

Gujarat to use Mauritius route for NRI funds

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AHMEDABAD: The state government is in the process of setting up the Gujarat Non-Resident Infrastructure Development Fund with an initial corpus of \$ 100 million as well as a Gujarat Non-Resident Charity Fund.

Contributions for the infrastructure fund will come from non-resident Indians (NRIs) and Gujaratis (NRGs). Apart from investing in regular infrastructure projects like roads and ports, it will invest in projects like universities and scientific labs which have the potential of making profits, said consultant **Nishith Desai** while giving details about these two proposed funds during the seminar on financial services at the Vibrant Gujarat Global Investors Summit. He said that first a Mauritius-based private equity fund would be set up where the NRIs and NRGs' contributions will go.

Funds from the Mauritius entity will then be transferred to a domestic trust. "Around 70-80 per cent of the funds will be invested on projects in Gujarat and 20-30 per cent could be invested outside the state. The state government is even considering allowing a private sector fund management company to handle this fund," he added.

There are many NRGs who want to do something for their home towns in Gujarat. But there is major shortage of professionally managed charity funds. "So, the Charity Fund would work towards channelising the NRGs funds into social projects of their interest," said Desai.

"The total investment potential in Gujarat till 2020 is estimated to be \$ 200 billion or around Rs 10 lakh crore," said Ravi Mohan, managing director of Crisil. He said that the state could be broadly divided into four regions, each with its own strengths.

"Kutch has its ethnic wealth, bio-diversity and ports. North Gujarat is strong in castor and isabgol. South Gujarat, apart from being close to Mumbai, is a major industrial hub and a strong diamond industry. Saurashtra is strong in agriculture and petrochemicals," he added.

Vallabh Bhanshali, chairman of Enam Financial Consultants, said that 22 per cent of all retail funds mobilised by companies during their public issues in 2003-04 came from Gujarat. "For the first nine months of FY05, this figure has gone up to 26 per cent.

There are 120 listed companies which have the word Gujarat in their names. The second rank goes to Punjab with just 20 companies. The word Gujarat is enough to generate interest among investors across India," added Bhanshali.

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