GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**

**UNSTARRED QUESTION No-1638**

 ANSWER ON 03.12.2019

 **Investment by LIC in Public Sector**

1638. SHRI VIVEK K. TANKHA:

Will the Minister of FINANCE be pleased to state:

1. whether it is a fact that LIC has invested Rs. 10.7 lakh crore in the public sector from 2014-2019 as against a total cumulative investment in public sector which was Rs. 11.9 lakh crore till financial year 2013-14 and that over Rs. 20,000 crore was lost in two years in just five PSU stocks – NTPC, IDBI, HAL, GIC & New India Assurance;
2. if so, the reasons for such catastrophic failure in not conducting adequate risk assessment before such investment; and
3. whether there is any plan to curb public sector investment in view of the same and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ANURAG SINGH THAKUR)

1. LIC’s investments are governed by provisions of Insurance Act, 1938, Life Insurance Act, 1956 and IRDAI (Investment) Regulations, 2016. The regulations mandate LIC to invest not less than 50% in Central Government Securities, State Government Securities or Other Approved Securities. As informed by LIC, its cumulative investments as shown under Public Sector consisting of Government Securities / State Development Loans /Equity/Debt etc. (as per RBI data) was Rs. 10.70 lakh Crore for the period 2013-14 to 2018-19, out of which investment in Government Securities / State Development Loans was Rs. 10.07 lakh Crore and investment made by LIC in Public Sector Undertaking Equity/Debt etc. during the said period was Rs. 0.63 lakh Crore.

Further, as per LIC, it has not sold any share of GIC, HAL and New India Assurance, thus no profits/losses have been realised. In respect of NTPC and IDBI, LIC has approximately made a profit of Rs. 1087 Crore & Rs. 70.38 Crore respectively during the period 2014-2019.

(b) and (c): LIC’s investments are governed by the provisions of Insurance Act, 1938, Life Insurance Act, 1956 and IRDAI (Investment) Regulations, 2016. As per LIC, investment decisions are taken as per advice of Investment Committee constituted by the Board of LIC under Section 19(2) of Life Insurance Corporation Act, 1956. The Investment Committee takes guidance from Board approved investment policy and extant legal provisions. The investment operating procedures & internal norms are reviewed by LIC as per the need & revisions and changes are incorporated after seeking approval from their Investment Committee.

LIC, while examining investment opportunities, looks at the fundamentals and future prospects of the companies coupled with companies’ performance such as its earning, dividend payment, current market price etc. with a long term horizon irrespective of the fact whether it is from public or private sector. It also relies on market research reports and industry outlook as additional input for investment decisions.

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