

Government of India
Ministry of Finance
Department of Financial Services
Rajya Sabha
Unstarred Question No. †81

Tuesday, December 11, 2018/Agrahayana 20, 1940 (Saka)

Investment by LIC in loss making companies

†81.SHRIMATI CHHAYA VERMA:
SHRI VISHAMBHAR PRASAD NISHAD:
CH. SUKHRAM SINGH YADAV:

Will the Minister of FINANCE
be pleased to state:

- (a) the amount invested by Life Insurance Corporation of India (LIC) in companies that are running in loss and the benefit which would accrue to LIC in the long run by such investment;
- (b) whether LIC has invested in such share market companies out of which more than 45 have been running in loss for many years; and
- (c) the details of investments made by LIC in such companies in share market which are running in loss, quantum of principal amount invested and amount of loss likely to incur if these shares are sold on such and such date?

Answer
Minister of State in the Ministry of Finance
(Shri Shiv Pratap Shukla)

(a) to (c): Broadly, investments are made by Life Insurance Corporation of India (LIC) as per the provisions of Insurance Act, 1938, IRDAI Investment Regulations and Guidelines issued from time to time by IRDAI. LIC invests in commercially viable and good performing companies to generate reasonable returns for the policyholders. LIC diversifies its investment amongst various sectors to maximize return by balancing risk against performance. However, due to various factors, it is quite possible that the earnings of the companies may show variation in short and medium terms. LIC's investment objective is based on the long term view. At the time of making investment in any company, various parameters like industry outlook, companies' performance such as its earnings, dividend payment, current market price, research reports, etc are considered.

Further, as per LIC, its equity portfolio for 2017-2018 was more than Rs.4,00,000 crore on Book Value basis with profits booked for the year being more than Rs.25,400 crores which reflects the strength of the equity portfolio.