

**Finance Act, 2001**

**Section 5 - AMENDMENT OF SECTION 10 InS.10 of the Income-tax Act-,"**

a) in clause (10C), (i) after sub-clause (vii), the following sub-clause shall be inserted, namely : " (viiia) any State Government; or"; (ii) after sub-clause (viiia) as so inserted, the following sub-clause shall be inserted with effect from the 1st day of April, 2002, namely;" "(viiib) the Central Government; or"; (b) in clause (75), with effect from the 1st day of April, 2002," (i) in sub-clause (iv)," (A) for item (a), the following item shall be substituted, namely : " (a) by Government or a local authority on moneys borrowed by it before the 1st day of June, 2001 from, or debts owed by it before the 1st day of June, 2001 to, sources outside India;"; (B) in item (b), for the words "a loan agreement entered into with any such financial institution", the words, figures and letters "a loan agreement entered into before the 1st day of June, 2001 with any such financial institution" shall be substituted; (C) in item (c), for the words "moneys borrowed or debt incurred by it", the words, figures and letters "moneys borrowed or debt incurred by it before the 1st day of June, 2001" shall be substituted; (D) in items (d) and (e), for the words "any moneys borrowed by it from sources outside India", the words, figures and letters "any moneys borrowed by it from sources outside India before the 1st day of June, 2001" shall be substituted; (E) in item (f), for the words "a loan agreement approved by the Central Government", the words, figures and letters "a loan agreement approved by the Central Government before the 1st day of June, 2001" shall be substituted; (ii) for Explanation 1A to sub-clause (iv), the following Explanation shall be substituted, namely:" 'Explanation 1A. For the purposes of this sub-clause, the expression "interest" shall not include interest paid on delayed payment of loan or on default if it is in excess of two per cent per annum over the rate of interest payable in terms of such loan.'; (c) in clause (23AAB), with effect from the 1st day of April, 2002," (i) in the opening portion, for the words "under a pension scheme", the words "or any other insurer under a pension scheme" shall be substituted; (ii) in sub-clause (ii), after the words "the Controller of Insurance", the words, brackets and figures "or the Insurance Regulatory and Development Authority established under sub-section (1) ofS.3 of the Insurance Regulatory and Development Authority Act, 1999-(41 of 1999), as the case may be" shall be inserted; (d) after clause (23BBQ), the following clauses shall be inserted, namely:" '(23BBD) any income of the Secretariat of the Asian Organisation of the Supreme Audit Institutions registered as "ASOSAI- SECRETARIAT" under the Societies Registration Act, 1860-(21 of 1860) for three previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2004; (23BBE) any income of the Insurance Regulatory and Development Authority established under sub- section (1) ofS.3 of the Insurance Regulatory and Development Authority Act, 1999-(41 of 1999)'; (e) in clause (23C)," (a) in the third proviso," (i) in clause (a), after the words "the objects for which it is established", the words, figures and letters "and in a case where more than twenty-five per cent of its income is accumulated on or after the 1st day of April, 2001, the period of the accumulation of the amount exceeding twenty-five per cent of its income shall in no case exceed five years" shall be inserted with effect from the 1st day of April, 2002; (ii) in clause (b)," (A) after sub-clause (i), the following sub-clause shall be inserted, namely:" "(ia) any asset, being equity shares of a public company, held by any university or other educational institution or any hospital or other medical institution where such assets form part of the corpus of any university or other educational institution or any hospital or other medical institution as on the 1st day of June, 1998;"; (B) in sub-clause (iii), after the word, brackets and figure "sub-clause (i)", the words, brackets, figure and letter "and sub-clause (ia)" shall be inserted; (b) after the eighth proviso, the following proviso shall be inserted with effect from the 1st day of April, 2002, namely:" "Provided also that where the total receipts of the fund or institution referred to in sub -clause (iv) or of any trust or institution referred to in sub-clause (v) or of any University or other educational institution referred to in sub-clause (vi) or of any hospital or other institution referred to in sub -clause (via) exceed one crore rupees in any preceding year, the fund or trust or institution or University or other educational institution or hospital or other institution, as the case may be, shall" (i) publish its accounts in a local newspaper; and (ii) furnish along with the application prescribed in the first

proviso to this clause, the copy of the local newspaper in which such accounts have been published;"; (f) in clause (23FB)," (a) the Explanation shall be numbered as Explanation 1 thereof, and in Explanation I as so numbered, in clause (b), for sub-clause (i), the following sub-clause shall be substituted, namely:" "(i) operating under a trust deed registered under the provisions of the Registration Act, 1908(16 of 1908) or operating as a venture capital scheme made by the Unit Trust of India established under the Unit Trust of India Act, 1963-(52 of 1963);"; (b) after Explanation 1 as so numbered, the following Explanation shall be inserted, namely:" "Explanation 2."For the removal of doubts, it is hereby declared that the income of a venture capital company or venture capital fund shall continue to be exempt if the shares of the venture capital undertaking, in which the venture capital company or venture capital fund has made the initial investment, are subsequently listed in a recognised stock exchange in India;"; (g) in clause (23G), with effect from the 1st day of April, 2002," (a) after the words "an infrastructure capital fund or an infrastructure capital company", the words "or a cooperative bank" shall be inserted; (b) for the words, brackets and figures "any enterprise wholly engaged in the business of (i) developing, (ii) maintaining and operating, or (iii) developing, maintaining and operating any infrastructure facility", the words, brackets, figures and letters "any enterprise or undertaking wholly engaged in the business referred to in sub-section (4) ofS.80IA-or a housing project referred to in sub-section (10) ofS.80IB-" shall be substituted; (c) in Explanation 1," (i) clause (c) shall be omitted; (ii) after clause (d), the following clauses shall be inserted, namely:" "(e) "co-operative bank" shall have the meaning assigned to it in clause (dd) ofS.2 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961-(47 of 1961); (f) "interest" includes any fee or commission received by a financial institution for giving any guarantee to, or enhancing credit in respect of, an enterprise which has been approved by the Central Government for the purposes of this clause.'; (h) in clause (33), after sub-clause (iii), the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2000, namely:" "Provided that this clause shall not apply to any income arising from transfer of units of the Unit Trust of India or of a mutual fund, as the case may be."

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