



**Federation of LIC of
India Class I Officers'
Association**
(Union of Class I Officers)



**National Federation of
Insurance Field Workers of India
NFIFWI**
(Union of Class II Officers)



**All India Insurance
Employees Association
(AIIEA - Union of Class
III and IV employees)**



**All India LIC Employees
Federation
(AILEF - Union of Class
III and IV employees)**

PRESS STATEMENT

Policy Holders' Money is Safe in LIC

03/Feb./2023: Ever since US based short seller Hindenburg Research published a damning report on the Adani group of companies, a large section of the people and political parties have expressed their concern over the LIC's presumably high exposure to the Adani group of companies and how it could risk the savings of middle class Indians. Being responsible trade unions commanding the support of an overwhelming majority of the workforce in LIC and committed to promoting the interest of the policy holders and the people at large, we wish to clarify our position on the issue.

We are opposed to political patronage to any business group at the cost of public sector, the people and the economy. We feel that the government should conduct an impartial enquiry into the allegations made by the Hindenburg Report and find out the truth.

On the issue of LIC's exposure to the Adani group of companies and its potential impact on the hard earned savings of millions of Indians, we would like to place that LIC is a long term investor and the investment decisions are taken keeping the long term benefits of the policy holders in mind. Since LIC is a statutory body created under an act of Parliament, all its investment decisions are subject to parliamentary scrutiny and regulatory supervision. Moreover, LIC has an investment board and the decisions on investment are taken by the board after thorough scrutiny. The investment policy of LIC is that 80% of its investments are made in secured instruments like government securities or bonds. Hardly 20% of the investments are made in equities. The funds invested by the policy holders are therefore absolutely safe.

Regarding the investment in the Adani group and the supposed loss to LIC, we have to clarify that this loss is only notional and not real. LIC has not sold any Adani group shares held by it in the market to sustain any loss. LIC has already clarified through its Press Statement dated 30th January 2023 that against the total investment of Rs.36,474.78 crore in the Adani group companies, the present market value stands at Rs. 56, 142 crore.

Thus LIC has earned a notional profit of almost Rs.20,000 crore on its investment in the Adani group. However, the profit is as notional as is the presumed loss.

Every year, LIC generates an investible surplus of around Rs.4.5 to Rs.5 lakh crore. A part of this money has to be prudently invested in blue chip companies to give returns to the policy holders. This cannot be kept idle. In the case of the Adani group, the total exposure is only about 7% of the total equity investments done. It is to be noted that while LIC holds 3.91% of the aggregate market capitalization of the Adani group of companies, its holdings in the Tata and Reliance group of companies are much higher at 3.98% and 6.45% respectively.

The LIC had come under public scrutiny earlier also, especially relating to its purchase of shares in ONGC and IDBI bank. But the LIC made a clean profit on ONGC shares and also ensured that IDBI turned around into a profitable institution. The difference between LIC and other investors like banks is that LIC is a long term investor while banks are not. The solvency margin of LIC is much more than what is required. The beauty of the LIC is that all the liabilities are covered by the book value of assets, not even by the market value. The investments of the people are therefore absolutely safe.

The LIC has an unblemished track record of over six decades in mobilising resources from out of the hard earned savings of the people, giving them decent returns and absolute security to their deposits while ensuring progress of the nation as a whole. In view of this, we would request the Indian National Congress not to go ahead with the planned nationwide demonstrations before LIC offices on 6th of February 2023 in the interest of the finest public sector financial institution of the country.

Yours faithfully

S. Rajkumar
General Secretary
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Vivek Singh
Secretary General
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The Editor/ Correspondent.....
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For favour of kind publication, please.