

(d) and (e). Since misuse of guest houses was felt to be a mode of tax evasion, above referred statutory provisions were made to enable the Department to disallow the entire expenditure on maintenance of guest houses.

Evasion of Income-Tax through Guest Houses

3334. SHRI V. SOBHANADREESWARA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that some big industrial/business houses are showing in their income-tax return lakhs of rupees expenditure on their guest houses/buildings which are actually used as resi-

dential houses of Directors of those companies;

(b) how many guest houses are being maintained by the Modi Group of companies in Delhi/New Delhi; and

(c) the annual expenditure incurred on these guest houses in the last three years and whether this expenditure was allowed as admissible deduction by the Income-tax authorities and if so, the reasons thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): (a) Yes, Sir.

(b) and (c). A statement is given below.

STATEMENT

The Modi Group of Companies, assessed in Delhi are maintaining 9 guest houses in Delhi/New Delhi. The annual expenditure on these guest houses for 1985-86, 1986-87 and 1987-88 (assessment years) available in the Tax Audit Report of the companies are as under:-

<i>Name of the Company</i>	<i>Assessment Year</i>	<i>Amount of Expenditure (In Rupees)</i>
<i>1</i>	<i>2</i>	<i>3</i>
1. Modipon Ltd.	1985-86	1,08,000
	1986-87	1,62,000
	1987-88	1,54,000
2. Modi Industries Ltd.	1985-86	18,30,000
	1986-87	No Assessment made as accounting year was changed.
	1987-88	9,44,670
3. Modi Spg. & Wvg. Mills Ltd.	1985-86	6,80,000

1	2	3
	1986-87	8,11,000
	1987-88	4,65,000
4. Modi Rubber Ltd.	1985-86	5,66,841
	1986-87	5,35,394
	1987-88	19,46,630
5. Modi Zerox	1985-86	—Nil—
	1986-87	—Nil—
	1987-88	5,97,313

However, the entire expenditure as is found to have been really incurred for maintenance of all these guest houses is not to be allowed as business expenditure under the law.

Interest Free Loan from World Bank

3335. SHRI G. BHOOPATHY:
SHRI VISHNU MODI:
SHRI LAKSHMAN MALLICK:

Will the Minister of FINANCE be pleased to state:

(a) the amount of interest free loan lent by the World Bank this year;

(b) whether the interest free loan is proposed to be given to face severe drought situation in the country; and

(c) if so, how much?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B.K. GADHVI): (a) to (c). The International Development Association, the soft lending affiliate

of the World Bank, which gives interest-free credits, has committed credits amounting to \$376 million during the current financial year so far. This includes a credit of \$ 200 million for drought assistance.

Acquisition/Building of New Aircraft Carriers

3336. SHRI SRIBALLAV PANIGRAHI:
Will the Minister of DEFENCE be pleased to state:

(a) whether a change has been put into motion in terms of defence of the maritime interests of the country with the Indian Navy, increased impetus to the acquisition and building of new aircraft carriers;

(b) whether the views of Defence experts regarding the right over the air wing of the Navy and IAF have been taken into consideration; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE PRODUC-