

Cost of the Scheme	LIC's share	
	Urban	Rural
Where the cost does not exceed Rs.1.00 crore.	2/3 of the cost	50% of the cost
Where the cost exceeds Rs.1.00 crores but does not exceed Rs.5.00 crores.	Rs.0.67 cr. plus 50% of the cost exceeding Rs.1.00 cr.	Rs.0.50 cr. plus 50% of the cost exceeding Rs.1.00 cr.
Where the cost exceeds Rs.5.00 crore but does not exceed Rs.10.00 crore.	Rs.2.67 cr. plus 40% of cost exceeding Rs.5.00 cr.	Rs.2.50 cr. plus 40% of cost exceeding Rs.5.00 cr.
Where the cost exceeds Rs.10 crores.	Rs.4.67 cr. plus 25% of the cost exceeding Rs.10.00 cr.	Rs.4.50 cr. plus 25% of the cost exceeding Rs.10.00 cr.

On the basis of above pattern, for schemes costing upto Rs.5.00 crores, LIC grants loans to the extent of 67% to 50% depending on the cost of the schemes. For schemes costing more than Rs.5.00 crores, LIC loan component will be reduced on graded basis depending on the cost of the schemes. This pattern is adopted with a view to fund a large number of schemes.

In the case of rural water supply schemes, LIC grants loans upto a maximum of 50% of the cost as the balance cost is generally met out of State Government grants.

(d) and (e) For escalation in the original estimated cost of the schemes, LIC loan is considered to the extent of 25% of the difference between the original and revised estimated cost. Such assistance is extended only once for any on-going scheme subject to the following conditions:-

- (1) The State Government should undertake to provide/ arrange necessary funds for meeting the balance overrun in the cost.
- (2) The revised estimated cost is administratively approved by the State Government.

[English]

#### Recovery of Loan

2159. SHRI VILAS MUTTEMWAR : Will the Minister of FINANCE be pleased to state :

(a) whether the reckless financing of projects has started weakening the financial institutions as many borrowers failed to return the loans taken from the Institutions like IDBI, ICICI and IFCI;

(b) if so, whether even a massive bail-out operations have not helped defaulted borrowers with institutions taking a big hit at the cost of the promoters who have benefited; and

(c) if so, the steps the Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND

MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE)(SHRI KADAMBUR M.R. JANARTHANAN): (a) No, Sir. Financial Institutions (FIs) have been financing projects which fulfil the eligibility criteria and meet the viability norms. Financing decisions are taken after due diligence on the promoter/company and after detailed appraisal with a view to ensuring that viability and other norms are satisfied. Wherever necessary proposals for assistance are referred to an adhoc committee of experts. While taking decisions on financing of projects the FIs follow lending policies laid down by their respective Boards of Directors and the prudential norms laid down by the Reserve Bank of India.

(b) and (c) Does not arise.

#### National Shareholding Trust

2160. DR. ULHAS VASUDEO PATIL: Will the Minister of FINANCE be pleased to state :

(a) whether the Government propose to set up National Shareholding Trust as alternative to privatisation of Public Sector Units;

(b) if so, the details thereof;

(c) whether Disinvestment Commission has given any recommendation in this regard; and

(d) if so, the details thereof?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA) : (a) A number of proposals have been received by the Government including the proposal to set up a National Shareholding Trust as an alternative method of privatization of Public Sector Units.

(b) to (d) The Disinvestment Commission has suggested setting up of a National Shareholding Trust which has following features:

1. The entire shareholding of the Government in the identified PSU be transferred to a Trust.
2. The Trust to be called the National Shareholding Trust may be set up under the relevant Statute/Act.

3. The sale of shares may be arranged by the Trust after getting advice from the Disinvestment Commission on the quantity and modalities and after Government approval for the Sale price and thereafter the proceeds will be transferred to Government.
4. The management of the Trust would be entrusted to a group of 5 eminent persons including a representative from Ministry of Finance.

#### Hike in Tea Prices

2161. SHRI HARIN PATHAK : Will the Minister of COMMERCE be pleased to state :

- (a) the reasons for the hike of tea prices in the country;
- (b) whether the Government have prepared any action plan to increase the production of tea in the country during the current Five Year Plan period;
- (c) if so, the details thereof; and
- (d) the details of the quantity of tea exported as compared to target fixed during each of the last three years?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE): (a) Rise in the prices of tea has been on account of higher domestic and export demand for Indian Tea.

(b) and (c) It is proposed to achieve annual production target of 1000 mn kgs. by the end of current five year plan i.e. 2001-02. Activities planned to achieve this target inter-alia include measures such as replantation, extension planting, setting up of new plantations, assistance to small growers in extension activities, development of tea plantations in non-traditional areas and research and development etc.

(d) Export of tea vis-a-vis the targets during the past 3 years have been as under:-

Export (Qty. in MN. KGS.)		
Year	Target	Achievement
1995-96	170	167.47
1996-97	180	169.04
1997-98	180	211.76

#### Tourism Projects

2162. DR. RAM CHANDRA DOME : Will the Minister of TOURISM be pleased to state :

- (a) the details of tourism projects submitted by the Governments of West Bengal, Kerala and Tripura to the Union Government during the last three years;
- (b) the number of projects out of these approved by the Union Government; and
- (c) the reasons for disapproving the remaining projects?

THE MINISTER OF STATE IN THE MINISTRY OF TOURISM (SHRI OMAK APANG) : (a) and (b) Development of tourism is primarily the responsibility of the State Government. However, the Ministry of Tourism provides financial assistance for development of tourism infrastructure based on specific project proposals received from the State Governments.

During the last three years, 26 projects were sanctioned for the State of West Bengal, 27 projects for the State of Kerala and 19 projects for the State of Tripura.

(c) 5 projects in respect of West Bengal could not be sanctioned during 1997-98, as the project proposals were incomplete.

#### Inspection of Private Sector and Good Rated Bank by RBI

2163. DR. BIZAY SONKAR SHASTRI : Will the Minister of FINANCE be pleased to state :

(a) whether private sector banks are inspected every year by the Reserve Bank of India but the good rated banks are inspected at an interval of 1 to 10 years and the branches are visited on selective basis;

(b) if so, the number of private sector banks their branches and good rated private banks inspected by RBI during the last three years;

(c) if so, the outcome of the inspection of private banks and their branches and the action taken by the banks vis-a-vis the RBI during the above period;

(d) whether the private banks have implemented the follow-up action plan during the last three years; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE)(SHRI KADAMBUR M.R. JANARTHANAN): (a) The Reserve Bank of India (RBI) has reported that inspection of private sector banks is undertaken by the RBI generally once in 12 to 18 months.

(b) The number of private sector banks and the number of branches inspected by Reserve Bank of India during the last three years is given below:

Year	No. of banks inspected	No. of branches inspected
1995-96	19	551
1996-97	28	557
1997-98	36	676

(c) to (e) The Reserve Bank of India (RBI) carried out the inspection under Section 35 of the Banking Regulation Act.