

accordance with the rules of the bank. A larger interest rate was paid which is from the bank's point of view an imprudent and unwise way of behaviour because if you borrow at a higher rate of interest and lend it out at a lower rate of interest, that is not what you might call a wise business transaction. So, these are the matters and they have been gone into to establish as to why this was done and so on.

**Investment Policy of Life Insurance Corporation of India**

\*264. SHRI R. KOLANTHAIVELU: Will the Minister of FINANCE be pleased to state:

- (a) the policy of L.I.C. regarding investment;
- (b) a break-up of the investment made during the last twelve months; and
- (c) the extent of contribution made by L.I.C. in the field of housing construction for the weaker sections?

THE MINISTER OF FINANCE (SHRI H. M. PATEL): (a) to (c). A Statement is laid on the Table of the House.

**Statement**

Section 27A of the Insurance Act, 1938, as applied to the Life Insurance Corporation contains the statutory framework for the L.I.C.'s Investment policy. The Government have approved the following pattern for the investments of the net addition to the Controlled Fund of the L.I.C. during the Fifth Plan period:—

(a) *Socially Oriented Sector*

Percentage of the Controlled Fund

(i) In Central Government marketable securities not less than	25%
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(ii) In Central and State Government securities including Government Guaranteed marketable securities indling (i) above being not less than	50%
(iii) In Socially Oriented sector including Public sector, Cooperative sector, House Building by Policy-holders, OYH scheme etc. including (ii) above being not less than	75%

(b) *Other Investment*

(i) In Private sector	10%
(ii) Loans to policy holders	8%
(iii) Construction and Acquisition of immovable property by LIC	2%
(iv) Funds in pipeline not available for investment	5%
	100%

The gross investments of LIC in various categories during the period 1976-77 and for the period from 1-4-1977 to 31-1-1978 were of the order of Rs. 593.79 crores and Rs. 530.06 crores respectively. Statements showing the break-up of investments made by the LIC during the above period are placed at Annexe. 'A' and 'B'.

Contribution made by the LIC upto 31st March, 1977 in housing development is given below:

Description	Amount advance (in crores of rupees)
1	2
(i) Loans to State Govts. for financing their various Social Housing Schemes	263.33
(ii) Loans to Apex Co-op Housing Finance Societies (including loan to Govt. of Karnataka for housing Co-ops. of Scheduled Castes/Tribes)	274.82

1	2
(iii) Loans to State Housing Boards . . . . .	10.15
(iv) Loans to HUDCO . . . . .	33.00
(v) Loans disbursed under LIC's various Mortgage Housing Schemes . . . . .	129.61
(vi) LIC's own building construction for Staff Quarters and Township development . . . . .	17.85
<b>TOTAL</b> . . . . .	<b>728.56</b>

LIC's contribution to the development of housing by way of financial assistance to the State Government institutions listed at (ii) to (iv) does not provide for any specific allocation of funds for construction of houses for people belonging to weaker sections of the society. It is for the State Governments and the Institutions to apportion the loans given to them by the LIC into one or more schemes for people belonging to Middle Income, Low Income and economically weaker sections of the society. Information relating to the proportion of the LIC's loan for building houses for weaker sections of the society by these institutions is not available with the L. I. C.

#### ANNEXURE 'A'

*Statement showing category-wise Gross investment made in India during 1976-77*

(Rupees in Crores)

Category	Gross Investments
1	2
<b>A. (I) Socially Oriented Sector</b>	
(I) Central Government Securities . . . . .	172.40
(II) State Govt. and other Govt. Guaranteed Marketable Securities	
(1) State Govt. Securities . . . . .	41.41

1	2
(2) Municipal Securities . . . . .	0.49
(3) Electricity Board Bonds . . . . .	*45.05
(4) Land Dev. Bank Debts . . . . .	14.92
(5) Financial Corp'n. Bonds including IFC, AR & DC, CWC, IDBI & ICICI . . . . .	24.85

#### (2) Other Investment in Socially Oriented Sector

(1) Loans to State Elec. Boards . . . . .	*83.83
(2) Loans to State Govt. for Housing Schemes . . . . .	22.06
(3) Loans to Mupl. Committees for W.S. & D. Schmes . . . . .	30.62
(4) Loans to Zilla Parishads for R.W.S. Schemes . . . . .	5.01
(5) Loans to Co-op. Hsg. Fin. Societies including HUDCO . . . . .	44.50
(6) Loans to Co-op. Sugar Factories . . . . .	5.54
(7) Loans to Industrial Estates . . . . .	1.78
(8) Loans to Co-op. Spg. Mills . . . . .	0.10
(9) Loans to Policy holders under OYH & OYA Schemes, etc. . . . .	8.85

#### B. Other Investments

##### (I) Corporate Sector

(1) Term Loan to Companies . . . . .	18.78
(2) Shares & Debentures of Companies . . . . .	19.01
(3) Participating Loan . . . . .	19.93

(II) Loan on Policies . . . . . 27.79 Not investment

\*Including Mysore Power Corp'n. Ltd.

	1	2
(III) Loans on Mortgage of property for residential/commercial housing . . . . .		2.92
(IV) House property & Land in India . . . . .	2.79	Net investment
(V) Fixed Deposits with Banks etc. . . . .	1.16	
		593.79

## ANNEXURE 'B'

Statement showing categorywise Gross Investment contracted during the period 1-4-1977 to 31-1-1978.

(Rupees in crores)

Category	Gross Investment Contracted
<b>A. (1) Socially Oriented Sector</b>	
(I) Central Government Securities . . . . .	223.32
(II) State Govt. and Other Government Guaranteed Marketable Securities :	
(1) State Government Securities . . . . .	55.61
(2) Municipal Securities . . . . .	1.56
(3) Electricity Board Bonds. . . . .	45.05
(4) Land Dev. Bank Debs . . . . .	17.39
(5) Financial Corp. Bonds including IFC, AR & DC, CWC, IDBI & ICICI . . . . .	14.79
<b>(2) Other Investment in Socially Oriented Sector :</b>	
(1) Loans to State Electricity Boards . . . . .	33.83
(2) Loans to State Govt. for Housing Schemes . . . . .	

	1	2
(3) Loans to Mupl. Committees for W.S. & D. Schemes . . . . .		12.40
(4) Loans to Zilla Parishads for R.W.S. Schemes . . . . .		
(5) Loans to Co-op. Hsg. Fin. Societies including HUDCO . . . . .		27.76
(6) Loans to Co-op. Sugar Factories . . . . .		5.18
(7) Loans to Industrial Estates . . . . .		0.61
(8) Loans to Co-op Spg. Mills . . . . .		..
(9) Loans to Policy Holders under OYH & OYA Schemes . . . . .		**

## B. Other Investments

## (I) Cooperate Sector

(1) Term Loan to Companies . . . . .	17.96
(2) Shares and Debentures of Companies . . . . .	17.75
(3) Participating Loan . . . . .	56.85
(II) Loans on Policies . . . . .	**
(III) Loan on Mortgage of Property for residential/commercial houses . . . . .	**
(IV) House Property and Land in India . . . . .	**
(V) Fixed Deposits with Bank A/c. . . . .	**
<b>TOTAL</b> . . . . .	<b>530.06</b>

\*Including Debentures of Mysore Power Corporation and Damodar Valley Corporation.

\*\*Figures not available.

SHRI R. KOLANTHAIVELU: Ours is a poor agricultural country. In our country so many agricultural pump sets and electric motors are being taken away by way of theft. Sometimes due to floods, the motors get

immersed in water and the coils got burnt out. Is there any policy in the LIC by way of insurance for the poor and marginal agriculture sets?

SHRI H. M. PATEL: If he means investment, then certainly there is a policy laid down by the Government in regard to how LIC ought to invest its funds. Government have approved the following pattern for the investments of the net addition to the Controlled Fund of the LIC.

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Percentage  
of the  
Controlled  
Fund

---

(a) *Socially Oriented Sector :*

- |  |     |
|--|-----|
| (i) In Central Government marketable securities not less than  | 25% |
| (ii) In Central and State Government securities including Government guaranteed marketable securities including (i) above being not less than                              | 50% |
| (iii) In Socially Oriented Sector including Public Sector, Co-operative Sector, House Building by policy-holders, OYH Scheme etc. including (ii) above being not less than | 75% |

(b) *Other Investments :*

- |   |     |
|---|-----|
| (i) In Private Sector   | 10% |
| (ii) Loans to policy-holders                                    | 8%  |
| (iii) Construction and Acquisition of immovable property by LIC | 2%  |
| (iv) Funds in pipeline not available for investment             | 5%  |
- 

This is the way in which the whole of the investible funds are distributed in the LIC's investments.

SHRI R. KOLANTHAIVELU: He has not caught my point. I wanted to know whether our Government is inclined to give policies for electric

motors and pump sets for agriculturists by way of insurance.

SHRI H. M. PATEL: The LIC cannot possibly undertake loans for such purposes.

SHRI R. KOLANTHAIVELU: I want to know whether electric motors and pump sets can be insured by the agriculturists with the LIC.

SHRI H. M. PATEL: How can they? It is the General Insurance Corporation which can do it. It is the General Insurance Corporation that will do so.

SHRI A. C. GEORGE: Some three or four year back, LIC was giving liberal loan against schemes submitted by the local bodies including that of Kerala also to implement rural as well as urban water supply and other developmental activities which would go to benefit of the people and for which State Government were unable to give loans. Whether there has been a change in the policy regarding investments because they are now putting technical objections in the matter of giving loans to local bodies for the implementation of these water supply schemes. If these types of technical objections are put by the LIC on the schemes which are for the benefit of the people and for the developmental activities, will he change the policy regarding investment by these local bodies?

SHRI H. M. PATEL: There has been no change in the policy in regard to loans for the purpose that the hon. Member has mentioned. If there has been any difficulty or unreasonable attitude on the part of LIC and if he could give sufficient information, I will certainly inquire into that. But the policy remains. It gives loans to State Electricity Corporations, to State Governments for housing. It also gives loans to State Governments and municipal committees for water supply schemes. I think, in 1976-77, 30

crores were given as loan for that purpose, distributed, of course, in all the States of the country.

**DR. SUBRAMANIAM SWAMY:** The Minister has given adequate data on the investment of the LIC but he has not said anything about the policy of investment. Could he, for example, tell this House what has been the rate of return on these investments and what has been the criteria for maximisation of the rate of return in the connected in any way. (Interruption)

**SHRI H. M. PATEL:** We cannot postulate what would be the rate of return because so far as the Centre and the States' securities and loans are concerned, it will be at the rates which are fluctuating and they vary from time to time. So far as loans for social oriented schemes are concerned they are again approved in consultation with the Governments

**DR SUBRAMANIAM SWAMY:**  
What about private sector?

**SHRI H. M. PATEL:** In the private sector, it is, a matter of how they invest funds in the private sector companies. There, they certainly try to get maximum return on their investments. So far as loans to policy-holders are concerned, again it is on concessional rates.

**SHRI SAUGATA ROY:** Is the Minister aware that at present there is a strike by 7600 LIC Development Officers and they are also squatting in front of his House and as a result of that investment of LIC will go down and the revenue will go down by Rs. 20 crores? What attitude Government is taking with regard to the Development Officers' strike? Whether they are going to reinstate the earlier agreement which was scrapped in 1976.

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**SHRI H. M. PATEL:** The hon. Member has mixed up the question regarding the policy of investment with Development Officers and their going on strike. It is, undoubtedly, permissible, perhaps, by the hon. Member's logic but I do not see that the two are connected in any way. (Interruption)

श्री राज बिलास पासवान : मैं जानना चाहता हूँ कि विगत बारह महीनों में जीवन बीमा निगम ने गरीब तथा पिछड़े वर्ग के लोगों पर कितना खर्च किया है और धनी तथा बड़े लोगों के ऊपर कितना किया है तथा इन दोनों से जो सूद की दर वसूल की जाती है वह क्या है ?

**SHRI H. M. PATEL:** I am sorry I am not in a position to give him detailed figures of this nature. I do not think also that we keep figures as to how much has gone to the poor. But, certainly, the schemes on the basis of which loans are given by the LIC, a substantial percentage does go to the poorer sections

#### WRITTEN ANSWERS TO QUESTIONS

##### Circulation of one rupee coins

\*247. **SHRI UGRASEN:** Will the Minister of FINANCE be pleased to state

(a) the number of one-rupee coins already in circulation in the country;

(b) the average quantity of one-rupee coins being produced every month;

(c) whether it is a fact that one rupee notes pass hands quickly and become dirty and mutilated and these are not accepted by any bank because the Reserve Bank does not accept such notes sent by the banks; and

(d) whether Government propose to effect ultimate elimination of one-rupee notes by coins and if so, when this will be done and the details thereof?