

decisions on behalf of the Government.

(c) and (d). The Empowered Committee has held two meetings for considering the recommendations. No decisions have yet been announced.

Amount Passed on to Hotel Maurya by M/S Indian Tobacco Company Ltd.

7135. SHRI TRAM BHAGAT PASWAN: Will the Minister of FINANCE be pleased to state;

(a) whether Government aware that M/S Indian Tobacco Company Limited passed on a huge amount of its income to its hotel group and towards publicity expenditure so as to reduce income;

(b) if so, the total amount passed on to Hotel Maurya group by M/S Indian Tobacco Company Limited and the names of advertising agencies through which publicity work has been done by Indian Tobacco Company; and

(c) whether Government propose to order special enquiry in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) and (b). Since M/S Indian Tobacco Company Limited owns the Welcome Group of Hotels, incurring expenditure on behalf of its hotels is a normal business activity for M/S Indian Tobacco Company Limited, and the question of reducing its income by way of any expenditure on its hotels does not arise. Expenditure laid out wholly and exclusively on advertisement is an allowable deduction, under section 37 of the I.T. Act, 1961, if the conditions laid down therein are satisfied.

Names of the main advertising agents of Indian Tobacco Company Limited, inter, alia, are as under:

- (1) M/S. Clarion Advertising Services Limited, 55, Mirza Ghalib Street, Calcutta-700016.
- (2) M/S. Hindustan Thompson Associates Ltd., 30 Bondel Road. Calcutta-700019.

(c) Allowability or otherwise of expenditure incurred on advertisement will be looked into while completing the relevant assessments of M/S. Indian Tobacco Company Limited.

Accountability of Nominee Directors in Matters of Fraudulent Transactions

7136. SHRI INDRAJIT GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the nominees of the Department of Banking and the Reserve Bank of India serve as Directors on the Boards of Bank of Baroda, Central Bank of India, Punjab National Bank and the Union Bank of India;

(b) whether it is also fact that a number of these Directors have been nominated on the Boards of other nationalised banks also; and

(c) if so, the accountability of these nominee Directors in the matter of fraudulent transactions in these banks reported by the national press in the recent past?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) Yes, Sir.

(b) Yes, Sir. In some cases, Central Government officers have been appointed as Directors on more than one bank.

(c) The nominee Directors of the Reserve Bank of India and the Central Government are not vested with any special powers and do not enjoy any special status on the Boards. Matters coming up before the Boards are decided by consensus, and if necessary by a majority of votes. The responsibility of the Board is collective and in view of this no individual Member can be held accountable or as having any special responsibility for matters pertaining to the day-to-day management of bank, unless he is, in another capacity, expected to shoulder the responsibility.