

**-COPY OF-
INCOME TAX NOTIFICATION
NO. 50/2011
DATED 9-9-2011**

**SECTION 80CCF OF THE INCOME-TAX ACT, 1961 – DEDUCTION – IN
RESPECT OF SUBSCRIPTION TO LONG-TERM INFRASTRUCTURE BOND –
NOTIFIED LONG-TERM INFRASTRUCTURE BOND**

In exercise of the powers conferred by section 80CCF of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies bonds, subject to the following conditions, as long-term infrastructure bonds for the purposes of the said section, namely:-

(a) Name of the bond – The name of the bond shall be “The Long Term Infrastructure Bond”

(b) Issuer of the Bond – The Long Term Infrastructure Bonds to be issued in the financial year 2011-12 shall be issued by -

1. The Industrial Finance Corporation of India, established under section 3 of the Industrial Finance Corporation Act, 1948 (15 of 1948);

2. The Life Insurance Corporation of India, established under section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956);

3. The Infrastructure Development Finance Company Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956);

4. The India Infrastructure Finance Company Ltd.; a company formed and registered under the Companies Act, 1956 (1 of 1956); and

5. A Non-Banking Finance Company classified as an Infrastructure Finance Company by the Reserve Bank of India.

(c) Limit on issuance – (i) The Bond will be issued during the financial year 2011-12; (ii) the volume of issuance during the financial year shall be restricted to twenty-five per cent of the incremental infrastructure investments made by the issuer during the financial year 2010-11; (iii) ‘investments’ for the purposes of this limit shall include loans, bonds, other forms of debt, quasi-equity, preference equity and equity.

(d) Tenure of the bond – (i) The tenure of the Bond shall be for a minimum period of ten years; (ii) the minimum lock-in period for an investor shall be five years; (iii) after the lock-in period the investor may exit either through the secondary market or through a buyback facility, specified by the issuer in the issue documents at the time of issue; (iv)

the bond shall also be allowed as pledge or lien or hypothecation for obtaining loans from Scheduled Commercial Banks, after the said lock-in-period.

(e) Permanent Account Number (PAN) to be furnished:- It shall be mandatory for the subscribers to furnish their PAN to the issuer;

(f) Yield of the bond:- The yield of the bond shall not exceed the yield on Government securities of corresponding residual maturity as reported by the Fixed Income Money Market and Derivatives Association of India (FIMMDA), as on the last working day of the month immediately preceding the month of the issue of the bond;

(g) End-use of proceeds and reporting or monitoring mechanism – (i) The proceeds of the Bond shall be utilized towards ‘infrastructure lending’ as defined by the Reserve Bank of India in the Guidelines issued by it;

(i) the end-use shall be duly reported in the Annual Reports and other reports submitted by the issuer to the Regulatory Authority concerned, and specifically certified by the Statutory Auditor of the issuer;

(ii) the issuer shall also file these along with term sheets to the Infrastructure Division, Department of Economic Affairs, Ministry of Finance within three months from the end of financial year.

[F.NO. 178/43/2011-SO (ITA.1)]