

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1988  
ANSWERED ON:15.03.2002  
BONDS OF GUJARAT STATE ORGANISATIONS  
MANIBHAI RAMJIBHAI CHAUDHARY

**Will the Minister of FINANCE be pleased to state:**

- (a) Whether the LIC's refusal to subscribe to bond issues of Gujarat State Organisations have adversely affected the State's resources;
- (b) Whether the State Government have requested to the Union Government to intervene to break the impediments; and
- (c) If so, the action taken by the Union Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) (b) & (c) : Life Insurance Corporation of India has informed that defaults by State Governments and state public sector enterprises in servicing of loan assistance given to them for various socially oriented schemes, has resulted in increasing the Corporation's Non Performing Assets. Therefore, the Corporation has decided that fresh release of Plan loan assistance and subscription to bond issues etc. would be subject to clearance of the past overdues. This procedure is being applied to all State Governments and their public sector enterprises uniformly, including the State of Gujarat.

LIC has informed that as on 31st March, 2001 an amount of Rs. 184.79 crore is outstanding as repayment of loans from State Government Agencies in Gujarat. LIC have discussed the matter with the Gujarat State Government Officials and have expressed their intention to continue the financial assistance to the State as soon as a scheme for the settlement of dues is worked out in a forum involving LIC, State Government and Gujarat State Co-operative Housing Finance Corporation.