

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2717
ANSWERED ON:31.08.2007
FACE VALUE AND MARKET PRICE OF SHARES
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Will the Minister of FINANCE be pleased to state:

- (a) whether listed companies themselves decide the face value of their equity shares according to their convenience like from Rs. 100 or Re.1/- irrespective of their market price;
- (b) if so, the rational behind the stock split;
- (c) whether the small investors are loosing their hard earned money due to this; and
- (d) if so, whether the Government proposes to issue fresh guidelines/frame rules in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) The listed companies have freedom to issue shares in any denomination or change the denomination by splitting or consolidating the existing shares subject to certain conditions.
- (b): Stock splits promote liquidity and enable the small investors to invest in shares of small denominations.
- (c) and (d): Stock split as such does not cause any loss.