

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4705  
ANSWERED ON:23.04.2010  
CAPITAL MARKET EXPOSURE OF LIC  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the capital market exposure of the Life Insurance Corporation (LIC) has been increased during the last three years;
- (b) if so, the details thereof; and
- (c) the precautionary measures taken by the Government and the LIC to safeguard the common investors money?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) & (b); The Life Insurance Corporation of India (LIC) has reported that majority of its investments are in Central Government and State Government Securities and in Infrastructure sector. LIC in the usual course of investment of funds, buys and sells equity shares. The quantum of equity investments depends upon available opportunities, stock market outlook as well as availability of alternative investment opportunities in debt and interest rate scenario. The objective is to provide reasonable returns to the policyholders. As per the information provided by the Life Insurance Corporation of India, the details of equity investment viz-a-viz total investments made by LIC during the last 3 years is as under:

Year	Total Investments	Equity Investments	Equity Investment as % of the total Investments
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2007-08	7,56,891	1,04,601	13.82
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2008-09	8,15,484	1,40,634	17.25
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2009-10 (provisional)	9,57,059	1,89,435	19.79
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(c): The investments are made by LIC, as per provisions of Section 27(A) of insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) Regulations, 2000 as made applicable to the Corporation. LIC has further informed that the investment in equity share of the companies is made as per the guidelines approved by the Investment Committee. Such investments are made based on the detailed analysis of the track record, financial performance, outlook for the industry and company, growth prospects and Research Reports prepared by the standalone Risk Management and Research department of the Corporation. Through these processes all precautionary measures are taken by LIC to safeguard the common investor's money.