GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT (DIPAM)

RAJYA SABHA

UNSTARRED QUESTION NO. 1821

TO BE ANSWERED ON TUESDAY, AUGUST 02, 2022

SRAVANA 11, 1944 (SAKA)

LAUNCHING OF LIC IPO IN VOLATILE MARKET CONDITIONS

1821. SMT. PHULO DEVI NETAM:

WILL THE MINISTER OF FINANCE BE PLEASED TO STATE:

(a) the reasons for launching the Initial Public Offering (IPO) of the Life Insurance Corporation of India (LIC) in May despite volatile market conditions due to inflation and Russia-Ukraine war;
(b) the reasons why Government undervalued the embedded worth of LIC, which was substantially more than what it was valued at the time of IPO; and
(c) how Government plans to utilise the LIC to finance the infrastructure spending to meet the disinvestment targets?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KISHANRAO KARAD)

(a) The decision to launch the Initial Public Offer (IPO) of the Life Insurance Corporation of India (LIC) in May 2022 considered, inter-alia, multiple factors such as strong domestic demand, responsive anchor book, reduced volatility as well as recovery in the markets from the time of beginning of Ukraine crisis in February 2022.

(b) The Indian Embedded Value (IEV) of LIC has not been undervalued. The IEV of LIC as on 30.09.2021 had been determined as per the Actuarial Practice Standards by Professional Advisors of LIC at Rs. 539,686 Cr. As on 31.03.2022, the Indian Embedded Value (IEV) of LIC stood at Rs. 541,492 Cr.

(c) Investments of LIC are undertaken as per the investment regulations of the market regulator [The Insurance Regulatory and Development Authority of India (IRDAI)], provisions of Insurance Act, 1938 and Board approved policy of LIC on investments. LIC's investment decisions are not taken by the Government.

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