

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:510
ANSWERED ON:24.11.2006
HOLDING IN LIC
Bhakta Shri Manoranjan

Will the Minister of FINANCE be pleased to state:

- (a) Whether there is any standing order of the Government that allows Life Insurance Companies (LIC) to hold up to 30% in a company's equity;
- (b) if so, whether Insurance Regulatory & Development Authority have recommended their views in this regard; and
- (c) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): The Government, vide Notification dt.23.08.1958, had advised the Life Insurance Corporation of India (LIC), not to invest in the equity shares of any one company more than 30% of the subscribed equity share capital of that company except with prior permission of the Government.

(b) & (c): The Insurance Regulatory & Development Authority (IRDA) has reported that it has not recommended any view in this regard. However, its current regulations provide that the investment, at any time, should not exceed 10% of the subscribed share capital, free reserves and debentures/bonds of the investee company or 10% of the controlled funds, whichever is less.