

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2173

ANSWERED ON:06.08.2010

ISSUE OF LONG TERM INFRASTRUCTURE BONDS BY PRIVATE COMPANIES

Shivanagouda Shri Shivaramagouda;Sinh Dr. Sanjay

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has allowed deduction in computing the income tax of up to Rs. 20,000/- in respect of investment made in long term infrastructure bonds during the Financial year 2010-11;

(b) if so, the details thereof;

(c) whether an assessment of the likely impact of such facility has been made; and

(d) if so, the details thereof and reaction of the Government on the finding there?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE:(SHRI S.S. PALANIMANICKAM)

(a) Yes, Madam.

(b) The Finance Act, 2010 has inserted a new section 80CCF in the Income Tax Act, 1961, which provides that an amount upto the extent of Rs. 20,000/- paid or deposited during the financial year 2010-11 as subscription to long-term infrastructure bonds shall be allowed as deduction in computing the income of an individual or a Hindu undivided family. This deduction will be over and above the existing overall limit of Rs. 1,00,000/- available under section 80C, 80CCC and 80CCD of the Act on savings and other prescribed investments. This amendment takes effect from 1.4.2011 and is applicable for the subscriptions to eligible/notified infrastructure bonds made during financial year 2010-11.

As a consequence, 'long-term infrastructure bonds' have notified vide Notification No. 48/2010 [S.O. 1639(E)] dated 09.07.2010. The notification contains the details of the tenure, interest rates, agencies which can issue the bonds, etc.

(c)&(d) In view of the recessionary trend in national as well as global economy and in tune with the policy thrust of promoting investments in infrastructure sector, there was a need to create further opportunities for attracting more investments in the infrastructure sector. Therefore, long term infrastructure bonds have been notified to incentivize infrastructure-specific investments by the general public.