

KIIFB NEWSLETTER

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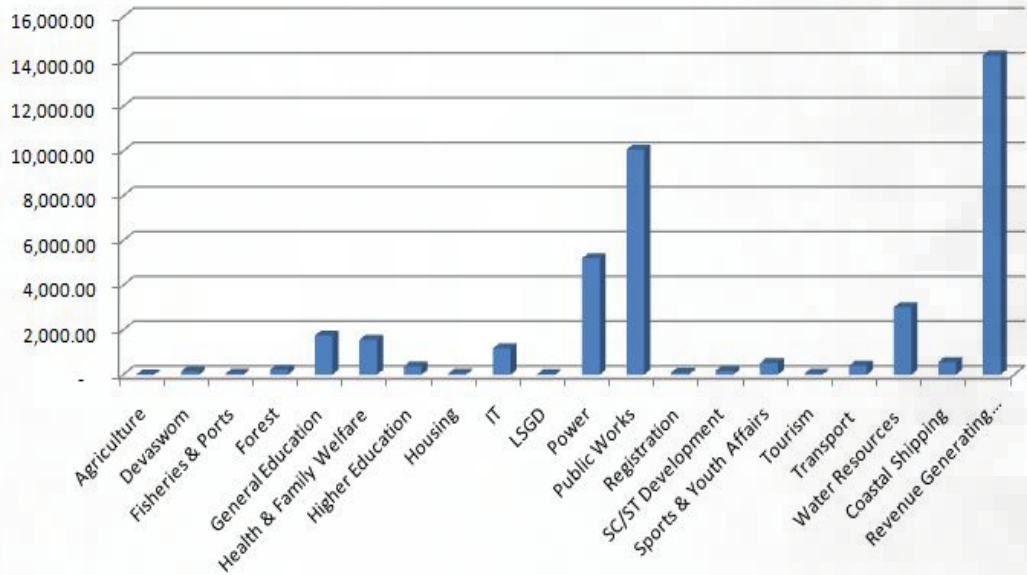
Defining the Future



Our Chairman
Shri. Pinarayi Vijayan
Hon. Chief Minister



Our Vice Chairman
Dr. T M Thomas Isaac
Hon. Minister for Finance



Approved Projects as on 28/12/2018

2019

Happy New Year

From the CEO's desk.....

Every new year beckons us to a new beginning. The year 2018 has gone by with its share of challenges, excitement, fun at KIIFB.

A big thank you to all our well-wishers and our team in KIIFB for all the hard work and commitment.

The year 2019 is going to be perhaps the most crucial year in our journey so far. This is so, for several reasons, four of which are certainly the most important. The first is that this will be the first year expected project outflows will steadily climb to significantly high levels. Therefore, we will be accessing the financial markets in a big way for the first time. Markets play a lot of emphasis on the quality of the borrower and the structures and the systems in place. We expect to do well on this count. The second is that this will be a year which will see the maximum approvals coming up for approval – and this entails detailed and meticulous appraisals and processing – that KIIFB has done so far. Commensurately, we will witness a hectic pace of tendering and awarding of contract. The third reason is that our Inspection Authority will be completely equipped with its Technical Resource Centre (TRC), the Quality Control Studio and the Mobile Quality Control Lab. The fourth is that this calendar year, all our IT and monitoring systems will reach maturity, which will make KIIFB one of the most 'online' and efficient project financing and management systems across the country.

Readers may recall that we had started the process of initiating the Masala Bonds last year. But volatility in the foreign exchange market linked to a depreciating rupee and a steeply exacerbating oil price situation - all of it leading to a poor Current Account Deficit and its attendant effect on our domestic economy – prevented us from taking the final step of closing the Masala Bond. The situation has eased significantly. Therefore, we are hopeful of closing the deal soon, if there are no other hitches along the way. We will also have to begin accessing loans from various banks as part of the mix of

financing strategies that we will be using. A lot of the financing decisions are tied to the prevalent RBI credit stance. With a new Governor on Board, we wait eagerly for the signals that RBI under the new leadership gives to the market. Will the new Governor play along with the Government desire to relax the Prompt Corrective Action (PCA) for the public-sector banks, what he decides on whether there is really a case for relaxing interest rates and improving liquidity rapidly for SMEs and others, whether to go slow on the action that the RBI had prescribed against sick power producers on their NPA and finally whether to part with a share of the reserves as the government would like to?

For this edition, we have selected the Coastal Highway Cycling Project as our focus project. There are two reasons why this project is important to the State. It is unique in the State as the idea conceived by Kerala Development and Innovation Strategic Council (K-DISC) of making a Cycling destination was superimposed on our existing giant project – the Coastal Highway Project. The Coastal Highway Project was designed not only as a mere road project but as means to transform the coastal economy of the State. It will also serve as a second transportation route for container and goods movement from and between Cochin and Vallarpadam and the Vizhinjam and other minor ports of the State. The idea of incorporating cycling into the design will usher in a new age, when the State with its penchant for athletics will be able to offer world class cycling infrastructure to tourists and cycling sporting events.

The Technical Inspection Wing has outlined how quality control standards are applied and has chosen the District Stadium, Wayanad as an example. The Administration Inspection Wing selected projects implemented by Road Infrastructure Company Kerala Ltd. (RICK) and Kerala State Industrial Development Corporation (KSIDC) for detailed examination. We attempt to present a picture of the results in these pages.

We at KIIFB wish all our readers a very Happy New Year.

Chief Executive Officer, KIIFB

Projects Approved as on 28/12/2018

Department	Projects Approved by KIIFB	
	No. of Projects	Outlay Rs. in cr.
Agriculture	1	14.28
Devaswom	1	141.75
Fisheries & Ports	1	46.94
Forest	2	212.18
Gen. Edn. (Schools)	75	1745.91
Health & Family Welfare	13	1551.33
Higher Education	10	368.27
Housing	1	45.00
Information Technology	3	1174.13
LSGD	3	31.69
Power	13	5200.00
PWD - Roads	135	5755.14
PWD - Bridges	50	1360.64
PWD - ROBs	22	730.26
PWD - Flyovers	9	635.51
PWD - Hill Highways	17	1506.25
PWD - Coastal Highways	1	52.78
PWD - Underpass	1	27.59
Registration	6	89.88
SC / ST	8	170.60
Sports & Youth Affairs	27	528.90
Tourism	2	56.61
Transport	2	412.93
Water Resources	62	3014.16
Coastal Shipping & Inland Navigation	1	566.51
Industries (Revenue Return Projects)	3	14275.17
Total	469	39714.41

INDUSTRIES (Revenue Return Projects)

Development of Industrial Infrastructure - Land Acquisition	1	12710.00
Life Science Park Phase II - Trivandrum	1	301.17
Petrochemical & Pharma Park	1	1264.00
Total	3	14275.17

Sector Wise Project Status of Kollam District as on 28/12/2018

Department	Approved		Work tendered (including work started)		Work Started / Work Awarded		Under Appraisal	
	No. of Projects	Amount in Rs. cr.	No. of Projects	Amount in Rs. cr.	No. of Projects	Amount in Rs. cr.	No. of Projects	Amount in Rs. cr.
Culture							1	52.72
Fisheries & Ports							1	37.40
General Education	8	129.72	7	108.74	7	108.74		
Health & Family Welfare	1	68.18	1	40.72	1	37.17	1	46.43
Higher Education	1	5.28						
Labour							1	5.34
LSGD							1	8.95
PWD - Bridges	5	102.90	3	50.97	3	36.77	3	66.45
PWD - Coastal Highways							1	42.21
PWD - Hill Highways	1	201.67	1	200.05	1	188.11		
PWD - Roads	14	413.19	14	403.82	14	360.65	8	644.87
PWD - ROBs	5	149.24					1	34.65
SC / ST	2	6.43	2	5.96	2	4.90		
Sports & Youth Affairs	1	5.63						
Tourism							1	28.53
Water Resources Department	4	359.46	2	176.36	2	126.32	1	48.00
Total	42	1441.70	30	986.62	30	862.66	20	1015.55

Sector Wise Project Status of Kannur District as on 28/12/2018

Department	Approved		Work tendered (including work started)		Work Started / Work Awarded		Under Appraisal	
	No. of Projects	Amount in Rs. cr.	No. of Projects	Amount in Rs. cr.	No. of Projects	Amount in Rs. cr.	No. of Projects	Amount in Rs. cr.
Culture							2	24.37
General Education	7	92.75	5	71.83	5	71.83		
Health & Family Welfare	2	227.52						
Higher Education	1	9.043	1	9.04			3	43.27
Home							1	56.20
Industries	1	12710						
Labour & Skill							1	4.44
LSGD	1	11.07						
Power	3	417.96	2	222.80				
PWD - Bridges	2	19.00	1	8.65	1	8.29		
PWD - Roads	15	497.23	13	413.71	11	286.22	1	46.60
PWD - ROBs	1	26.42						
PWD - Underpass	1	27.59						
PWD - Coastal Highways							1	41.55
Registration	1	2.274						
SC / ST	4	38.6	4	36.4	4	32.78		
Sports & Youth Affairs	6	103.80	3	34.48	1	13.04		
Tourism	1	39.42					1	81.05
Water Resources	7	323.05	3	71.93	3	67.96	1	71.20
Total	53	14545.727	32	868.84	25	480.12	11	368.68

Integrated Development of Coastal Highway along with Coastal Cycle Tracks.

1. Coastal Highway

A highway along the coastal belt of Kerala extending from Thiruvananthapuram in the south to Kasaragod in the North is being contemplated and discussed for the last few decades. The Project first began with a study conducted by National Transportation Planning and Research Centre (NATPAC) in 1993. The project is conceived not just to meet the transportation need of the state, but also to develop the coastal economy and enhance the living standards of the community living there. It will also provide a boost to the tourism sector relying on its beautiful beaches and coasts. The Coastal Highway can also be the transportation route for container and goods movement from and between the Cochin Port, Vallarpadom Container Terminal, upcoming Vizhinjam Container Terminal and other minor ports of Ponnani, Azhikkal, Kozhikode, Alapuzha and Kollam.

Considering the imperative benefits of the Coastal Highway and its impact in the life of coastal community, Government of Kerala in its budget 2017-2018 announced the ambitious plan of developing Coastal Highway with Kerala Infrastructure Investment Fund Board (KIIFB) funding. As per the alignment study conducted by Public Works Department, GoK, total route length of Highway is 655.6 Km with a cost estimate of Rs. 6500 crore. As per the alignment report prepared by NATPAC, the Coastal Highway starts from Poovar, Thiruvananthapuram District and ends at Kunjathur, Kasaragod District.

2. Coastal Cycling Tourism Destination Project

Tourism has been one of the most vibrant and dynamic sectors of the Kerala Economy. Its contributions to GDP, employment, income and foreign exchange earnings are significant. To position Kerala as a preferred destination for cycle tourism and thereby enhancing the tourism related economic activities of the state, Board of Governors, Kerala Development and Innovation Council (K-DISC) in its first meeting held on 2nd March 2018, discussed and approved Coastal

Cycling Tourism Destination Project (CCTDP).

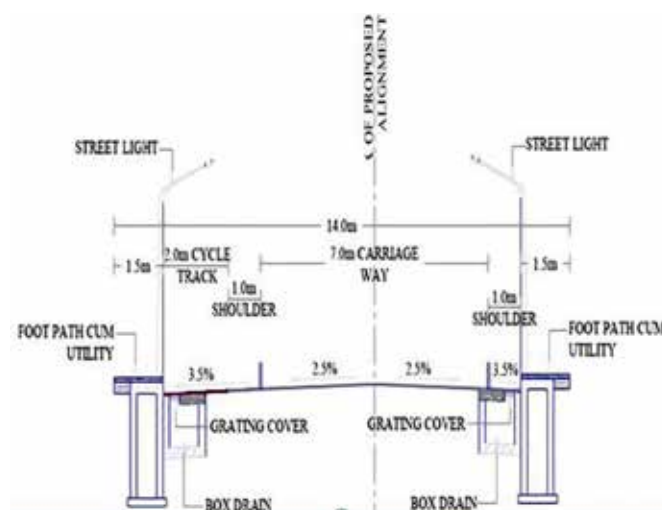
The project is in line with the recommendations of Expert group set for preparation of strategic tourism road map for the State. The Expert group recommendation include i) providing uncompromised quality infrastructure and facilities at destinations, ii) adopt new sense of direction by refreshing the brand and making it more appealing, exciting, and desirable to all traveller segments, iii) attract new visitor segments.

3. Integrated Development of Coastal Highway and Cycle Track

Effective implementation of both the above projects could be achieved by integrating both the projects. The proposed improvement of the coastal highway is to be expanded further for adding Cycle Tracks. Proper cycle tracks of standard dimensions can be laid along stretches within the 14 m Right of Way.

4. Indicative Road Cross Section

An indicative road cross section with a RoW of 14.00 m is shown below: However wherever additional land is available increased RoW and increased cycle track width will be provided as per KIIFB's Guidelines for Planning and Design for Road and Highway Projects.



5. Categorisation of Road Stretches for Implementation

Category 1	Pilot
<ul style="list-style-type: none"> • Stretches with available RoW 14 m or more, involving minimal or nil acquisition • Preparation of DPR by KIIFB • 18 months Development and Construction Period. 	
Category 2	Stretches with RoW Widening and Land Acquisition
<ul style="list-style-type: none"> • Stretches with available RoW 8 to 12 m, and new greenfield alignment, in which acquisition can be carried out with lesser degree of difficulty and R&R issues. • LA through Dedicated Units and comprehensive R&R Scheme • 36 months Development and Construction Period. 	
Category 3	Stretches involving higher degree of difficulty in LA
<ul style="list-style-type: none"> • Available ROW comparatively lesser, new greenfield alignment, acquisition can only be carried out with higher degree of difficulty and requires comprehensive R&R measures. • 42 months Development and Construction Period. 	
Category 4	Existing NHs and SHs
<ul style="list-style-type: none"> • Wherever existing NHs and SHs are very close to the Coastal line and alternate alignment is not feasible 	

The key factor in the successful implementation of this project is stakeholder support and community Interest. Stakeholder support as well as Community Interest could be generated with successful roll out of model stretches in possible areas. For implementation, the road stretch along the proposed alignment will be categorised into the following:

6. Pilot Project Approved

A 15 Km road stretch between Padinjarekara and Unniyal, Malappuram District will be the first road reach to be taken up for construction in the project “Integrated Development of Coastal Highway and Cycle Track”. The Proposed road improvement works starts from proposed bridge at Padinjarekkara Bridge and end after Unniyal Junction. The stretch forms part of the historic Tippu Sulthan road, which traverse through the coastal belt of Malappuram. Ninth Executive Committee Meeting of KIIFB held on 24th Oct 2018 approved the project with a total outlay of Rs. 52.78 Crores.

7. Implementation Plan

i. Preparation of Masterplan

Taking basis from the already approved Draft Alignment Report of NATPAC, KIIFB along with NATPAC will be preparing a master plan for the project. In the masterplan phase the following activities will be conducted:

- i. Review of existing studies, reports and alignment study for development of coastal highway.

- ii. Stakeholder Consultation
- iii. Study alternate alignments (which include greenfield stretches) other options and their comparative cost benefits.
- iv. Identification of land and buildings affected
- v. Identification of land available for road stretches and Rehabilitation of project affected families.
- vi. Categorization of road stretches
- vii. Study Connectivity to Hinder land tourism spots

ii. Preparation of Detailed Project Report

Followed by Masterplan preparation, work on preparation of Detailed Project Report will be undertaken by Kerala Road Fund Board, the SPV for implementation of Coastal Highway. In some stretches, preparation of DPR will be undertaken simultaneously. Wherever specialised and complex structures, long span bridges are involved, services of specialised consultants will be availed.

iii. Land Acquisition

To avoid delay in land acquisition and providing enough RoW, Dedicated LA Units with Special Tehsildar are proposed to be created. Based on detailed studies, suitable R&R Package for affected Community will also be proposed.

iv. Tendering

Emphasis will be for timely conduct of tender process and selection of good quality contracting agencies. Common Pre-Qualification and Model Contract Documents in line with NHAI practice will be used for tendering. The option of EPC contracts in stretches with specialised structures will also be explored.

v. Construction

By ensuring good quality contracting agencies and model documents in the tender stage itself, it is aimed to reduce the construction delay. To ensure quality control in construction, KIIFB Standards and guidelines prepared with the support of IIT Chennai will be used



8. Stakeholder Consultation and Other Current Activities.

A review meeting attended by Members of Legislative Assembly representing constituencies falling along the Coastal Highway was conducted on 28th September, 2018. The meeting was chaired by Shri G. Sudhakaran, Honourable Minister for PWD. Views and Suggestions of MLAs were solicited in the meeting. The meeting also decided to conduct local level Stakeholder consultation at the Assembly constituencies. Following by which, stakeholder meetings were conducted at the below assembly constituencies.

- i. Kanhangad, chaired by Shri E Chandrashekharan, Honourable Minister for Revenue
- ii. Trikaripur, chaired by Shri M Rajagopalan, MLA
- iii. Uduma, chaired by Shri K Kunhiraman, MLA
- iv. Vadakara, chaired by Shri C K Nanu, MLA
- v. Guruvayur, chaired by Shri K V Abdul Khader, MLA
- vi. Manalur, chaired by Shri Murali Perunelly, MLA
- vii. Nattika, chaired by Smt. Geeta Gopi, MLA
- viii. Kaypamangalam, chaired by Shri E T Taison Master, MLA

The meetings explained to local stakeholders the overall objective of the project and its importance. The draft alignment was detailed. The views and suggestions from the stakeholders are noted and will be considered while preparing the Masterplan and DPR for the project.



District Stadium at Kalpetta, Wayanad – Technical Advisory by Inspection Authority (Technical) on Engineering & Functional Design

Overview of the project

Wayanad is the hilly and tribal district of Kerala, which has no adequate infrastructure compared to other parts of the state. The district does not have any proper centres with sports training facilities or for conducting national level tournaments. The area also lacks any proper facility for moulding professional athletes where there is an inborn spirit and natural talent for athletics in people. It is proposed to construct a stadium in a site owned by district sports council in an extent of 7.88 acres. The site is located 5km from the district headquarters and 3 km from the Kozhikode – Mysore National Highway.



Proposed Stadium

The proposed project consists of a stadium complex with 6 lane 400 m synthetic track, football ground with natural turfing, earthen gallery, pavilion building cum amenity centre, hostel building, public rest rooms, yard lighting, rain water harvesting, etc. Total cost of the project is 18.67 cr. and the SPV is M/s KITCO Ltd.

Present status

The tender for the whole work except the synthetic track has been finalised and awarded in the month of May 2018 with a completion period of 15 months. The site development and building works are in progress. The tender action for synthetic track is under process and is likely to be awarded in the month of May 2019.

Inspection details

Inspection Authority (Technical) of KIIFB inspected the project site in the third week of December 2018 as part of Technical Examination of works and carried out a detailed study of the work. Following major aspects of the project were examined in general & TS review point of view apart from other technical examination areas.

- (a) Functional design
- (b) Engineering design
- (c) Quality & Safety management at site
- (d) Physical progress & Adherence to time schedule

(a) Functional design

The general functional requirements for a stadium complex are well considered in the project except the following:

- The temporary fencing proposed with PVC coated chain link around the boundary of stadium on three sides will not be enough to protect the trainees / players and expensive infrastructure from wild boars from the nearby hilly areas and likely nuisance from anti-social elements. Compound wall with bricks / solid block masonry is advisable in this case.
- Development of existing natural drain on West & North side of stadium has to be done for accommodating the rainwater disposal from hilly surroundings.
- The gate proposed for main entry of stadium is observed as not aesthetically appealing.



Natural drain in the periphery of land

Inspection Authority is of the view that the entry gate to stadium shall be architecturally re-designed to have an elegance and aesthetics matching with the natural beauty of the area.

(b) Engineering design

All technical parameters and specifications / guidelines by FIFA & IAAF have been considered in the engineering design of football ground and synthetic track. The design of hostel block, pavilion, etc. are based on client requirements and as per Indian Standards. However, following suggestions are to be addressed for effective utilisation of stadium in rainy seasons and to protect the subgrade below the synthetic track.

The present level fixed for FGL seems to be less considering the average normal flood level made available during inspection. The members of District Sports Council presented their apprehensions regarding stagnation of water in the ground during monsoon if proper drainage system is not ensured. Inspection Authority (Technical) has analysed the levels reported by M/s KITCO at site and observed that the existing ground level of land is below the road level. The proposed finished level of football ground is +100.60 m in which the formation level of compacted sub grade is +100.25 m. Road level at the exit gate is +100.50 m and at entrance gate, it is +100.90 m. The average normal flood level noted at site during monsoon is +100.20 m. But, during the unusual flood in August, the level of water was at +101.038 m. The invert level of natural drain on north west side is +99.255m, on north east side, it is +98.32m. Invert level of natural drain on east side exit point is +97.420 m and invert level of internal RCC drain exit point to natural drain on east side is +98.760 m. In order to keep the subgrade of synthetic track at a level more than the average flood level reported / known, enough filling is needed and hence level re-design has to be done before proceeding with further work.

No provision is made for protection of boundaries on three sides of stadium as chain link fencing was originally proposed on these sides. While carrying out the development work of natural drains on West & North side of stadium and the required additional earth filling, retaining wall is required to

be constructed along the periphery of land for proper protection.

(c) Quality & Safety management at site

The quality management of the project by SPV is observed to be satisfactory. All required documents in support of quality management system has been produced during inspection. Also, the site works are found to be carried out as per specifications and no adverse findings were made during inspection.

Safety management of this project is not found to be satisfactory and suggested to improve the following:

- PPE support to workers and engineers at site
- Safety barricading around working areas.

(d) Physical progress & adherence to time schedule.

The total period of completion of present contract (except synthetic track) is 15 months and a physical progress of 15% has been achieved as on date even though 30% of time has lapsed. Reported reason for delay is the heavy flood happened in the month of August and difficulty in getting the aggregates after the flood. Inspection Authority (Technical) has observed that there is shortage of resources at site and SPV was advised to monitor the work closely and to prepare a catch-up plan for adhering to the original date of completion. Also advised to initiate action for the specialised work of synthetic track.

Way forward

The observations made by the Inspection Authority (Technical) on functional & engineering design flaws have evolved mainly due to the non-consideration of site conditions while issuing the Technical Sanction by competent authority even though the same was instructed to SPV while issuing Detailed Appraisal Report (DAR) by KIIFB. The SPV has also been instructed to rectify the defects and report the compliance to KIIFB and to intimate the deviations in the work due to above and to complete the work in a time bound manner adhering to the guidelines stipulated by KIIFB.

Administrative Inspection Wing notes.....

The Administrative Inspection Wing (AIW) continued its evaluation of the progress of projects entrusted to various SPVs. During the last fortnight two SPVs viz. Road Infrastructure Company Kerala Ltd. (RICK) and Kerala State Industrial Development Corporation (KSIDC) were inspected to see and assess the causes of delay in the implementation. The AIW has also conducted physical verification of the progress in field of the projects 'Setting up of Dialysis Centers' and 'Hi-Tech Schools' in Palakkad District.

Projects by RICK.

The KIIFB approved the sub projects "Kozikode-Balusserly Road" on 8.05.17 and "Erattupetta-Vagamon Road" & "Thiruvallava-Mallappally Road" on 21.12.17. All these projects involve Land Acquisition, but acquisition process has not finalized yet. It is felt that the SPV has not yet fine-tuned its processes in line with the KIIFB guidelines issued on 24.02.2018. The Tender Sanction and Tender Acceptance Committees were not constituted so far, as stipulated in the guide lines. However, preparation of WBSs and process of opening a separate bank account for centage charge are started. The SPV was therefore instructed to follow the KIIFB guidelines.

The Land Acquisition Proceedings of 'Thiruvalla-Mallapally' Road could not be commenced as Thiruvalla and Nedumkunnam villages were not reflected in the Administrative Sanction order as the same were omitted from the proposal submitted by the SPV to Government. In the case of 'Kozhikode - Balusserly Road', though the Administrative Sanction for LA was issued on 24.05.2018, the required documents such as alignment sketch, survey reports and out lay etc. were not handed over to the District Collector in time. The joint inspection with Revenue authorities is also delayed. It is noticed that out of 20.32 km only 2.5 Km is completed as on the date of inspection. LA Notification of 'Erattupetta-Vagamon Road' which passes through Idukki and Kottayam Districts, was issued by the Spl. Tahsildar on 11.06.18. But no further progress was achieved as a fresh demand arise to re-align the road after taking over all the Govt. lands (Purambokku) in Erattupetta-Peermedu stretch.

Project by KSIDC.

The Administrative Sanction for the project 'Bio 360- Life Science Park – Phase II' issued on 26.08.2017 for Rs. 410 Cr for the acquisition of 134 Acres land and KIIFB sanctioned an amount of Rs. 301.17 Cr on 7.10.2017 for the acquisition of 128.5 Acres of land. The entire project cost of Rs.301.17 Cr was transferred to the Land Acquisition Officer through the SPV on 13.10.2017. The LAO has acquired 86.07 Acres of land out of 128.50 Acres and the same is now in possession of KSIDC and LA award passed for another 15.95 Acres, but possession could not be taken due to Court Cases.

The LAO has released an amount of Rs. 170.95cr. including court deposit and the remaining amount of Rs. 130.21 is retained. The Acquisition of the remaining land is delaying due to the pending Writ Petitions filed by various land owners in the Hon'ble HC. Though the Counter Affidavit filed on 18.05.18, the case is not posted for hearing yet. The cases are expected to be posted for hearing during the 1st or 2nd week of January 2019 as reported. The SPV is directed to closely monitor to finalize the WPCs and speed up the LA proceedings.

'Setting up of Dialysis Centres' implemented by KMSCL.

The AIW inspected the status of implementation of the projects in the Taluk Head Quarters Hospitals Alathur, Chittur, Mannarkkad and Ottappalam in Palakkad District. The status of Civil construction, Electrical works and supply of equipment were verified. It was observed that the SPV has not provided a list of equipment/consumables to be supplied under the project to hospitals and therefore a cross checking of items supplied is not possible by the hospital authorities. In THQH Alathur, equipment/consumables are supplied before the completion of Construction Works which are dumped in the store and not taken into Stock. The Dialysis Centre at THQH Mannarcaud is housed in the 1st Floor, where no ramp/lift facility available. The SPV was advised to rectify the deficiencies detected on inspection and to provide Ramp, Lift or Chair Lift facilities in THQH Mannarkkad.

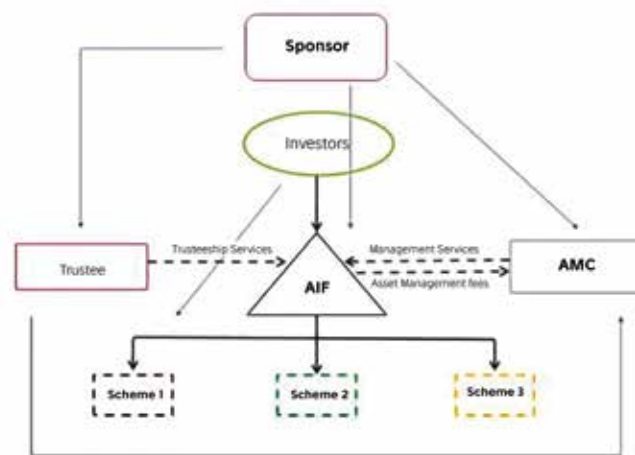
‘Hi-Tech School Programme’ by KITE in various Schools in Palakkad District.

The status of supply and installation of ICT equipment under the projects were verified by the AIW in Govt Girls HS & HSS Alathur, Govt Boys HS & HSS Chittur, LSN Girls HS Ottappalam and NSS KPT HS, Ottappalam in Palakkad District. An opinion survey among students and PTA were also conducted through questionnaire.

It was found that the supply of laptops, projectors

and accessories is completed in the Schools inspected, but installation has been delayed in some locations. The equipment has not been supplied for the class rooms which are not provided with the required facilities. The amount for installation and wall painting (for screen) has been partially released to Schools. The LED TVs supplied in all Schools have not been installed and supply of Printer, Webcam and DSLR camera is not started. The field survey among students and PTA revealed that they are satisfied with the facilities provided and the equipment installed are well maintained.

Structure of Alternative Investment Funds in India



Alternative Investment Funds (“AIFs”) are regulated in India by the Securities and Exchange Board of India under the SEBI(Alternative Investment Funds) Regulations, 2012. AIF is a privately pooled investment vehicle registered with SEBI which may have Indian as well as foreign investors and may be registered in the form of a company, Trust or a Limited Liability Partnership.

The AIF regulations permit three classes of funds Category I, Category II and Category III. Category I funds are broadly in the nature of venture capital or other similar funds; Category II in the nature of Private Equity Funds; and Category III funds are comparable to Hedge Funds.

AIF Regulations lay down detailed operational and governance norms for each category of AIFs. The minimum ticket size for investment in AIF is INR one crore and the maximum number the investor that are permitted in a single scheme is one thousand. Category I and Category II funds are not permitted

to employ leverage other than for meeting working capital requirements.

Overwhelming majority of AIFs in India are setup in the form of a Trust. In such funds, the sponsor has to first settle a Trust and then mandate the trustee to engage an investment manager to manage the fund. The day to day operations of the AIF is managed by the Investment Manager (IM). The regulations also mandate that the IM needs to have in place an experienced professional key investment team.

Category I & II AIFs enjoy tax pass thorough status; any income accruing or arising to, or received by, a unit-holder of a Fund shall be chargeable to income-tax in the same manner as if it were the income accruing received by such person, had the investments made by the Fund been made directly by the unit-holder. Further, income of an Investment Fund, other than chargeable under the head profit and gains from business and profession, shall be exempt from tax.