

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2628
ANSWERED ON:08.08.2003
COMPANIES EXCLUDED FROM BSE -500 LIST
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Will the Minister of FINANCE be pleased to state:

- (a) whether thousands of investors who invested in scrips of 94 firms are going to lose the capital gain tax benefits available on BSE-500 scrips as these companies have been excluded from the BSE-500 list;
- (b) if so, the details thereof;
- (c) the reasons for excluding these companies from BSE 500 list; and
- (d) the manner in which Government protect the interest of investors?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a), (b) and (d) Exemption of the long term capital gains from tax is available to shares of companies which were constituents of the BSE-500 index as on the 1st day of March, 2003. Any change in the BSE-500 index subsequent to the 1st day of March, 2003 shall not affect the exemption provided to such shares under the Income Tax Act.

(c) the exclusion of 93 companies from the BSE-500 index was part of the periodic review of the various indexes of the Mumbai Stock Exchange (BSE), on April 13, 2003. The changes are made as per guidelines laid down by the Index Committee. The announcement of the changes was made on April 14, 2003, giving a six weeks' notice to the market before the changes became effective from May 26, 2003. The above announcement by the BSE was prior to the enactment of the Finance Act, 2003.