

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4038

ANSWERED ON:26.08.2011

‘COLLECTION FROM TAX SAVING INFRASTRUCTURE BONDS’

Pal Shri Jagdambika

Will the Minister of FINANCE be pleased to state:

- (a) the estimates of the collection made through the long-term tax saving infrastructure bonds notified by the Government during financial year 2010-11;
- (b) whether the Government has set collection targets on such long-term bonds and if so, the details thereof;
- (c) whether the tax incentive of upto Rs 20,000 investment made available to individuals during the financial year 2011-12 was also applicable to corporate entities as well;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) the details of Infrastructure financing Institutions authorised by the Govt. to issue such bonds; and
- (f) the basic criteria of selecting such Institutions for issuing the bonds.

Answer

Minister of State in the Ministry of Finance (Shri Namo Narayan Meena)

- (a) During financial year 2010-11, an amount of Rs 3065.77 crore was collected through the long-term tax saving infrastructure bonds notified by the Government under Section 80 CCF of the Income Tax Act, 1961.
- (b) No, Sir.
- (c) No, Sir.
- (d) The objective of section 80CCF of the Income Tax Act, 1961 under which a deduction of Rs. 20,000/- is allowed for investing in long-term infrastructure bonds, is to incentivise savings by individuals and to channel these for funding infrastructure development. The funds collected by institutions issuing these bonds will in turn be lent to corporate entities who are undertaking infrastructure projects. Therefore, the aforesaid provision has not been made applicable to companies.
- (e) As per the Notification issued by the Department of Revenue dated 9th July, 2010, long term infrastructure bonds can be issued by:
 - (i) Industrial Finance Corporation of India
 - (ii) LIC of India
 - (iii) Infrastructure Development Finance Company Ltd.
 - (iv) A non-banking Finance Company classified as an Infrastructure Finance Company by the RBI
- (f) The facility to issue long term infrastructure bonds was only extended to infrastructure NBFCs and PFIs notified under sub-section (1) of section 4A of the Companies Act, 1956 in order to make the maximum impact and to restrict the issuers mainly to those engaged in infrastructure financing.