

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**RAJYA SABHA**  
**STARRED QUESTION NO. 300**  
ANSWERED ON MARCH 23, 2021

**ISSUANCE OF ZERO COUPON BONDS**

**300. SHRI B.LINGAIAH YADAV:**

Will the Minister of Finance be pleased to state:

- a) the steps being taken in order to allow funding of infrastructure by issue of Zero Coupon Bonds and responses received thereon; and
- b) the steps being taken to notify Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds and responses received as on date ?

**ANSWER**

THE FINANCE MINISTER  
(SMT. NIRMALA SITHARAMAN)

(a) & (b) : A Statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO. 300 BY SHRI. B.LINGAIAH YADAV DUE FOR ANSWER ON MARCH 23, 2021**

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(a) Any eligible issuer can raise funds for funding projects including funding for infrastructure through the issuance of non-convertible debt securities including zero coupon bonds under SEBI (Issue and Listing of Debt Securities) Regulations, 2008. Further, zero-coupon bonds can be issued by issuers notified by the Central Government under section 2 (48) of the Income Tax Act, 1961 or by non-notified issuers. The investors in the zero-coupon bond issued by notified issuers gets a differential tax treatment than those who invest in zero coupon bonds of non-notified issuers. So far, ten notifications for issuance of zero coupon bonds have been issued by the Central Government for the following issuers: National Bank for Agriculture and Rural Development (NABARD) [2 issuances], Rural Electrification Corporation Limited (RECL), National Housing Bank (NHB), Infrastructure Development Finance Company Limited (IDFC Ltd) [2 issuances], Housing and Urban Development Corporation (HUDCO) [2 issuances], Power Finance Corporation (PFC), and Small Industries Development Bank of India (SIDBI).

(b) In order to enable Infrastructure Debt Fund [*which are notified by the Central Government in the Official Gazette under clause (47) of section 10 of the Act*] to issue zero coupon bond, necessary amendments are proposed by the Finance Bill, 2021 in clause (48) of section 2 of the Act. Rules 2F and 8B of Income-tax Rules shall be amended after the Finance Bill 2021 is enacted. On such enactment, notified Infrastructure Debt Fund shall be eligible to raise funding for infrastructure through zero coupon bond notified for such purpose.

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