

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Finance minister P Chidambaram today launched the first infrastructure debt fund (IDF) of the country. This IDF is promoted jointly by IL&FS group and Life Insurance Corp of India.

"This (launch of IDF) is an important step in our effort to promote the infrastructure sector in this country," he said, adding it would bring down the cost of infrastructure financing over a long period. Apart from IL&FS, IIFCL and SREI Infra have also got the registration from the Securities and Exchange Board of India (Sebi) to start IDFs. ICICI Bank is also starting a non-banking finance company IDF. Sebi is considering six more applications to start IDFs.

"Foreign investors are interested to invest in such funds in India. But if they must invest in India, we must get our act together. Approvals must be granted quickly, projects must be completed on time without cost over-runs," Chidambaram said.

"When an IDF steps in, the bank must be willing to release loans. Banks must recognise that sooner their money is released, they will be able to lend to more projects. The role of IDF is different, they provide long term finance," he said, adding that both banks and IDFs should compliment each other. Meanwhile Hamon Investment Group from Hong Kong has invested \$ 100 million in this IDF. The IDF is targeting \$ 1 billion of investment.