

Amendments for enabling FPIs to subscribe to listed debt securities of REITs and InvITs

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In the Budget speech 2021-22, it has been announced that “debt financing of InvITs and REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations. This will further ease access of finance to InvITs and REITs thus augmenting funds for infrastructure and real estate sectors.”

In this context, the Government of India as part of the Finance Bill, 2021 has proposed amendments in the Securities Contracts (Regulation) Act, 1956 and Securities and Exchange Board of India Act, 1992 with consequential amendments in the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 to confer the power to Pooled Investment Vehicles (defined to include AIFs, REITs, InvITs etc.) to borrow and issue debt securities.

The necessary notifications would be issued by the concerned regulators after the Finance Bill is passed by the Parliament.

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Finance Minister Smt. @ nsitharaman in the Budget Speech announced enabling of debt financing in REITs and InvITs by FPIs. Govt as part of the Finance Bill has proposed amendments in the SCRA, 1956 and SEBI Act, 1992 with consequential amendments in the SARFAESI Act, 2002 and RDB Act, 1993.
