

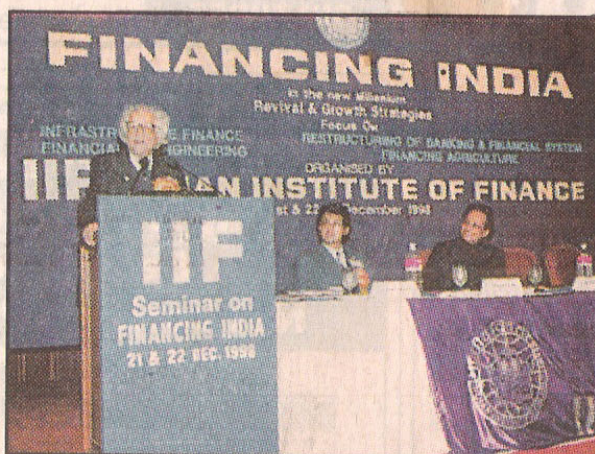
IIF delves into ways of financing India

By Alice Guram

Financing India in the New Millennium, was the theme of a two-day seminar organised by the Indian Institute of Finance (IIF) in the Capital on December 21-22, 1998. The first day dealt largely with issues like financing of infrastructure. The first day largely dealt with the subject of funding for infrastructure. Whether it should be debt or equity, automatic or foreign direct investment (FDI), should there be a locking period for this and how much should the FDI be.

Eminent personalities who attended the meet included Monopolies and Restrictive Trade Practice Commission member S Chakrabarty, Chairman and MD National Housing Bank P P Vora, Chairman DCM Shriram Bansi Dhar and MD Escorts Finance Jayant Dang to name a few.

According to estimates made by



the IIF almost \$ 200 billion is immediately required to finance the infrastructure. This funding can be gathered from the huge amount of black money lying abroad, minimisation of capital flight, increasing of the savings rate to 35 per cent and

It is also estimated that by the year 2000, 33 per cent of India's population would be urban-based and will be contributing almost 60 per cent of the country's national income. Infrastructure constraints though are plenty, as economic activity

increasing of exports of agriculture and industrial products. The IIF also advocated the use of internal revenue generation by the public sector enterprises (PSEs) and greater mobilisation of resources from all over the country.

depends on power, roads, water supply and sanitation. While the Ninth Plan asks for Rs 12,000 crore to be spent on this sector, the Rakesh Mohan Committee estimates the requirement at Rs 250,000 crore. Whatever the requirement, the seminar concluded that private participation was very essential. In addition, other requirements of the Indian economy (as was evident from the seminar) were that fiscal deficit needed to be controlled, PSEs be restructured and development of capital and debt market. Prominent politician Ram Niwas Mirdha attended the second days' proceedings and spoke on the subject of agricultural finance. He said that the contribution of agriculture has not been recognised, as only 10 per cent of the entire capital is invested in an area which contributes almost 70 per cent of the employment. Mr Jayant Dang raised the issue of how banks had become extra cautious over lending of funds. IIF, which was founded in 1987, is essentially in the field to promote education, research, training and consultancy in finance and provide the industry with talented finance professionals. The Institute has established linkages with more than 100 leading professionals both from India and abroad. The Institute is intensively engaged in research and has published a number of research books.