

**GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA**

UNSTARRED QUESTION NO:388
ANSWERED ON:26.07.2006
INVESTMENT IN SHARE MARKET BY POSTAL DEPARTMENT
Acharia Shri Basudeb;Ponnuswamy Shri Mohan

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether the Government has taken any decision to invest Rs. 10,000 crore postal insurance fund in the stock market;
- (b) if so, the details thereof;
- (c) whether many political parties have objected to the decision of the Government; and
- (d) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD)

(a) & (b) The Ministry of Finance vide their O.M. No. 5(12)-PD/2001 dated 24th May, 2005 and O.M. of even number dated 30th January, 2006, have communicated the following decisions in respect of investment of Post Office Insurance Fund (POIF) and Rural Post Office Insurance Fund (RPOIF):-

1.
 - (i) Corpus under POIF and RPOIF would get frozen as on March 31, 2006. The balance under POIF and RPOIF as on March 31, 2006 would be converted into dated securities over a period of 3 years, starting in the Financial Year 2006-07, offering a mix of maturities, to be decided in consultation with Department of Posts;
 - (ii) The subscription received under PLI and RPLI during the period between April 1, 2006 and September 30, 2006 may be invested in the Special Deposit Scheme;
 - (iii) Accretion under PLI and RPLI with effect from October 1, 2006 should be invested as per the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations 2000, as amended by Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001 or any subsequent amendment;
 - (iv) The cumulative investment during April 1, 2006 to September 30, 2006 shall be eligible for withdrawal on September 30, 2006 or any date thereafter.
 - (v) No subscription shall be received with effect from October 1, 2006 and no interest shall accrue on the amounts invested in the corpus on or after April, 2006 with effect from October 1, 2006.

2. The process for implementing the above decision of Ministry of Finance is underway and at this stage it is not possible to indicate the actual amount to be invested. However, any investment to be done will be as per IRDA norms as indicated above.

(c) This Ministry is not aware of any such development.

(d) Does not arise in view of (c) above.