

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1489

ANSWERED ON:03.03.2000

GRANT OF LOAN BY LIC FOR SUPPLY OF WATER AND SEWERAGE DISPOSAL SCHEMES

LAXMINARAYAN PANDEY

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

- (a) whether the manner in which loans are granted by Life Insurance Corporation of India for water supply/sewerage disposal schemes, the total loan amount remains less than 50% of the estimated cost:
- (b) if so, whether LIC propose to raise this percentage limit;
- (c) whether LIC grants sufficient loans for the cost over-run of the scheme; and
- (d) if not, the reasons therefor?

**Answer**

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

- (a) and (b) LIC has informed that they grant loans to the State Level Water Supply and Sewerage Board and Local Bodies for water supply and sewerage schemes sponsored by State Government as per the annual allocation made by Planning Commission in accordance with the following graded scale Cost of Scheme Loan Upto Rs. 5 Crores upto 67% Rs. 5 to Crores upto 46.7% Above Rs. 10 Crores reduced graded basis The pattern of financing is reviewed from time to time.
- (c) and (d) LIC considers loan for cost-overruns to the extent of 25% of the difference between the original and revised estimated cost subject to the condition that State Government should meet the balance 75% of the overrun cost. This assistance is extended only once for a given project.