

Standing Committee Report Summary

The Warehousing Corporations (Amendment) Bill, 2011

- The Standing Committee on Food, Consumer Affairs and Public Distribution (Chairperson: Vilas Baburao Muttemwar) submitted its 23rd Report on the Warehousing Corporations (Amendment) Bill, 2011 on August 30, 2012.
- The Bill amends the Warehousing Corporations Act, 1962. The Act established Central and State Warehousing Corporations for warehousing of agricultural produce and other commodities.
- The Central Warehousing Corporation (CWC) is a Public Sector Enterprise that has been awarded Mini-Ratna status. Mini Ratnas do not get financial support or government guarantees. The Bill amends the Act by removing provisions for any financial support or guarantee given to the CWC by the central government. It maintains the provision of financial support or guarantee given by state governments to State Warehousing Corporations.
- The Committee concurs with the amendment to withdraw financial support and guarantee to the CWC by the central government. According to the amendment, the central government will no longer guarantee the shares of the CWC. In light of this change, the Committee recommends that the CWC examine buying back investors' shares so that they are given an opportunity to redeem their investment in the corporation.
- The principal Act had referred to Section 86 of the Income Tax Act, 1961 (IT Act) to exempt tax payable on interests on debentures and bonds issued by CWC and SWCs. The Bill retains this provision only for the SWCs. The Committee found that Section 86 has been omitted from the IT Act since April 1965. Therefore, the reference to it in the Bill for exemption of tax is no longer valid. Instead, section 10(15)(iv)(h) of the IT Act deals with incomes from interest on securities that are not taxable. This section of the IT Act can be applicable for tax exemption purposes relating to SWCs. However, the Committee recommends that any exemption from income tax that is sought for the SWCs should be made through the IT Act rather than through this Bill.

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