

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1779  
ANSWERED ON:10.12.2004  
LIC SERVICE TAX  
Singh Shri Kirti Vardhan

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

- (a) whether the LIC proposes to absorb service tax during current year;
- (b) if so, the details and the reasons therefor;
- (c) whether in a bid to hike its capital through an IPO or otherwise to sustain its growth momentum the LIC has approached the Union Government;
- (d) if so, the reaction of the Government on LIC request;

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a)& (b): The Life Insurance Corporation of India (LIC) has informed that they intend to absorb Service Tax on agency commission and all input services. Regarding policies, LIC would bear the cost of service tax under all conventional individual products. However, for Pure risk products which include Group Term Assurance Plans and Unit Linked Plans, where the risk premium content is readily identifiable, the cost of service tax on the risk premium shall be borne by the policyholder.

(c) : No, Sir.

(d); Does not arise.