

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:288
ANSWERED ON:25.02.2000
INVESTMENT BY LIC
AKBOR ALIKHANDOKER

Will the Minister of FINANCE be pleased to state:

- (a) whether Life Insurance Corporation of India(LIC) has sought the permission of the government to appoint a US based firm as its U.K. Fund Manager;
- (b) if so, whether the permission has been accorded to LIC;
- (c) the investible fund available with LIC;
- (d) whether the Government propose to direct LIC to invest the fund in the domestic circuit; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) & (b): The Life Insurance Corporation of India(LIC) has sought the permission of the Government for appointment of M/s Merrill Lynch Mercury Asset Management Ltd. as fund managers for its UK Branch. M/s Merrill Lynch Mercury Asset Management Ltds a UK based subsidiary of M/s Merrill Lynch Global Asset Management of US. The Government has accorded permission to LIC fo appointment of M/s Merrill Lynch Mercury Asset Management Ltd. to manage part of the funds of LIC`s UK Branch.

(c) to (e) : The fund size of LIC`s UK Business as on 31.3.1999 was UK Pound Sterling 37.321 million. The investment of funds o LIC`s UK operations is made as per the regulations governing investment of funds of insurance companies in UK. These regulations require that an insurance company invest at least 80% of its Long Term Business Assets in UK itself. In order to avoid the currency fluctuations which will ring in unwarranted risks to the portfolio, LIC considers that funds if invested outside UK should be invested in Pound Sterling denominated assets.