

Corporations Act, 1956. [Placed in Library, See No. LT-2417/60].

AMENDMENTS TO INDIAN ELECTRICITY RULES

The Deputy Minister of Irrigation and Power (Shri Hathi): Sir, I beg to lay on the Table a copy of certain amendments to the Indian Electricity Rules, 1956 published in Notification No. G.S.R. 422 dated the 7th April, 1960, under sub-section (3) of Section 38 of the Indian Electricity Act, 1910. [Placed in Library, See No. LT-2418/60].

12.03 hrs.

BUSINESS ADVISORY COMMITTEE

FIFTY-SIXTH REPORT

Sardar Hukam Singh (Bhatinda): Sir, I beg to present the Fifty-sixth Report of the Business Advisory Committee.

12.03½ hrs.

PREFERENCE SHARES (REGULATION OF DIVIDENDS) BILL—contd.

Mr. Speaker: The House will now take up further consideration of the following motion moved by Shri B. Gopala Reddi on the 14th November, 1960, namely:

"That the Bill to regulate dividends on preference shares of certain companies be referred to a Select Committee consisting of Shri Naushir Bharucha, Shri Mulchand Dube, Shri Aurobindo Ghosal, Shri Bimal Comar Ghose, Shri Mool Chand Jain, Shri Prabhakar, Shri M. R. Masani, Dr. G. S. Melkote, Shri Radheshyam Ramkumar Morarka, Shri Narendra Nathwani, Shri P. R. Ramakrishnan, Shri Satyendra Narayan Sinha, Shri G. D. Somani, Shri Ramsingh Bhai Varma and Shri Morarji Desai, with instructions to report by the 5th December, 1960."

Shri Moraka.

Shri Morarka (Jhunjhunu): Mr. Speaker, Sir, the present Bill aims at giving some relief to the holders of preference shares for what they suffered because of the new scheme of company taxation which was introduced by the Finance Minister in February 1959. The present difficulties arose because, in the year 1959, the Finance Minister simplified the scheme of company taxation and, as part of that simplification the principle of grossing up of dividend was abolished. Because that principle of grossing up of dividend was abolished many shareholders and, particularly, the preference shareholders suffered serious diminution in their dividend income.

When the scheme was introduced the Finance Minister said that he was abolishing the Wealth Tax and was reducing income-tax from the companies and that would save the companies as much as 11 per cent. It was the expectation of the Finance Minister that this 11 per cent would be passed on to the shareholders and the result would be that the shareholders would not suffer any diminution in their income. In any case, they would not suffer any serious diminution. He said that under the new scheme the Government did not expect and did not propose to gain any additional revenue. All that the Government wanted was that instead of having one scheme of taxation they would have another which would be simpler and which, at the same time, would not change the status of the different shareholders. Experience has shown that that expectation did not materialise.

Before I go further I may here read what the Finance Minister said in his various speeches. In the year 1959, this is what he said:

"The legal fiction of deeming the income tax paid by the company as having been paid by the shareholder and the complicated