

Decisions taken by Union Cabinet

Cabinet approved Memorandum of Understanding on cooperation in the field of Physical Culture and Sport among BRICS Countries: The Union Cabinet was apprised of a Memorandum of Understanding (MoU) on Cooperation in the field of Physical Culture and Sport signed among BRICS Countries.

Cooperation in the field of sports among the five countries will help in expanding knowledge and expertise in the area of sports science, sports medicine, coaching techniques etc, which would result in improvement in performance of our sportspersons in international tournaments and strengthening of bilateral relations with BRICS member countries.

Benefits arising from cooperation in the field of sports among the five countries would be equally applicable to all sportspersons irrespective of their caste, creed, region, religion and gender.

Cabinet approved the Memorandum of Understanding between the Institute of Chartered Accountants of India (ICAI) and the Vereniging van Register controllers (VRC), the Netherlands: The Union Cabinet has approved the signing of the Memorandum of Understanding (MoU) between the Institute of Chartered Accountants of India (ICAI) and the Vereniging van Register controllers (VRC), the Netherlands.

The MoU would help in strengthening and development of the Accounting, Financial and Audit Knowledge Base between the Netherlands and India.

Implementation strategy and Targets:

- i. ICAI and VRC will work together to hold and conduct Technical Events, Seminars, Conferences in the Netherlands;
- ii. To establish possible co-operation in respect of Member Management, Professional Ethics, Technical Research, Continuing Professional Education; Professional Accountancy Training, Education and Examinations, as well as the Institutional Capacity Building of the Accountancy profession;
- iii. To offer short term professional courses in the domain of Accounting, Finance, Information Technology and Audit in the Netherlands;
- iv. To discuss potential emerging developments in form of Students and Faculty Exchange programmes;
- iv. Share available unrestricted information concerning the accountancy profession in India and the Netherlands and internationally when required.

Benefits:

The engagement between the premier Institutes of both the countries would help to generate greater employment opportunities for Indian Chartered Accountants and also greater remittances back to India.

Impact:

ICAI has a strong membership base of over 1500 members in the European region and around 80 members in the Netherlands. The contemplated MoU, for providing assistance to VRC, the Netherlands, shall benefit the ICAI members in the region and would provide an additional impetus to prospects of the ICAI members to get professional opportunities in the Netherlands.

Cabinet approved Capital infusion into NIIF Infrastructure Debt Financing Platform comprising Aseem Infrastructure Finance Limited and NIIF Infrastructure Finance Limited:

The Union Cabinet has given its approval to the proposal for equity infusion by Government of Rs. 6000 crores in NIIF Debt Platform sponsored by National Investment and Infrastructure Fund (NIIF), comprising of Aseem Infrastructure Finance Limited (AIFL) and NIIF Infrastructure Finance Limited (NIIF-IFL), subject to the following conditions:

- i. That only Rs.2,000 crore would be allocated during the current year 2020-21. However, in view of the unprecedented financial situation and availability of limited fiscal space due to the prevailing COVID-19, the proposed amount may be disbursed only if there is readiness and demand for debt raising.
- ii. NIIF will take all necessary steps to use the equity investments from Domestic and Global pension funds and sovereign wealth funds expeditiously.

This was one of the twelve key measures made by Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman, as part of Government of India's stimulus to the economy, under AatmaNirbhar Bharat 3.0 on 12th November, 2020.

The NIIF Strategic Opportunities Fund has set up a Debt Platform comprising an NBFC Infra Debt Fund and an NBFC Infra Finance Company. NIIF through its Strategic Opportunities Fund ('NIIF SOF') owns a majority position in both the companies and has already invested ~ Rs.1,899 crore across the Platform. The Strategic Opportunities Fund (SOF fund) through which the NIIF investment has been made will continue to support the two companies apart from investing in other suitable investment opportunities. The current proposal seeks GOI investment directly to further scale the potential and impact of the two entities in the infrastructure debt financing space. This will also support the efforts of the platform to raise international equity. With the fresh infusion of equity by the government, besides the equity already infused by NIIF SOF and potential equity participation from the private sector, the debt platform is expected to raise enough resources to extend debt support of Rs.1,10,000 crore to projects by 2025.

Implementation strategy and targets:

- a. The strategy is AIFL will predominantly focus on under construction / greenfield / brownfield assets with less than one year of operations. NIIF Infrastructure Debt Financing Platform will have its own in-house appraisal system, which will enable faster deployment of funds.
- b. NIIF IFL (NBFC-IDF) will operate as a take-out vehicle for mature operating assets. It will help infrastructure investors in replacing high cost bank finance with cheaper IDF finance post-commissioning. Over the next 5 years (NIP Plan Period), NIIF Infrastructure Debt Financing Platform can potentially support the construction of infrastructure projects worth ~ Rs.100,000 crore.
- c. The Platform will also need to raise external long-term equity capital as well as debt from both domestic and international markets over the next few years which could result in a multiplier of 14 -18 times of the proposed capital infusion of up to Rs. 6,000 crore from GOI.
- d. NIIF will make strong efforts to use the equity investments by Government to catalyse equity investments by Domestic and Global Pension, Insurance and Sovereign Wealth Funds in the NIIF Infrastructure Debt Financing Platform.

Expenditure involved:

Rs 6,000 crores will be invested as equity in the NIIF Debt Platform over two financial years, i.e., 2020-21 and 2021-22.

Impact:

NIIF Infrastructure Debt Financing Platform is expected to contribute nearly Rs 1 lakh crores in debt to the infrastructure sector over the next 5 years. This will act as a catalyst in attracting more investments into the infrastructure sector as envisaged in National Infrastructure Pipeline.

This process will also help relieve exposure of banks to infrastructure projects and free up space for new green-field projects. Strengthening the IDF / take-out financing space in the infrastructure sector will support enhance liquidity of infrastructure assets and lower the risks.

In India, infrastructure projects are executed through SPVs. Typically, the SPVs on a standalone basis would find it challenging to get investment grade rating, even after the completion of construction. It is also expected that the Debt platform will raise debt from the Bond market and serve as a trusted intermediary. AIFL is rated AA by Care ratings and NIF-IFL is rated AAA by Care Ratings and ICRA. Bond investors seek lowers margins than banks, but prefer to invest in debt of AAA / AA rated entities, to meet their own risk management guidelines. Long term bond investors including Pension and Insurance Funds typically invest in bonds rated AAA.

It is expected that well-capitalized, well-funded and well-governed NIIF debt Platform can play a major role in infrastructure financing and development of Bond Market in India by acting as a

AAA/AA-rated intermediary between the bond markets and infrastructure projects and companies.

Cabinet approved Scheme of Amalgamation of Lakshmi Vilas Bank with DBS Bank India Limited: The Union Cabinet has given its approval to the Scheme of Amalgamation of Lakshmi Vilas Bank Limited (LVB) with DBS Bank India Limited (DBIL). On 17.11.2020, to protect depositors' interest and in the interest of financial and banking stability, on RBI's application under section 45 of the Banking Regulation Act, 1949, LVB had been under moratorium for a period of 30 days. In parallel, RBI, in consultation with Government, superseded the Board of Directors of LVB and appointed an Administrator to protect the depositors' interest.

After inviting suggestions and objections from the public and stakeholders, RBI prepared and provided a scheme for the bank's amalgamation for the Government's sanction, well in advance of end of the period of moratorium so that restrictions on withdrawal faced by the depositors are minimised. With the approval of the scheme, LVB will be amalgamated with DBIL from the appointed date, and with this there will no further restrictions on the depositors regarding withdrawal of their deposits.

DBIL is a banking company licenced by RBI and operating in India through wholly owned subsidiary model, DBIL has a strong balance-sheet, with strong capital support and it has the advantage of a strong parentage of DBS, a leading financial services group in Asia, with presence in 18 markets and headquartered and listed in Singapore. The combined balance-sheet of DBIL would remain healthy even after amalgamation and its branches would increase to 600.

The speedy amalgamation and resolution of the stress in LVB is in line with Government's commitment to a clean banking system while protecting the interests of depositors and the public as well as the financial system.

(Source : PIB, GoI)