

## Rule-2F, Income-tax Rules

**[Guidelines for setting up an Infrastructure Debt Fund for the purpose of exemption under clause (47) of section 10.]**

**2F.** [ (1) *The Infrastructure Debt Fund shall be set up as a Non-Banking Financial Company conforming to and satisfying the conditions provided by the Reserve Bank of India in the Infrastructure -Debt Fund “ Non-Banking Financial Companies (Reserve Bank) Directions, 2011, vide Notification No.DNBS.233/CGM (US)-2011, dated the 21st November, 2011 as amended vide Notification No.DNBR.020/CGM (CDS)-2015, dated the 14th May, 2015.]*

[ (2) *The funds of the Infrastructure Debt Fund shall be invested only in Post Commencement Operation Date Infrastructure Projects which have completed at least one year of satisfactory commercial operations that are“*

(i) *“ Public Private Partnership Projects and are a party to tripartite agreement with the concessionaire and the project authority for ensuring compulsory buy out and termination payment;*

(ii) *“ Non-Public Private Partnership Projects and Public Private Partnership Projects without a project authority, in sectors where there is no project authority.]*

(3) *The Infrastructure Debt Fund shall issue rupee denominated bonds or foreign currency bonds in accordance with the directions of Reserve Bank of India (RBI) and the relevant regulations under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time.*

(4) *The terms and conditions of any bond issued by the Infrastructure Debt Fund shall be in accordance with the said directions of the Reserve Bank of India and the regulations referred to in sub-rule (3).*

(5) *In case of an investor in the aforesaid bond being a non-resident, the original or initial maturity of bond, at time of first investment by such non-resident investor, shall not be less than a period of five years :*

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(6) *The investment made by the Infrastructure Debt Fund in an individual project or project belonging to a group at any time, shall not exceed twenty per cent, of the corpus of the fund.*

(7) *No investment shall be made by the Infrastructure Debt Fund in any project where its sponsor or the associate enterprise or the group of such sponsor has a substantial interest.*

(8) *The Infrastructure Debt Fund shall file its return of income as required by sub-section (4C) of section 139 on or before the due date.*

(9) *In case the Infrastructure Debt Fund does not fulfil any of the conditions provided in this rule or directions of the Reserve Bank of India, all provisions of the Act shall apply as if it is not an Infrastructure Debt Fund referred to in clause (47) of section 10 of the Act.*

*Explanation.“For the purpose of this rule,“*

- (i) *“associate enterprise” shall have the same meaning as assigned to it in section 92A of the Act;*
- (ii) *“concern” shall have the same meaning as in clause (a) of Explanation 3 of sub-section (22) of section 2 of the Act;*
- (iii) *“concessionaire”, “tripartite agreement” and “project authority” respectively shall have the same meaning as assigned to them in the Infrastructure Debt Fund - Non-Banking Financial Companies (Reserve Bank) Directions, 2011;*
- (iv) *“corpus” means the total funds of the Infrastructure Debt Fund raised for the purpose of investment;*
- (v) *“group” means a group as defined in clause (mm) of section 2â€ of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;*
- (vi) *“a person shall be deemed to have substantial interest in”*
  - (a) *“a company if he is the beneficial owner (including beneficial ownership held by one or more of his relatives, in case the person is an individual) of shares (not being the shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than 10 per cent of the voting power; or*
  - (b) *“a concern other than a company if he is, at any time during the previous year, beneficially entitled to not less than 20 per cent of the income of such concern;*
- (vii) *“relative”, in relation to an individual, means”*
  - (a) *“spouse of the individual;*
  - (b) *“brother or sister of the individual;*
  - (c) *“brother or sister of the spouse of the individual;*
  - (d) *“brother or sister of either of the parents of the individual;*
  - (e) *“any lineal ascendant or descendant of the individual;*
  - (f) *“any lineal ascendant or descendant of the spouse of the individual;*
  - (g) *“spouse of the persons referred to in sub-clauses (b) to (f); or*
  - (h) *“any lineal descendant of a brother or sister of either the individual or of the spouse of the individual;*
- (viii) *“sponsor” means a non-banking financial company, or a bank which is allowed to act as sponsor of Infrastructure Debt Fund in accordance with the directions of Reserve Bank of India. ]*