

1. Alternative Investment Funds (AIFs)

Prelims: Investments, Investment Models

Mains: GS-III Indian Economy and Issues Relating to Mobilization of Resources.

Why in News?

- The Union Cabinet has recently approved the creation of an Alternative Investment Fund (AIF) of Rs. 25,000 crores for the realty sector. This is to provide last-mile funding for stalled affordable and middle-income housing projects across the country.

Key Features of the Decision:

- The fund size is of Rs. 25,000 crores with the government providing Rs. 10,000 crore and the State Bank of India and the Life Insurance Corporation providing the balance.
- The fund was set up as Category-II Alternative Investment Fund registered with the SEBI and will be managed by SBICAP Ventures Limited.
- The open-ended fund is expected to increase in time. The government is also in talks with sovereign bonds and pension funds to put in money in this fund further.
- The Cabinet also approved the establishment of a 'Special Window' to provide priority debt financing for completion of stalled housing projects in the affordable and middle-income housing sector.

What is Alternative Investment Fund:

- AIFs refers to any privately pooled investment fund, (whether from Indian or foreign sources), in the form of a trust or a company or a body corporate or a Limited Liability Partnership (LLP).
- In India, AIFs are private funds which are otherwise not coming under the jurisdiction of any regulatory agency in India, since it does not include funds covered under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Collective Investment Schemes) Regulations, 1999 or any other regulations of the Board to regulate fund management activities.