FAQs

Funding Options

Viability Gap Funding

1. Is there any time lag involved between grant of in-principle approval and disbursement of grant?

The approvals to a project are given prior to the invitation of bids and actual disbursement takes place once the private entity has expanded its portion of equity. Thus, there is necessarily a time lag involved between the grant of in-principle approval and the disbursement of grant of minimum 12 to 18 months. For more information, click here

2. Can the funds from VGF be used for building medical colleges?

VGF would be admissible only if: The proposed medical college is located in one of the backward districts identified under various schemes of GoI, and There is no medical college in that district as on the date of in-principle approval of VGF by the competent authority For more information, click here.

3. What is the Viability Gap Funding scheme?

The Viability Gap Funding (VGF) Scheme aims at supporting infrastructure projects that are economically justified but fall marginally short of financial viability. Support under this scheme is available only for infrastructure projects where private sector sponsors are selected through a process of competitive bidding. The total VGF under the scheme does not exceed 20% of the total project cost, however, the Government may decide to provide additional grants up to a limit of a further 20%. For more information, click here.

4. Up to what level can ventures be endorsed by Empowered Institution?

The Empowered Institution may section viability gap funding (VGF) of up to INR 1 b, s.t. budgetary ceilings by the Ministry of Finance. Other proposals are also considered by the Institution and placed before the Empowered Committee. For more information, click here

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5. What is the procedure for getting Viability Gap Funding?

The process for availing viability gap funding (VGF) involves: Submission of project proposals that include requisite information by the Government/ statutory entity owning the underlying asset Projects based-on model documents would be preferred over standalone documents Empowered Institution (EI) may seek required details for satisfying eligibility criteria The EI shall inform the sponsoring Government/ statutory entity whether the project is eligible for financial assistance within 30 to 60 days The EI may refer the case to Empowered Committee (EC) for further clarity on eligibility Projects shall be approved and implemented in accordance with the procedures specified from time to time The inter-se allocation of VGF between an ongoing scheme and this scheme shall be determined by the EC. For more information, click here

6. What is the eligibility criteria for VGF funding?

a) The PPP projects may be posed by the Central Ministries, State Government or Statutory Authorities (like Municipal Authorities and Councils), which own the underlying assets;. b) To be eligible for financing under the scheme, the PPP projects should be implemented, i.e. developed, financed, constructed, maintained and operated for the Projects term by a Private Sector Company to be selected by the Government or a statutory entity through a transparent and open competitive bidding process. c) The criterion for bidding should be the amount of Viability Gap Funding required by the Private Sector Company for implementing the project where all other parameters are comparable. d) The project should provide a service against payment of pre-determined tariff or user charge. e) This Scheme will apply only if the contract/concession is awarded in favour of a private sector company. f) The approval to projects is given prior to invitation of bids and actual disbursement takes place once the private entity has expended his portion of the equity. g) The final VGF is determined through the bidding. The detailed VGF guidelines may be accessed at the following link.

7. Which are the areas qualified under Viability Gap Funding conspire?

List of sectors permissible for viability gap funding (VGF) include: Public infrastructure such as roads, airports Public amenities such as power, water supply, waste management Infrastructure projects in special economic zones (SEZ) and national investment and manufacturing zones (NIMZ) Education, health and skill development For more information, click here

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8. What is the document checklist for proposal for grant of ‘ in principle' approval in viability gap funding (VGF)?

a) EI memo with Annexures. b) Feasibility Report/Detailed Project Report. c) RFP Bidding Document: Vol. I Instruction of Bidders. Vol. II Draft Concession Agreement. Vol. III Schedules. d) Statement on Deviation from MCA, if any. e) Other project agreements as applicable. The above documents and soft copy thereof are to be provided in 6 sets for consideration by member of Empowered Institution For more information, click here.

9. What documents would be needed for proposal for grant of final approval?

The documents required for grant of final approval for viability gap funding (VGF) are: Empowered Institution (EI) memo for final approval Appraisal report of the project by Lead Financial Institution Executed project agreement Certificate from the sponsoring authority that all conditions specified in the scheme have been complied with The above documents and soft copy thereof are to be provided in 6 sets for consideration by member of EI. For more information, click here

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