

(a) whether Government propose to dispense with mixed offers of 14% and 10% bonds issues by the public sector undertakings in view of the comparatively higher commitment involved in 14 per cent issue of public sector bonds;

(b) the ultimate cost borne by Government in the case of 44 per cent bonds considering the impact of cumulative interest, brokerage and redemption; and

(c) whether Government propose to change the policy regarding issue of public sector bonds ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARI) : (a) No, Sir. These bonds are issued in the important infrastructural fields such as power, telecommunication and railways.

(b) The facility of Cumulative interest is not availed by all investors and is not an extra cost and Brokerage is a one-time expense of 1.5%. There is no redemption premium in respect of public sector bonds.

(c) No, Sir. However, the policy is subject to periodical review and suitable modifications can be effected whenever necessary.

#### Clandestine Sale and Purchase of Foreign Currency

4120. SHRI SOMNATH RATH : Will the Minister of FINANCE be pleased to state :

(a) whether Government unearthed a racket in clandestine sale and purchase of foreign currency in Delhi in September, 1986;

(b) if so, the number of persons arrested; and

(c) the details in this regard ?

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

(b) and (c). During September, 1986, the D.R.I. and Enforcement Directorate

(FERA) conducted a number of searches in Delhi, resulting in the seizure of foreign exchange to it US \$ 1,01, 512.00, Can. \$.36, £.9, D.M. 250, Nep. Rs. 67, U.S. \$ 850 and Indian currency of Rs. 2 lakhs, besides documents. In this connection, four persons were arrested for violation of the provisions of the F.E.R. Act.

#### Revision of Premiums by LIC

4121. SHRI SALEEM I. SHERVANI : Will the Minister of FINANCE be pleased to state :

(a) the mortality table and its year with percentage of mortality being used by Life Insurance Corporation of India for fixing its premiums on different table of Policy;

(b) the rate of compound interest on premia earned and collected from policy holders; and

(c) whether any revision of premiums or change in mortality table is being contemplated by LIC, in the near future ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) The premiums on "with profit" policies of LIC are based on LIC (1970-73) ultimate mortality rated up by 3 years and those under "without profit" policies are based on LIC (1975-79) ultimate mortality rated up by 3 years.

(b) The net rate of interest earned by LIC on its Life Fund for the last five years is as under :

Year	Net rate of Interest
1981-82	8.02%
1982-83	8.13%
1983-84	8.62%
1984-85	8.82%
1985-86	9.16%

The premiums under "with profit" plans of LIC are based on 6% interest and those

under "without profit" are based on 8% interest.

(c) LIC is not contemplating any change in the mortality table. However, based on experience the premium rates in respect of "without profit" policies have been reduced w.e.f. 1.9.86 and higher bonus rates are being declared in respect of "with profit" policies.

#### Japanese Grant

4122. SHRI S. PALAKONDRAYUDU : Will the Minister of FINANCE be pleased to state :

(a) whether Japan has extended an aid of 1,411 million Yen for economic development;

(b) whether the aid is tied to some projects; and

(c) if so, the details thereof ?

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

(b) No, Sir.

(c) The Exchange of Notes with the Government of Japan for extension of this debt-relief grant aid took place on the 27th February, 1987. The grant aid is available for import of machinery, equipment, components, spare parts etc. from Japan, all the developing countries and all member countries of the Organization for Economic Cooperation and Development (O.E.C.D.).

#### Loans Sanctioned by Term Lending Public Financial Institutions

4123. SHRIMATI GEETA MUKHERJEE : Will the Minister of FINANCE be pleased to state :

(a) the term-lending public financial institutions in the country;

(b) the dates when these were started;

(c) the loans sanctioned and disbursed by each of these institutions to large, medium and small industries during each of the last three years;

(d) the loans sanctioned/disbursed/outstanding by each of these institutions in respect of MRTP and FERA companies during each of the last three years;

(e) the rates of interest charged by each of these institutions on various kinds of loan granted by them presently and changes in interest rates during the last three years; and

(f) amount of budgetary transfers, if any, made to each of these institutions during each of the last three years ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) and (b). The three All India term lending development public financial institutions in the country *viz.* the Industrial Finance Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI) and Industrial Development Bank of India (IDBI) were established on 1.7.1948, 5.1.1955 and 1.7.1964 respectively.

(c) and (f). Statement-I showing the information available with the above financial institutions is given below.

(d) Information is being collected and to the extent available and permissible under the rules, would be laid on the Table of the House.

(e) The information furnished by the financial institutions is given in Statement-II below.