

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2550
ANSWERED ON:09.12.2011
NORMS FOR IDFS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has issued guidelines / norms for permitting Banks and Non-Banking Financial Companies (NBFCs) to set up Infrastructure Debt Funds (IDFs);
- (b) if so, the details thereof;
- (c) whether the Government has received any recommendations in this regard; and
- (d) if so, the details thereof alongwith the follow-up action taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) : Reserve Bank of India (RBI) has issued detailed guidelines on 21.11.2011 for banks and Non-Banking Financial Companies (NBFCs) to sponsor Infrastructure Debt Funds (IDFs) subject to certain conditions, such as, Scheduled Commercial Banks would be allowed to act as sponsors to IDF - Mutual Funds (MFs) and IDF-NBFCs with prior approval from RBI, banks may act as sponsors to IDF-Mutual Funds (MFs), bank acting as sponsor of IDF-NBFC shall contribute a minimum equity of 30 per cent and maximum equity of 49 per cent of the IDF-NBFC, investment by a bank in the equity of a single IDF - MF and NBFC should not exceed 10 per cent of the bank's paid up share capital and reserves, etc.

Similar guidelines are also set out in respect of NBFCs which, inter-alia, provide prescribing the regulatory framework for NBFCs to sponsor IDFs which are to be set up as Mutual Funds (MFs) and NBFCs. Such entities would be designated as `Infrastructure Debt Fund - Mutual Funds(IDF - MF)` and `Infrastructure Debt Fund - Non-Banking Financial Company (IDF-NBFC)`. All NBFCs, including Infrastructure Finance Companies (IFCs), registered with RBI may sponsor IDFs to be set up as Mutual Funds.

(c) & (d) : RBI has received proposals of some banks for equity participation in IDFs. RBI examines such proposals on the merit of each case.