

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1598
ANSWERED ON:02.12.2005
FORECLOSE LOAN
Shivanna Shri M

Will the Minister of FINANCE be pleased to state:

:

(a) whether Karnataka Government has sought the intervention of the Union Government to persuade public financial institutions such as the Life Insurance Corporation of India and other to foreclose loans granted to the State; and

(b) if so, the response of the Union Government in this regard ?

Answer

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

(a) Yes, Sir. A request from Government of Karnataka was received regarding prepayment of loans of LIC.

(b) The request of Government of Karnataka was considered by LIC as a special case and it was decided to accept prepayment of loans, provided the State Government agrees to pay Net Present Value of future loss of interest on such loans.