

RBI/2010-11/242

DNBS (PD) CC. No. 203 /03.10.001 / 2010-2011

October 22, 2010

All Infrastructure Finance Companies

Dear Sir

Long Term Infrastructure Finance Bonds issued by Infrastructure Finance Companies (IFCs) under Section 80CCF of the Income Tax Act, 1961- Exemption from the definition of “public deposit”

It may be recalled that the Central Government, vide Notification No.48/2010/F.No.149/84/2010-SO (TPL) dated July 09, 2010, has specified certain bonds as long term infrastructure bonds for the purposes of Section 80CCF of Income Tax Act, 1961 viz, bonds issued by Industrial Finance Corporation of India, Life Insurance Corporation, Infrastructure Development Finance Company and a Non-Banking Finance Company classified as an Infrastructure Finance Company by the Reserve Bank of India.

2. It is accordingly advised that amount raised by issue of infrastructure bonds by Infrastructure Finance Companies, as specified in the notification issued from time to time by the Central Government under Section 80CCF of the Income Tax Act, 1961, shall not be treated as ‘public deposit’ within the meaning of paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

3. Notification issued in this regard, DNBS (PD) Notification No.216(US)/2010 dated October 22, 2010, amending the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, is enclosed.

Yours faithfully

(Uma Subramaniam)
Chief General Manager-In-Charge

**RESERVE BANK OF INDIA
DEPARTMENT OF NON-BANKING SUPERVISION
CENTRAL OFFICE
CENTRE I, WORLD TRADE CENTRE,
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Notification No. DNBS.(PD) 216 / CGM(US)-2010 dated October 22 , 2010

The Reserve Bank of India, having considered it necessary in public interest and being satisfied that, for the purpose of enabling the Bank to regulate the credit system to the advantage of the country, it is necessary to amend the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, contained in Notification No.DFC.118/DG (SPT)/98 dated January 31, 1998, in exercise of the powers conferred by sections 45J, 45K, 45L and 45-MA of the Reserve Bank of India Act, 1934 (2 of 1934) and of all the powers enabling it in this behalf, hereby directs that the said directions shall be amended with immediate effect as follows-

Amendment of paragraph 2-

In clause (xii) of sub-paragraph (1), after sub-clause (l), the following sub-clause (m) shall be inserted –

“(m) any amount raised by the issue of infrastructure bonds by an Infrastructure Finance Company, as specified in the notification issued from time to time by the Central Government under section 80CCF of the Income Tax Act, 1961.”

(Uma Subramaniam)
Chief General Manager-in-Charge