

### Investment of LIC funds

72. SHRI C. MADHAV REDDI : Will the Minister of FINANCE be pleased to state :

(a) the guidelines laid down for the Life Insurance Corporation of India regarding investment of its funds;

(b) whether it is a fact that Life Insurance Corporation of India is required to invest 75 per cent of its funds as per Government stipulations and not with a view to earning maximum returns for the policy-holders; and

(c) if so, the reasons thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) to (c). Section 27A (1) of the Insurance Act, 1938, as applied to LIC envisages the following pattern of investment by LIC

	Percentage of Accretion to the Controlled Fund to be invested every year
1. In Central Government Securities not being less than	25%
2. In Central Government and State Government Securities including Government guaranteed marketable securities and including (1) above being not less than	50%
3. In socially oriented sector including public sector, co-operative sector, house building by policyholders, OYH schemes and including (2) above being not less than	75%

The above had kept in view inter alia the recommendations in this regard of an Informal Group constituted in 1970 under the Chairmanship of the then Governor, Reserve Bank of India.

Government have, however, exempted the accretions to the Controlled Fund relating to Group Schemes Fund and Individual Annuity Fund from the above provisions of Section 27A (1) of the Insurance Act and allowed a different pattern of investment to ensure better yield and return to policy-holders :

1. In Central Government Securities not less than	15%
2. In State Government Securities and Securities guaranteed by the Central/State Governments not less than	15%
3. In Central Government deposits schemes not less than	35%
4. In debentures and loans to public sector companies not more than	35%

### Liberalisation of norms for Bank advances against shares

73. SHRI GURUDAS KAMAT : Will the Minister of FINANCE be pleased to state :

(a) whether a proposal to liberalise the norms for bank advances against shares has been received by Government recently; and

(b) if so, the Government's reaction thereto ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARI) : (a) The Government has not received any proposal from Reserve Bank of India for liberalising the norms for bank advances against shares.

(b) Does not arise.